The Timor-Leste / Australian Program for Enhancing the National Development of Education

APRENDE

2013–2021

Investment Design Document (Redacted)

April 2013

The AusAID Education Team, Timor-Leste

Table of contents

Annexes

Annex 1: Sector problem analysis

Annex 2: Theory of change diagram

Annex 3: Detailed description of components

Annex 4: Program governance and management diagram

Annex 5: Education team organisational structure and support systems

Annex 6: Policy engagement

Annex 7: Detailed budget and cost estimates [Removed]

Annex 8: Draft Performance Assessment Framework

Annex 9: Draft Risk Register

Annex 10: Implementation schedule for first year

Annex 11: Terms of reference for key personnel

Annex 12: Scope of services [Removed]

Acronyms

ANS	Assessment of National Systems
ANAAA	National Agency for Academic Assessment and Accreditation
CAPF	AusAID's Comprehensive Aid Policy Framework
CBT	Competency-based Training
CEOPS	Career Guidance and Employment Centres
CSO	Civil Society Organisations
ECE	Early Childhood Education
EGMA	Early Grade Maths Assessment
EGRA	Early Grade Reading Assessment
ELT	English Language Training
EMIS	Education Management Information System
EOPO	End-of-Program Outcome
ESSP	Education Sector Support Program
ESTV	Technical and Vocational Secondary Education
FEFOP	Employment and Vocational Training Fund
GER	Gross Enrolment Rate
GoTL	Government of Timor-Leste
GPE	Global Partnership for Education
ILO	International Labour Organisation
INDMO	National Labour Force Development Institute
INFORDEPE	National Institute for Training Teachers and Education Professionals
ISC	Industry Sub-commission
LEG	Local Education Group
LFS	Labour Force Survey
LMIS	Labour Market Information System
MoE	Ministry of Education
MoF	Ministry of Finance
MSP	Management Strengthening Program
NER	Net Enrolment Rate
NESP	National Education Strategic Plan
PAF	Performance Assessment Framework
PER	Public Expenditure Review
PFM	Public Financial Management
PTA	Parent Teacher Association
PNDS	National Program for Suco Development
SABER	Systems Approach for Benchmarking Education Results
SBM	School-based management
SDRA	Learning and Resource Development Centre
SEPFOPE	Secretariat of State for Vocational Training and Employment
SGE	Secondary General Education
SIMU	Labour Market Information Database
TA	Technical assistance
TESP	Training and Employment Support Project
TLNQF	Timor-Leste National Qualifications Framework
TVET	Technical Vocational Education and Training
UNTL	National University of Timor-Leste
WASH	Water, Sanitation, and Hygiene

Executive summary

The Timor-Leste / Australian Program for Enhancing the National Development of Education (APRENDE) aims to improve the quality and relevance of education and training received by the children and young people of Timor-Leste, and their access to schools and training institutions throughout the country. It aims to ensure these improvements contribute to the country's economic growth through the employability of graduates, and ultimately, to broader social and economic development. The program is planned over an eight-year period (2013–2021), recognising the long-term nature of the government-led reform process it supports.

This eight-year investment represents an important scaling-up in Australia's engagement in the education and training sector in Timor-Leste. In recent years, AusAID has supported reforms in basic education and skills training, largely through partnerships with multilateral agencies and non-government organisations (NGOs). While these partnerships remain important under the new program, AusAID will take on a more significant role through direct policy engagement and a broader program of support. The AusAID education team has undertaken extensive analysis over the past year and engaged in consultations with the Government of Timor-Leste (GoTL) and other partners. These analyses and consultations have formed the basis for the program strategy and approach to delivery.

Since Timor-Leste's independence, good progress has been made in rebuilding the education and training system, although the country is not fully on track for reaching the education Millennium Development Goals (MDGs). Despite increased access to education, there are major bottlenecks in the sector for which the Government needs support to address. Significant numbers of children drop out of school before completing basic education, and those enrolled in school are often absent, repeat grades, are over-age and are not achieving a basic level of learning. Behind these issues are problems in the supply of quality education (e.g. quality of teachers, lack of learning materials, poor infrastructure), as well as constraints on demand (e.g. opportunity costs or low perceived value of going to school). These and other challenges are worse for disadvantaged groups – disabled children, girls and rural/remote poor areas.

In terms of skills training, the Government has put in place improved plans and new regulatory and quality assurance systems. However, the current provision of training is of a low quality and not fit for the purpose of improving the skills base for a more diverse economy, which sits behind the national development strategy. Again, there are bottlenecks in the supply, with an inadequate pool of qualified and experienced trainers, and lack of relevant materials. A critical challenge is the demand placed on training provision by employers and students. Skills training will need to be relevant to the requirements of the labour market in coming years.

Development of this design document follows the Investment Concept and Concept Note approval process. In response to sector analysis and extensive consultation, this program will support GoTL in its plans across the sector as a whole, including early childhood education, basic and secondary education and post-secondary skills development. However, program support will be prioritised and sequenced. Basic education (especially the early grades) and skills training will be given priority because this is where improvements in service delivery are most urgent, as recognised in government plans. Addressing the critical bottlenecks in these sub-sectors will be essential for education as a whole to make a full contribution to national development.

This sector-wide approach is important for a number of reasons. The program represents a significant proportion of overall funding to the sector, and is an opportunity to drive broader reforms and the effectiveness of national spending. The challenges require a holistic approach; single issue reforms will not have an impact on improving learning outcomes. Gains in one sub-sector have implications for other parts of the system. For example, school readiness gained in early childhood has an impact on learning through basic and higher levels of schooling. Secondary education is a key link to higher levels and entry to the labour market. This new program will be underpinned by a focus on service delivery, while recognising the need to strengthen national management and support systems.

This is an appropriate time for a significant investment of this kind. Timor-Leste is moving away from a period of conflict to one of increasing stability, and education will need to play a critical part in this process. The new Government has demonstrated a commitment to improving education. However, other donors are reducing their funding, largely due to global economic constraints. The GoTL needs a strong, committed partner in the sector over the longer term, facilitating the engagement of other partners; this is a role that AusAID can play through this program.

AusAID's investment will be around AUD$73 million over the first four years. The agency's direct contribution is set out in three main components of support.

- **School improvement:** Improved service delivery at school level, through an integrated approach to school-based management, training of teachers, the provision of learning materials and improved school environments. Over the eight years, this will cover the whole sector (early childhood to secondary education), with the initial priority on Grades 1 to 3.

- **Skills training improvement:** Support to improve access to skills training and related services and to improve the quality of training. This will focus on responding to key areas of labour market demand and the needs of students leaving the school system.

- **Education and training systems strengthening:** Support to GoTL to develop and strengthen key education management systems, particularly those that enable the improved delivery of services (e.g. quality assurance, teacher management, management information).

Measurable outputs over the first four years will include: in-service training for up to 12,000 teachers and pre-service training for 200 teachers; the provision of over 3 million textbooks and other teaching/learning materials; training in school planning and management for up to 3000 school principals and managers and a further 30 district staff; rehabilitation of 350 school classrooms and building 175 new classrooms, all with furniture, water and sanitation facilities; training of around 400 skills trainers; management and financial support, including director training to 100 training providers.

The design sets out how this contribution will achieve the end-of-program outcomes: a) children and youth will have more equitable access to education and training; b) children and youth will attain improved learning outcomes; and c) graduates from the technical and vocational education and training sector will have improved employability. Over the eight years of support, the program aims to reach around 400,000 children in early childhood education, basic and secondary education, and over 15,000 students in skills training. Improvements in student learning will be achieved, in particular in literacy and numeracy, and these will be measured through recognised national assessments. This is an inclusive program which will give particular attention to promoting gender equality and more equitable outcomes for the most disadvantaged. Specially targeted interventions will enable girls, children with disability, children out of school, and others with specific disadvantages to participate in schooling and training.

The program will be managed in partnership with the GoTL and other partners, working through national systems as much as possible. A mix of aid types will be used including: a Specialist Education Provider (31% of funding); a procurement agent (28%) where GoTL systems cannot be used; multilateral organisations (30%); NGOs; and direct funding through national systems. AusAID recognises the ambitious nature of the program, and it will manage risk carefully. Risks include the Government's sustainable financing of the sector and its ability to implement reforms. These risks will be managed through policy dialogue and a carefully phased approach to the delivery of support. The mix of implementing partners will keep the AusAID role strategic, with manageable levels of operational management.

1   Analysis and strategic context

1.1   Development context and challenges

1.   Timor-Leste is a small state (area 15,000 square kilometres; population 1.06 million) which aspires to upper middle income status by 2030. Stimulating growth that benefits the poor with jobs and improved living standards in a socially inclusive nation are central to national development plans.

2.   The legacy of conflict and the prevalence of poverty put a break on development. The violence that followed the referendum on independence in 1999 and the departure of Indonesian public servants meant basic public services largely ceased to operate. In 2006–7, violence erupted again; this time associated with disaffected youth gangs. Since 2008, there has been a welcome period of stability, institution building and economic growth.

3.   Progress has been made towards achieving the country's Millennium Development Goals (MDGs) in some areas. Targets have been achieved for infant and under-5 mortality rates, for antenatal care, and for the proportion of tuberculosis cases detected and cured. Timor-Leste is on track to attain the target for net enrolment in primary education, though not the completion target. It is also on track to achieve the target for the proportion of births attended by skilled personnel, contraception prevalence rates, and the proportion of the population with access to improved drinking water. However, it is off track on poverty reduction and maternal mortality rates.

1.1.1   The prevalence of poverty and inequality

4.   Poverty is prevalent with 68% of Timorese classified as poor, and 39% of these people living in extreme poverty. Agriculture is the main livelihood for 88% of poor people, so poverty is a defining feature of rural life. The incidence of poverty varies across the 13 districts, with the isolated enclave of Oecusse having the worst poverty indicators. Timor-Leste continues to be one of the world's poorest nations, ranking 147 out of 187 countries in UNDP's Human Development Index with an index of 0.495 (2011). This rating is slightly higher than that of Angola, Myanmar and Papua New Guinea but below that of Cambodia and Bangladesh. When the index is adjusted for inequality, it falls to 0.332.

5.   Most inequalities result from the deep-seated poverty but other factors are also present. The legacy of conflict, forced movements of people, civil unrest, and deep-seated social and cultural norms all play their part. This is notable in levels of gender inequality. Customary practice defines distinct gender roles for women and men. Gender-related violence is endemic, including in schools. Women and girls from female-headed households are least likely to benefit from traditional forms of social safety nets, increasing their vulnerability.

6.   The World Report on Disability notes that 15% of the world's population are people with disability. For Timor-Leste, this equates to 176,000 people and includes those who have long-term physical, mental, intellectual or sensory impairments. Official government figures (based on a more narrow definition) report that just 4.6% of the population has a disability, higher in rural areas. Seventy two per cent of people with disability in Timor have never attended school, while 49 per cent are unemployed or economically inactive. Lack of information and awareness fuels discrimination and leads to the belief that people with disability cannot and/or should not participate in learning.

1.1.2 Economic growth

7.   GDP per capita is close to US$3000 if oil income is included but US$821 (2010) when it is not. In these terms, and given the finite nature of the oil revenue, it makes sense to consider Timor-Leste as a low-income country, rather than a middle-income country based on oil revenues.

8.   Non-oil GDP per capita has grown by 8–9% per annum since 2007 and the economy has been relatively sheltered from global economic instability. Petroleum revenues support a substantial and growing public sector, which dominates the non-oil economy. Private sector activity is dominated by services and subsistence agriculture. The business sector is small and largely informal though is starting to contribute to growth. Agriculture on the other hand is not performing well. Overall, whether current trends represent sustainable growth with increased productivity remains uncertain.

1.1.3 Skills shortages and limited employment opportunities

9.   Timor-Leste's population growth rate is 2.4%: the highest in East Asia and the Pacific. Children of 14 years and below make up 41% of the population, and 50% is under 19 years. This is a vulnerable and unstable group, fuelled by poverty, unemployment (43%: 2007) and politicisation. The ability of the labour market to absorb large inflows of young workers is a major social and economic challenge for the foreseeable future.

10.   The lack of skilled Timorese for employment and productivity affects both the agricultural and non-agricultural sectors, including tourism and construction. It has led to a prevalence of foreign skilled workers. Formal sector employment opportunities are limited, and women represent just 31.9% of those in employment. Around 70% of the workforce is considered to be in vulnerable employment, this is 9% higher for women than men. Young people are more likely to be unemployed than adults.

1.1.4 Delivering basic services

11.   The capacity to deliver high quality basic services remains uneven. The most disadvantaged areas of the country have the poorest levels of service delivery. Efforts at building capacity at all levels of government have been relatively unsuccessful, despite donor support. With upward pressure on salaries and entitlements, the GoTL faces the prospect of an increasingly expensive and inefficient civil service workforce resistant to performance improvements.

1.1.5 Policy responses

12.   The four strategic priorities identified in the 2011–2030 National Strategic Development Plan (Social Capital; Infrastructure; Economic Development; and Institutional Frameworks) respond to the challenges outlined above. Within this framework, education and skills development is important for the creation of social capital, and an essential investment in capacity to develop infrastructure; promote economic growth that benefits the poor; build institutional capacity to provide basic services; and sustain stability and strengthen social cohesion.

1.2 Education and training sector context and challenges

1.2.1 Organisation of the sector

13. Basic education consists of nine years and includes two cycles of primary and a third cycle of pre-secondary. Secondary education covers three years and includes general and technical streams. Therefore, pupils can enter technical and vocational education and training (TVET) after basic education or secondary levels. Additionally, there is a recurrent (non-formal) education option for those who were not able to access education at the correct age.

14. Education is mainly delivered by the Government, with the private sector, particularly the Catholic Church, running some schools. The Ministry of Education (MoE) is responsible for early childhood, basic (Grades 1 to 9), secondary (Grades 10 to 12), and higher and recurrent education. The Secretariat for Vocational Training and Employment (SEPFOPE) is responsible for TVET as well as employment. The Catholic Church runs an estimated 15% of basic schools and 40% of secondary schools in Timor-Leste, and four of the 35 registered training providers.

15. There are 13 District offices overseeing more than 200 school clusters in the basic education sub-sector, encompassing over 1300 schools. Under the Escola Basica system, base schools oversee a number of filial schools, taking responsibility for the planning and financial management for all the schools in the cluster. De-concentration is still incomplete and financing remains fairly centralised. District staff play an important role in inspecting schools, monitoring teacher performance, administering school grants, collecting data, coordinating teacher training, and acting as the coordination point between schools and the MoE.

16. The TVET sector is managed through SEPFOPE, with the National Labour Force Development Institute (INDMO) established in 2008 as an autonomous regulatory body. Under INDMO, a Timor-Leste National Qualifications Framework (TLNQF) has been set up, along with a process for the registration and accreditation of providers delivering approved programs.

1.2.2 Re-building the education system from a low base

17. The education system has been re-built almost from scratch since 2002. Only 5% of education institutions were undamaged in 1999 and many teachers moved back to Indonesia. There have been some impressive gains. The number of primary schools has almost doubled, and pre-secondary schools have increased by 40%. In 2003, there were 43 secondary schools, which grew to 94 by 2010. There are now sufficient teachers in schools overall, though their knowledge and skills base is weak and deployment is uneven around the country. Basic education is said to have achieved a net enrolment rate of 91% (2011), but disparities remain.

18. Access and the learning deficit

19. The key system bottlenecks are in basic education. Learning achievement is limited by a number of factors, including:

- over-age enrolment (net intake into Grade 1 – 49%; 2011)
- poor attendance (60% net attendance rate for children from the poorest quintile)
- high repetition rates (13.7% over the basic education cycle and higher in early grades)
- inadequate instructional time
- poor quality teaching.

By the end of Grade 6, 26% of students have dropped out of school and do not even enter the third cycle of basic education, making it very hard for the Government to achieve its targets for both basic education and the expansion of secondary education. On average, it takes 11.2 years for the first six years of basic education to be completed.

20. This makes for an inefficient and costly system. More importantly, expansion in terms of enrolment has not been matched by improvements in the quality of learning. An Early Grade Reading

Assessment (EGRA: 2011) showed that more than 80% of students in Grade 1 of primary school cannot read a single word (43% in Grade 2 and 15% in Grade 3).

21.   Language is a significant challenge in the teaching and learning process. Tetum and Portuguese are the official languages of instruction but many teachers lack fluency in Portuguese. Tetum is not supported by textbooks and does not have a fully standardised written form. The situation is further complicated in districts where the local dialects are the first language and children are not fluent in either Tetum or Portuguese.

1.2.3   Skills for employment

22.   TVET is in the transition from informal provision to a more formal and regulated system. Around 70% of those in work were either self-taught or received informal training through a friend or relative, outside of the TVET system. This is partly due to the low quality and coverage of provision, and the perception that technical training does not lead to work. Thirty-five providers are now registered and accredited to deliver programs, though the majority of these are at foundation or basic qualification levels. There are estimated to be over 100 providers, most of which lie outside the new regulatory frameworks and few are capable of delivering the mid-level skills training in priority industry sectors, for which there is growing demand. Most training providers are located in Dili and Baucau, with others spread unequally across districts, and fewer in rural areas.

23.   Another challenge facing the TVET system is the lack of competent instructors. The Indonesian instructors at the core of the system left at independence and the vacuum created has not been addressed. It takes time to train instructors who have industrial experience, technical background and pedagogical training. This will become increasingly important in developing mid-level qualifications.

24.   The GoTL goal of diversifying the economy, beyond extractive industry, will require skilled workers that meet the needs of the labour market. However, labour market information is weak and policy-makers lack the data to identify skills in demand. It is difficult to map the competencies that are needed and where resources should be targeted. While a framework for labour market information has been developed, it is not fully established as a tool for planning.

1.2.4   Insufficient finance priority

25.   The education budget has grown six-fold from $16.4 million in 2003/04 to $98 million in 2012 (excluding special funds). However, Timor-Leste still has one of the lowest levels of education spend relative to total government expenditure in its region; 10.9% in 2011 (compared to 23% in PNG). The MoE budget for 2013 is growing by 11% on planned expenditure levels in 2012. Significantly, there will be an allocation of $10 million for salaries of teaching staff previously working on a voluntary basis. Infrastructure Fund disbursements in the education sector were low in 2012. Only $1.4 million of the $11.3 million allocated to the education sector was spent. The unspent portion has been rolled into the 2013 budget appropriation, along with an additional $2.5 million of new expenditure.

26.   The TVET budget is subject to severe fluctuations. In 2010, GoTL provided $9.8 million for SEFOPE. This fell to $2.5 million in 2011 but went up to $22.3 million in 2012 (a budget covering capital intensive public works programs). This makes planning difficult when there are large costs associated with setting up workshops and the purchase of new equipment. Providing TVET is more expensive than formal schooling. With increasing numbers of young people seeking vocational training, GoTL will face difficulties in financing sub-sector expansion. Some stakeholders are proposing a market for TVET and the provision of vouchers to generate demand. This could help to improve access, but care will be needed in a market with a small number of providers and limited information about the quality of training.

27.   It is clear that the education and TVET budgets will need to grow if major access, equity and quality objectives are to be met, including for capital investment, and increased (and more effective) discretionary spending on quality improvements at school level. It may be that low capacity in the MOE and SEPFOPE for expenditure analysis, budget planning, and expenditure management, weaken the position of the sector in the budget process. Underspends or poor spending of current allocations for other areas of development make it hard to justify higher allocations. On the other hand, a recent economic efficiency assessment of the MoE found improved budget execution and a good foundation for medium-term expenditure planning in the sector.

1.2.5   Weak aid coordination

28.   Development partners have been supporting education in Timor-Leste since independence. In 2012, education development projects represented approximately 15% of total development support for GoTL sector activity. The Government's 2012 Budget Statement notes the lack of information regarding financial commitments in the medium-term.

29.   After independence, support was focussed on emergency and humanitarian activities, particularly on the construction of schools and rapid employment of teachers, many without teaching experience or relevant qualifications. The following development partners are active in the education sector: Australia, New Zealand, Brazil, Portugal, USAID, Cuba, World Bank, UNICEF, UNESCO, ILO and ADB. Other partners include China, Korea, and the Nordic countries. As a group, there has been little effective coordination of this support. The Local Education Group (LEG) has only recently started to become more active under GoTL's lead.

30.   International NGOs are particularly active in the early childhood education sub-sector, but they also provide support in other areas, including for out-of-school children, non-formal education and some aspects of basic education. There are also some disabled peoples organisations with limited activities in the sector. More analysis is necessary regarding the capacity, strengths and weaknesses of these non-governmental actors.

31.   Some key partner activity in recent years has included the following work.

- World Bank: The Education Sector Support Program (ESSP), with AusAID funding, has supported the Ministry of Education to improve budgeting, planning and reporting. It has enabled the GoTL to build or repair about 2100 classrooms, deliver materials to primary schools, train teachers in the use of literacy materials and undertake assessment of the reading, writing and maths skills of students in Grades 1 to 3 in selected schools.

- UNICEF: Work with the Ministry of Education for the establishment of Child Friendly Schools; the development of basic education curriculum materials; the development of national education policies; the provision of water, sanitation and hygiene (WASH) facilities in schools, and community engagement.

- Alola Foundation: Works in partnership with the MoE to provide scholarships for girls in all districts of Timor-Leste to complete secondary education; to develop and provide reading materials in Tetum for early grades of primary school; and to pilot the National Education Commission's Multilingual Mother Tongue Policy in 12 schools in three districts through developing materials, training teachers and working with communities.

- International Labour Organisation (ILO): Has worked with SEPFOPE to strengthen national systems and regulatory frameworks for improved skills training and employment programs. The AusAID-funded Youth Employment Promotion program provided technical skills training for young men and women and helped them to find jobs. The National Qualifications Framework and regulatory and accreditation bodies were established with ILO support, as was the development of a Technical and Vocational Education and Training Plan.

- Portugal: Has been active for many years in the sector, including recent support to curriculum development, teacher training and, related to these, the development of Portuguese as the official language and language of instruction. Portugal will scale back support in coming years.

32.   Australia has provided approximately $46 million to the education sector over the past five years, including through some of the development partner programs outlined above. Valuable lessons have been learned from this work, including in some areas where external support could be improved. However, it is vital to recognise the important foundation that this body of work represents, and which can be built upon in the coming years.

1.3   Sector development issues to be addressed

33.   Timor-Leste needs to develop national school and training delivery systems that are inclusive, sustainable and able to meet both the urgent and the long-term development needs of the country. There are major knowledge and skills deficits in the areas of literacy and numeracy, broader cognitive skills, and higher order technical and management skills. These imperatives are captured in national plans for development, as well as the education and skills development five-year plans recently developed by the new Government. These plans recognise the need to implement reforms across the sector as a whole. The key development needs by sub-sector are set out below.

34.   **Early childhood education (ECE)** offers multiple benefits including the value added to learning in subsequent stages of education. Achieving improvements in learning at higher levels of the system may rest on developing services in this area, especially for the disadvantaged. However, provision is at an early stage; in 2007/8 it was estimated that only 8% of all children aged three to five years attended ECE. NGOs are playing an important role in working with communities to establish ECE centres. An ECE Working Group, established by the MoE, provides a forum for some coordination and exchange of ideas, but more analysis is necessary to understand the challenges and help implement the recently agreed national strategy. However, the GoTL plans that by 2017 at least 50% of three to five year olds will receive quality pre-school education.

35.   **Basic education** is the foundation for a literate and numerate population with the capacity to learn throughout life. At present, the system fails too many children. A number of problems need to be addressed by the Government with development partner support.

- **Demand-side constraints, especially for poor communities:** While tuition is free, parents pay other costs associated with school, such as uniforms and contributions to volunteer teachers. School grants are insufficient and do not meet the basic needs of the schools. Low attendance, high repetition and problems with over-age children in each grade indicate that children are being taken out of school to work in the family/community, or merely because of the low perceived value of schooling. A lack of information on the importance of schooling and regular attendance, and a lack of community engagement with schools may be factors.

- **Poor teacher quality:** Approximately half of all teachers are not qualified and many lack experience. Teacher training capacity is still limited at INFORDEPE and the National University of Timor-Leste, as well as with non-state training providers. The quality of teaching needs significant attention through pre- and in-service training. The system requires more effective implementation of teacher performance and management policies. The role of school directors and clusters, as well as district inspectors to oversee and support the work of teachers, is also under developed.

- **Lack of effective learning materials:** The current curriculum is based on a Portuguese curriculum. It is not sufficiently adapted to the local context and it fails to appropriately incorporate the Tetum language. Most schools do not have access to sufficient textbooks or other teaching/learning materials. The available textbooks tend to be in Portuguese and are not adapted to the Timorese environment. The language of instruction more broadly is a significant challenge to the acquisition of literacy.

- **Schools continue to lack adequate infrastructure:** The lack of classrooms has resulted in some schools splitting the school day into three shifts. This reduces the prescribed teaching hours and impacts on learning achievement. While the GoTL has built/rehabilitated about 2100 classrooms since 2008, a recent MoE stock-take concluded that another 1904 classrooms require rehabilitation and an additional 1939 new classrooms need to be built. It is estimated that 65% of schools do not have access to usable toilets and 45% to water. This can be a barrier to student attendance, especially for girls.

36.   **Upper secondary level** includes secondary general (SGE) and technical and vocational education (ESTV). Overall, the net enrolment rate is low at 21.9% (although the gross enrolment rate is just below 60%). In 2011, 45,000 students (equally balanced, girls and boys) were enrolled with 76% in SGE. The transition from basic education is low. The GoTL intends to increase the provision of ESTV and provision in remote areas. Pathways are to be established to strengthen linkages with the labour market, and develop SGE as a route towards higher education. Substantive analytical work and strategy development is needed to support government plans to expand and improve provision at this level.

37.   In **Post-secondary TVET**, a 30-year plan for TVET has been endorsed (2011). With new frameworks for qualifications and accreditation, a more regulated and responsive system is emerging. The National Training Commitment states that by 2015, 50% of all school graduates who fail to find work or continue with their education will be offered a funded and accredited training program. Approximately 8000 training places are to be made available by 2016. Some of the key problems that government and partners need to address in coming years include the following.

- The poor linkage between skills training and the labour market limits the appeal of training for both students and employers. Employers need to be engaged in the identification of skill requirements, the definition of competencies, and where possible, deliver training in the workplace. New Industry Sub-Commissions are a step in this direction but they may be unsustainable without support.

- The cost of courses can be a barrier to people accessing and continuing their education and training. These costs, as well as the need to travel and stay at other locations, place a financial burden on families and lower the demand for courses.

- The quality of training is highly variable and difficult to compare. To date, there has been little uniformity in training provision with significantly different training outcomes for similar skills areas. Providers have tended to set their own standards for training content, course length, and provide their own certificates. The quality of instruction and qualifications also varies widely, and many trainers lack industrial experience or formal qualifications. The GoTL plans to ensure that level 1 TVET programs are available across all 13 Districts in 2013–14.

38.   **Higher education** comprises 12 universities and polytechnics – two of which are managed by government. The sub-sector serves 28,000 students, 59% of whom are men (2011). Here, too, the main objective is to consolidate, regulate and quality assure the higher education system. A number of students study overseas (Indonesia, Australia). The GoTL is planning to construct a new national university.

39.   **Recurrent education** (i.e. non-formal education) is designed to meet the needs of those who have missed out on formal schooling. The MoE has an unrealistic objective to achieve a literate population by 2015, when currently only 56.1% of those aged over 15 know how to speak, read and write in Tetum and only 25.2% in Portuguese (2010).

40.   **Inclusive education** challenges cut across the system. Many of the barriers faced by children and students in accessing education and training are more extreme for disadvantaged groups. Girls face particular problems in terms of the value placed on education, where responsibilities at home may come first. Violence at school and other concerns about safety, lack of safe and separate WASH facilities, as well as teen pregnancy and other social factors lead to girls dropping out. The problems of poor quality teaching are made worse where teachers and curriculum materials reinforce negative attitudes towards girls' education.

41.   Children/students with disability face critical barriers to accessing school and training, including the attitudes of families and communities, as well as teachers and school managers. The location and quality of school infrastructure is also a constraint. There are some limited opportunities for children to attend special education schools, currently only provided in Dili.

42.   The GoTL needs support to further develop and implement a strategy for the sector over coming years. Progress requires high-level political commitment to, and prioritisation of, education and skills development. Better prioritisation of objectives is needed, including the allocation of resources over the medium-term.

1.4   Lessons learned from previous aid experiences

A number of important lessons can be drawn from the experience of AusAID and other partners in supporting the sector in recent years.

1.4.1   Improving service delivery

43.   Future programs need to target service delivery directly and then support those systems which are critical to services reaching schools and training institutions. Some important lessons for key areas of service delivery include:

- School-based management and school grants: There has been a disconnect between school management and school grants. The amount of grants provided is too small to enable school improvement planning and decision-making. This is compounded when schools fail to acquit grants on time and they then miss out on further tranches. International experience shows that school management and school grant support should be integrated, including school planning, financial management, teacher support, supervision and inspections. This is a core government function and external support should, therefore, use and strengthen government systems. School-based management is also a key level at which reforms can be implemented to increase enrolment at the right age and attendance by the disadvantaged, through outreach to communities and other local strategies. Reforms of this kind need some years to become effective and have an impact on learning.

- Teacher education: In the past, teacher training has been provided on an ad hoc basis by various providers, often interrupting teaching. This has led to a proliferation of training and some confusion on the part of teachers and the MoE. Training should be provided through registered training providers, with minimal disruption to normal school hours. Training workshops should be combined with classroom observation and continuous feedback. School clusters should be supported to organise their own cluster-based training.

- Curriculum and materials: The MoE has been dependent on international advisers and its capacity remains limited to review and develop curriculum. Future support needs to focus on establishing local curriculum capacity. International experience has shown the importance of introducing curriculum alongside educational materials/textbooks and teacher training, enabling teachers to use the new curriculum and materials. Moreover, the curriculum needs to be cognisant of teachers' skills in the country.

- Language of instruction: While it is important for students to acquire literacy in the official languages of the country, international experience has shown that this is done much more quickly if children acquire basic literacy and numeracy in their mother tongue first. The new Multilingual Mother Tongue Policy presents an opportunity to provide materials in mother tongue and also train teachers to transition children from one language to another.

- Inclusive/disability-inclusive education: An Inclusive Education Policy and a Gender Equality Policy for TVET are in place, some local disability peoples' organisations are active, and the GoTL has developed guidelines which provide for the infrastructure needs of disabled students. However, a more comprehensive and strategic response needs to be developed and integrated into sector plans and programs. Some initiatives to increase girls' access to quality education can provide lessons for future plans. There is little in place for children with disability. Some may benefit from specialised education settings. However, such segregation has been shown to be more expensive, less effective and more problematic in terms of equality than inclusive approaches, where children attend mainstream schools. International experience shows that the process of moving disabled students towards full inclusion in mainstream classes must be undertaken thoughtfully and with adequate resources and capacity.

1.4.2   Improving government systems

44.   There is a need for strong and effective management systems at national and district levels to support service delivery. Some important lessons for key areas of systems strengthening include:

- Management information systems: Support to the Education Management Information System (EMIS) has been ad hoc, provided through a number of long-term and short-term advisers funded through different donor agencies. As a result, the EMIS Unit has been left weak and unable to undertake data analysis without external support. Given the importance of reliable data, support to EMIS must be provided in a coordinated manner with a focus on long-term capacity building and the provision of timely and accurate data. Likewise, support from ILO to establish a Labour Market Information System (LMIS) is still at an early stage of development and will require a similar approach to develop a sustainable system. There is limited data availability on disabled children and students in the current systems, as they are not disability disaggregated.

- TVET regulatory framework: The introduction of competency-based training and the associated National Qualifications Framework is a demanding reform in a low capacity environment where the focus has been on informal training. It will take some years to embed this kind of quality assurance system. In addition, the funding of skills training needs to be rationalised and made more suitable for stimulating the market in training provision, enhancing quality, and making supply linked to labour market demand. SEPFOPE capacity to manage funds effectively also needs strengthening.

- Sector planning: The new government has produced five-year sector plans for education and training. The MoE and SEPFOPE are taking the lead role in donor coordination. However, the sector plans need further development and, as yet, there is no sector medium-term financing perspective. The budget does not make clear links to sector priorities and service delivery programs. Sector coordination and dialogue mechanisms will require further strengthening to form the basis for program management.

1.4.3   Capacity development

45.   An independent review of the World Bank-managed Education Sector Support Program (ESSP) was carried out in 2010. The review identified significant problems with the approach to capacity building. Capacity building plans had been overly ambitious and the review stressed the need to set realistic timeframes for reforms and associated capacity development work. Linked to this, there is a need to set baselines and establish a clear understanding of existing capacity in each of the key reform areas. The review found that too much focus had been given to central ministry capacity development, through international technical assistance, with insufficient focus on service delivery. These investments in technical assistance have not translated into improved learning by children in classrooms.

46.   Consistent with other analyses of the broader public sector in Timor-Leste, the ESSP review found that MoE leadership is not effective at delegation below a senior level and that there is a lack of accountability mechanisms, with insufficient focus on implementation. Analysis by the ILO and others indicates that similar problems exist at SEPFOPE. Any new advisory support will need to work closely with National Directors to develop achievable work plans, with clear deliverables and timeframes that can be reported on. A vision is needed for capacity development and performance management of advisory support. The new Minister for Education has started to put in place performance reviews of senior managers and advisers. A priority should be to build on what has been established, take time to understand what has worked well in the context of Timor-Leste and what has not. As part of this, TA should be supported to undertake simple baseline analysis as part of the work planning process.

1.4.4   Aid harmonisation and AusAID partnerships

47.   Timor-Leste has a large number of development partners in the education sector. A high degree of aid fragmentation has created a complex, time-consuming environment for the GoTL. The MoE has expressed frustration at the poor alignment of international cooperation. Certain technical areas have been receiving support from several donors, at times leading to duplication or contradiction. The Local Education Group needs to become a more effective mechanism for this kind of coordination.

48.   In the past, much of AusAID's education support has been provided through multilateral agencies. AusAID has tended to be a 'silent partner' and was not directly engaged in policy dialogue or quality assurance. This approach resulted in weak oversight of the quality and progress of the programs, a lack of knowledge on important issues in the sector, and weak relationships with key government stakeholders. While AusAID's partnerships with multilaterals will continue, the agency's role is changing. AusAID recognises the importance of negotiating directly with the Government on its needs and being actively involved in the planning and monitoring of the programs that it is supporting.

1.5   Rationale for sector engagement

1.5.1   Rationale for supporting education

49.   The Australian Government, in its response to the 2011 Independent Review of Aid Effectiveness, identified education as the flagship sector of the aid program and the largest sectoral investment. Supporting the education sector in Timor-Leste through increased investment is in line with the overarching strategy for Australia's aid program.

50.   Australia provides development assistance to Timor-Leste under the framework of a Strategic Planning Agreement for Development, signed in November 2011. This Agreement commits Australia to aligning its support with Timor-Leste's Strategic Development Plan 2011–2030. The Agreement states that overcoming poverty will be the focus for joint development cooperation and identifies promoting opportunities for all by increasing access to quality education, as one of four key components of a poverty eradication strategy. The program is an integral part of the broader AusAID strategy for Timor-Leste.

51.   There is a strong rationale for supporting the education sector in Timor-Leste, given the significant challenges being faced by the GoTL to deliver quality education. Education can have a significant effect in contributing to quality of life and economic development. Education helps people escape poverty through improving incomes, employment and enterprise opportunities. For girls, extra years of basic education make a significant difference to employment opportunities, marriage age, fertility levels and their capacity to make decisions about their lives. For children with disabilities, education opens doors to social inclusion and independence. Education enables communities to make choices, and contributes to good governance and sustainable development. The real benefits of this kind come from quality education where children and students are learning.

52.   International studies of wage returns to education in developing countries conclude that one additional year of education can add approximately 10% to a person's wage, at the mean of the distribution. This increases with education level. Households with more education cope better with economic shocks and they tend to have more resources and knowledge about how to manage with income fluctuations.

53.   The Timor-Leste program will be aligned with AusAID's education thematic strategy paper, Promoting Opportunities for All: Education (November 2011). The strategy has three pillars, all of which are addressed by this program: (i) access to, and completion of, a complete cycle of basic education; (ii) improving the quality of learning outcomes as both a part of, and a pre-requisite for skills development; and (iii) better governance of education service delivery. The strategy has a particular emphasis on children who are excluded and on the quality of learning.

54.   This approach is primarily a pro-poor intervention which recognises the importance of strengthening the demand for education, as well as improving its delivery. It is a contribution to increasing economic opportunities and enhancing the quality of life. Ultimately, a person's standard of living is determined by their ability to gain productive and sustainable employment, including self-employment. Contributing to these higher order national goals requires substantial investment and technical support over the medium-term.

55.   Now is a propitious time for a significant investment of this kind. Timor-Leste is moving away from a period of conflict to one of increasing stability; education will need to play a critical part in this process. The new Government has demonstrated a commitment to improving education and, at an early stage, to improving sector governance and management. New education policies and plans are in place, and AusAID has been building stronger relationships with the administration and other development partners. As other donors reduce their funding to the sector, in part due to broader global economic constraints, there is a need for a strong, committed partner over the medium to longer-term, a role which AusAID can play through a comprehensive, sector-wide investment in education.

1.5.2   Rationale for sector program and priorities

56.   The program will take a whole-of-sector approach and a commitment to eight years of support, four of which are budgeted in this design. While progress towards outcomes can be expected in the life of the program, developing an effective education system will take years. There are a number of justifications for this approach.

57.   AusAID support will represent a significant contribution to the financing of the sector, at around 15% of the Government's own annual allocation. This recognises the current gap in funding and the need to drive more effective spending by Government. Over the life of the program, it is important that this is planned for in the context of the development of the sector as a whole, enabling AusAID to contribute to critical areas of education policy and strategy.

58.   Gains in one educational sub-sector have consequences for other sub-sectors in terms of access, equity and quality, particularly as more students transit through different levels of the system. Early childhood education is critical to school readiness at primary level, and early grade literacy and numeracy is an essential base for all subsequent learning. Secondary and post-secondary education represent a fundamental link to the labour market and cannot be dealt with in isolation. The program will ensure a level of flexibility to provide more or less support to specific sub-sectors as the policy environment evolves.

59.   A holistic approach to sector development is necessary to catalyse and respond to demand for quality schooling. For example, a range of activities is required to enhance the quality of teaching and to ensure this stimulates demand leading to improved attendance and learning. Equally, work with communities needs to ensure that the demand from parents and employers acts to promote the quality of provision. These are not single issue reforms, but require a coordinated approach to the sector as a whole.

60.   Within this sector-wide approach, priorities need to be phased. Basic education is where the foundation of learning takes place, through literacy and numeracy and learning how to learn. This foundation enables progress to higher levels of education. TVET is where the development of skills for national development is focused. While this is not an employment program, skills development plays a crucial role in employment and off-setting the risk and lost opportunity of unemployed youth. In this way, the program will provide a stronger response to Timor-Leste's economic development by linking improved learning throughout the school system to post-secondary skills development, helping to meet the skills needs of employers. This will lead to improvements in productivity and employment opportunities, which are key to addressing poverty alleviation.

61.   Even within this sector wide approach, it is not possible for AusAID to support work in all sub-sectors to the same level. For the time being, the program will not support work in tertiary education outside of the TVET sector. Another AusAID scholarships program will fund some scholarships to university level within Timor-Leste and through this work AusAID will start to engage with the quality of and access to course provision at this level. Non-formal (recurrent) education for adults is also a potentially important area for Timor-Leste, but will for now be beyond the scope of AusAID funding.

62.   In the past, support has focused too much on central institutions without increasing the level and quality of service delivery. This lesson will drive the new program. The focus will be on improved service delivery, at school and training provider levels. At the same time, the approach will recognise the critical importance of effective systems (e.g. quality assurance, teacher management, financing) and that these cannot be dealt with effectively on the level of individual sub-sectors. The effectiveness of these systems and the best use of resources to achieve GoTL's sector development objectives needs to be sector-wide in scope, and centred on a vision of improved schools, ensuring learning and access for all children and students. Experience and lessons from recent programs will guide the focus of capacity development, including the management of international advisers and the use of alternatives, and the use of government systems.

2 Investment description

2.1 Program overview

63. AusAID will support GoTL plans across the sector as a whole, including early childhood, basic and secondary education and post-secondary skills development. However, program support will be prioritised and sequenced. Basic education and skills training will be prioritised, because this is where improvements in service delivery are most urgent, as recognised in the new GoTL five-year plans for education and training / employment (2012–2017). Addressing the critical bottlenecks in these sub-sectors will be essential for education to make a full contribution to national development.

64. Short-term, discrete interventions will have limited impact. Accordingly, a national, sector-wide eight-year support program is planned in two phases; from 2013 to 2017 and 2017 to 2021. This represents a strong commitment to the sector and recognition that change will take time. With a budget of $73 million in the first four years, AusAID will be the main funding partner in the sector.

2.1.1 Proposition guiding the program

65. The program logic is informed by the following core propositions.

a) **Economic development and the quality of life in Timor-Leste will improve** if all children and young people gain access to good quality education and training and benefit from appropriate and meaningful learning opportunities.

b) **Equitable access and improved learning requires a holistic approach to school/technical institution improvement** - a strategy that invests in and integrates key inputs and processes. Initiatives need to respond to demand-side challenges that keep many children/students from poorer families from enrolling or attending school and training institutions. Collectively these (and other) interventions build effective and sustainable education institutions.

c) **Communities can play a vital role if they engage with school improvement**. Their influence can help to enhance access, including the regular attendance of all children, and improve the quality of education. In addition, significant gains for the poorest and marginalised children may flow from specific targeting of educational investments.

d) **Employers need to play a more important role in driving skills development and training**, particularly in determining priority needs and support for the development of competencies. This can help ensure skills training responds to the labour market and achieves a level of quality. Increasing the number of trained young people with relevant skills will drive productivity improvements, increased employment and higher incomes.

e) **Effective schools and training providers require the behavioural change of key actors, as well as institutional and organisational change throughout the system to deliver reforms.** This will need to take place in the Ministry of Education (national and sub-national), the Ministry of Finance, SEPFOPE, teacher training providers, and most importantly, in schools and training providers themselves. Some changes will have a direct and immediate impact on the classroom (e.g. teachers with the skills and materials they need); others are more systemic, (e.g. improved teacher performance and motivation; information systems that inform resource allocation).

2.1.2   Sector-wide priorities and sequencing

66.   Within the basic education sub-sector, the program will support the GoTL to implement a joint vision of effective schooling, and ensure an integrated approach to reforms that improve school performance, including the way schools are managed and resourced. An initial focus will be on literacy and numeracy in the early grades, building support through basic education cycles as the foundation for learning at the secondary level or outside of the school system. A priority is to drive reductions in repetition and drop-out rates and over-age enrolment, and improve attendance rates. This will be a defining focus of a range of supply-based interventions (e.g. teacher training, materials) and demand-based interventions (e.g. community engagement, stipends). Without gains in these areas, it will not be possible to reach program outcomes.

67.   For skills development, an early priority is to consolidate the progress made in the development of competency standards and the process of accreditation and registration of providers. To improve access to skills training, the initial focus will be on the development and delivery of qualifications at the foundation and lower levels. However, in priority sectors there is a need for mid-level skills. At the same time, it will be important to stimulate demand from students through addressing the barriers they face to accessing training, and from employers in ensuring training is relevant to the needs of the labour market and flexible in its delivery. Early efforts will help the GoTL better understand and define the needs of employers.

68.   Expanding program investments in early childhood will be the next priority, once longer-term plans for support from UNICEF, New Zealand and NGOs in the sub-sector become clear. Secondary will be the final priority, although time will be invested at an early stage to better understand the challenges and support required for the development of a more comprehensive GoTL strategy to reform and strengthen the sub-sector. Basic education support will include third cycle basic education, which represents lower secondary education. Indeed, the initial focus on basic education is critical to ensure improved retention of students to the end of the third cycle and so to meet GoTL ambitions for increasing transition to senior secondary.

69.   The program's engagement in early childhood and secondary sub-sectors will build on existing programs supported by AusAID (i.e. Alola, UNICEF, World Bank) and develop early research and scoping jointly with the MoE. Equally, the phasing of such support will depend to some extent on the progress made in basic education school improvement. AusAID is aware that this is a broad, ambitious program and its success rests on sequencing and phasing of support over the eight years in a way that the GoTL can absorb and that AusAID and partners can deliver.

70.   While the focus of priorities is on improving service delivery at sector / sub-sectoral levels, the strengthening of national systems will be integral to this work. This will require a significant investment from the program and will require innovative approaches to capacity development that put government in the lead, and help build sustainable approaches to supporting national systems that will deliver improvements at school / classroom level. Annual reviews will be important milestones at which to assess system strengthening needs and whether program strategies (and funding) need to be adjusted.

2.1.3   Program interventions

71.   The program will be delivered through three main areas of intervention, represented as three program components (set out in Section 2.3 below and in more detail in Annex 3). These are:

- **School improvement:** Support to improved service delivery at school level, drawing from international experience in school effectiveness and emerging understanding of what makes a good school in Timor-Leste. This will cover work across the schools sector (early childhood education, basic and secondary).

- **Skills training improvement:** Support to improve access to, and quality of, skills training and related services. This will focus on responding to key areas of labour market demand and the needs of students leaving the school system.

- **Education and training systems strengthening:** Support to the GoTL as it develops and strengthens key sector management systems, particularly those that enable improved delivery of services, such as quality assurance, teacher management and management information.

2.2   Program logic

72.   This program represents a broad partnership with the GoTL and other partners to improve outcomes across the sector. The following sections outline the objectives of this support, the anticipated end-of-program outcomes and AusAID's specific contribution.

73.   In essence, AusAID's direct contribution (program outputs) is designed to influence institutional and behavioural change (intermediate outcomes). The program will target changes in behaviour from key actors throughout the education system, including at school/ institution/ community level, clusters, district and the Ministry of Education and SEPFOPE. This in turn will be part of an overall school improvement approach, ensuring a range of reforms come together to make measureable gains in school effectiveness. In the skills sector, quality improvement in the provision of training will require a similar reform dynamic and will also target the active engagement of employers.

74.   These intermediate outcomes will lead to the end-of-program outcomes listed below. The program logic is set out here as a theory of change, and represented in a diagram at Annex 2. This theory of change will be a working model for the program, and requires regular re-examination of the assumptions and progress. This recognises that change is complex, involves a range of actors, and that change pathways may evolve with the broader policy context. The theory of change will, therefore, be reviewed and further elaborated during program inception along with the monitoring and evaluation framework, which will enable the monitoring of program outcomes and outputs. It will also be the basis for elaboration of evaluation questions.

2.2.1   Goal of the program

75.   **The goal of the program is that poor people in Timor-Leste will have increasing economic opportunities and improved quality of life.** This goal is derived from the national development goal that:

> *By 2030, the people of Timor-Leste will be educated and knowledgeable, able to live*
> *long and productive lives, and have access to a quality education that will allow them*
> *to participate in the economic, social and political development of our nation.*

76.   The goal statement provides the overarching rationale for the program. It will not be achieved within the lifetime of the program but there will be measurable gains over eight years in terms of better livelihoods.

2.2.2   End-of-program outcomes

77.   The **end-of-program outcomes** (EOPO) are expressed in terms of access, learning outcomes and employability for those students who have benefited directly from expanded educational and training opportunities of good quality. The GoTL is setting medium-term objectives and targets in each of these areas. Three student-level EOPOs are expected.

78.   **(1) Children and youth have more equitable access to education and training in schools**, from early childhood to secondary, and by both accredited and non-formal TVET training providers. The poorest and most disadvantaged students will be able to access learning and training opportunities. Specially targeted interventions will enable girls, children with disability, children out of school, and

others with specific disadvantages to participate in schooling and training. School managers and communities will reach out inclusively. There will be more training opportunities across the country, relevant to the needs of students leaving formal schooling.

79.　**(2) Children and youth attain improved learning outcomes**. Particular attention will be given to literacy and numeracy competencies, especially for children in the early grades of basic education. These competencies are defined in national curricula for basic and secondary education and assessed through internationally recognised studies such as EGRA.

80.　**(3) School leavers and TVET graduates have improved employability.** TVET graduates will acquire the skills, knowledge and competencies, including work experience, to successfully enter the labour market and gain decent work, including working for themselves. For pupils leaving the secondary school system, the curricula will provide them with the skills, knowledge and competencies to enter the labour market or pursue further learning.

81.　Over the eight years of support, the program aims to reach around 400,000 children in early childhood education, basic and secondary education, and over 15,000 students in skills training. This is an inclusive program which will give particular attention to outcomes for the most disadvantaged, including girls and children with disabilities.

82.　International evidence supports the link between these end-of-program outcomes and the goal of the program, as countries where all children have access to a high quality of education consistently perform better in indicators of quality of life and human development. Evidence also links education and economic growth: what children learn at school is crucial, with literacy and numeracy outcomes linked to annual GDP per capita growth. By improving income and employment opportunities, education and training contribute to reducing poverty. This approach is also in line with the GoTL/Australia's Strategic Planning Agreement for Development, and AusAID's Thematic Strategy for Education.

83.　The end-of-program-outcomes are a direct response to the analysis of the Timor-Leste context, which indicates very low levels of learning achievement, and a lack of relevant skills among graduates from post-basic education necessary to gain employment. Increasing enrolment in basic education is encouraging, but is undermined by problems of over-age enrolment, high levels of repetition and drop out, and poor attendance. Access and quality issues are inter-related, with many children being enrolled, but not receiving an education of sufficient quality. Indeed, access in this program is conceived as including right age enrolment in school, regular attendance, reduced repetition, and improved completion rates. In addition, the poor quality, poor link to the labour market, and the costs of vocational courses are discouraging people from using the formal TVET system.

84.　It is important to note that this program takes a long-term view of change. End-of-program outcomes are set at 2020. Sustainable improvements in schools and learning outcomes will only be possible over this timeframe or longer. Similarly, it will take time to ensure the TVET system is sustainable and responsive to the labour market. During the first four years, there will be a focus on critical reforms and actions that will drive change, as set out in the intermediate outcomes.

2.2.3　Intermediate outcomes: Institutional and behavioural change

85.　For the end-of-program outcomes to be achieved, up to 1300 basic education schools and 100 training providers in Timor-Leste will be more effective places of learning and skills development in 2020 than they were in 2013. This will result from a holistic approach to school improvement and institutional strengthening.

86.　There are no national standards for schools in Timor-Leste. Based on international practice, an effective school includes the following: grade enrolment at the official age, learning outcomes based on curriculum, sound pedagogy, adequate time on learning tasks, appropriate learning materials, safe learning environment, motivated teachers, strong school leadership, resource management at the school level with the corresponding accountability mechanisms, and community engagement, including

a meaningful role for women. Through policy dialogue with the GoTL, this definition will be refined and characteristics contextualised. The current Schools Survey, which is due to report in early 2013, will provide an important baseline for this.

87.	In the TVET sub-sector, accreditation and quality assurance already points in this direction. TVET institutions wanting to deliver accredited programs need to demonstrate that they have achieved standards, particularly around their physical facilities and workshops, equipment, learning materials, and the qualifications and experience of the instructors.

88.	To achieve these institutional outcomes, the program will target actors across the sector including teachers, trainers, school managers, principals, district offices, employers, government officials and communities.

89.	**Teachers/trainers are qualified, competent, and motivated.** Teachers will have completed quality teacher training courses, and they will continue to develop professionally through ongoing school-based activities. Skills trainers will know and use general skills in training pedagogy and industry-specific expertise in priority sectors. Teachers will attend/teach regularly, receive professional development opportunities and benefit from school improvement reforms. They will be sensitive to women's rights and will counter violence and sexual harassment in school. They will be more knowledgeable and inclusive about teaching children with disability. Teachers and trainers will use appropriate pedagogy, drawing on teaching material/guides, and teach in the language of instruction.

90.	**Teachers/trainers use quality curriculum and education materials.** Teachers and trainers will be able and supported to make use of school and training curricula, associated learning materials and equipment in the classroom and the training facility.

91.	**School and training provider managers run institutions effectively.** This outcome is important in itself and is an enabler of other outcomes. The roles of school managers will be defined by the MoE, including as part of the cluster approach to school-based management. SEPFOPE has done the same for training providers in its standards for registration. Key functions include: planning designed to meet school and training provider improvement objectives (using school grants and training funds); managing and supporting the professional development of teachers and trainers; ensuring the availability of learning materials and teachers guides; accountable reporting to clusters, district offices and local communities; taking a lead in working with communities and employers in an inclusive way; recognising and acting on gender and violence related issues; and, demonstrating that the school and the training provider is completely inclusive.

92.	**Communities engage in school improvement.** Stronger community engagement leads to more children going to school and staying in school. In this context, communities refers broadly to all those people for whom the school is an important local institution. To engage in school improvement means formal and informal association with school management through PTAs, school events, fund raising, vocalising concerns about teachers, the quality of teaching, school infrastructure, and requiring accountability in the use of school grants and other resources. Women should participate on an equal basis with men, to boost accountability and the quality of local decision-making.

93.	**Employers engage in improved skills training.** Improving the quality and relevance of training requires the involvement of employers, particularly in priority sectors, to help develop competency standards and training materials. More involvement in the delivery, including through on-the-job training and apprenticeships, will help to increase the perceived and real value of skills development.

94.	**Ministry / SEPFOPE officials (including district staff) provide resources and support to schools / training providers.** Schools and training providers need reliable funds, infrastructure and operational supplies to do their work effectively. Appropriate, adequate and sustainable infrastructure is critical**;** learning is more effective in a physical environment conducive to studying. Operational funds are critical to ensure teaching / learning supplies are in place and the school / training facility can function effectively. Other support from district and central levels include management support, staff

professional development opportunities, and information on skills shortages in the labour market for training providers and students.

95.   Capacity development is central to achieving the objectives of the program. Better schools and improved quality of training providers are the product of the changing behaviours of key educational change agents, especially those who work in, and close to, schools and training providers. The set of knowledge and skills, as well as incentives, with which teachers deliver better classes and school directors improve the management of resources and engage with the community are fundamental to the school improvement model. This is also true for improving skills training provision. To support this kind of change, officials throughout the system need the knowledge, skills and incentives to perform their roles well (e.g. for school inspection or accreditation/support to training providers).

96.   These intermediate outcomes – changes in behaviour and more effective schools and training provision – will contribute to achieving the end-of-program outcomes. This is grounded in international experience and research around school improvement, and making skills development relevant to labour market needs. It is also based on existing analytical work in Timor-Leste, and it will be strengthened by an approach which develops better contextual understanding over time.

2.2.4   AusAID's direct contribution: Program outputs

97.   AusAID's direct contribution is set out in more detail in Section 2.3 in terms of three main components: school improvement; skills training improvement; and systems strengthening. The first two of these focus on service delivery and the third on systems strengthening. The outputs of this AusAID contribution will have a direct influence on the behaviour change and school effectiveness outlined in the intermediate outcomes above.

98.   AusAID will target those activities and outputs that are likely to have the most impact on behaviour changes. Clearly, such change is complex and will be led by the GoTL through the Ministry of Education and SEPFOPE. It will also involve other actors, including international agencies, NGOs, and CSOs, and some central agencies (e.g. Ministry of Finance, Civil Service Commission). AusAID will prioritise interventions / outputs that have clear line of influence on student access and learning.

99.   **Service delivery** outputs will include the training of teachers, contributing to GoTL's objective to have over 12,000 teachers qualified, competent and motivated. This will require quality professional development opportunities including the acquisition of formal qualifications by untrained teachers and ongoing in-service training. Outputs will also include funding to schools, and the effective use of such funds, provision of teaching and learning materials that support a sound and up-to-date curriculum, and appropriate infrastructure for learning. For TVET, outputs will include trained trainers, materials and equipment, and apprenticeships schemes.

100.   **Systems strengthening** outputs will support service delivery and system reform more broadly in a number of ways. These are enabling outputs, in that many areas of service delivery improvement will not be possible without improved sector management systems. For example, teacher training alone will not deliver the anticipated outcomes without ensuring that, over time, the right teachers are recruited and they have clear and acceptable conditions of service. Textbooks and other materials require effective procurement systems. School grants, financing of skills training and other service delivery reforms will only be possible with improved planning and management information systems.

101.   Measurable outputs over the first four years will include:

- in-service training for up to 12,000 teachers and pre-service training for 200 teachers

- provision of over 3 million textbooks and other teaching/learning materials

- training in school planning and management for up to 3000 school principals and managers and a further 30 district staff

- rehabilitation of 350 school classrooms and building of another 175 new classrooms, all with water and sanitation facilities and furniture

- top-up grants to 1300 schools for quality improvement measures

- training of around 400 skills trainers

- management and financial support, including director training, of 100 training providers.

102.   The phasing and sequencing of these outputs will be important for the achievement of the end-of-program outcomes. Ultimately, the rate of change will only become clear through implementation. Thus, the annual indicator targets for program outputs and outcomes provided in the program performance assessment framework will need to be revised as the program rolls out.

103.   Table 1 shows the link between the intermediate outcomes described above and the specific outputs of the program.

Table 1: Anticipated influence of AusAID program outputs on intermediate outcomes

Intermediate outcomes (institution/behaviour change)	Outputs that will contribute to change	How change will happen
Teachers/trainers are qualified, competent & motivated	Teacher in-service & pre-service training; teacher policy & management systems developed; school-based management (SBM).	International/national expertise improves teacher training. Practical support and tools for teachers to improve teaching basic skills. Selection/management improves focus on early grades, accountable for performance. SBM ensures support at school/cluster for professional development.
Teacher/trainers use quality curriculum & education materials	Development, procurement & distribution of textbooks & other materials; teacher in-service training.	Long-term approach to build national curriculum capacity. Short-term improvement in quality/availability of materials; teachers trained in their use.
School & training provider managers run institutions effectively	School-based management; quality assurance & inspection; skills QA / accreditation.	Support to schools/clusters from MoE and cluster support team; ensures principal has training, guidance & responsibilities. Outreach to communities, improve attendance/repetition. Support teachers' classroom practice. More reliable, adequate funds to schools, better management of funds. Develop role and capacity of inspectors.
Communities engage in school improvement	School-based management.	Awareness campaigns promote value of schooling and role of parents & communities. Support to principals to engage with communities/parents in school management, linked to use of grants. Link to other community development programs.
Employers engage in skills training	Employer engagement; quality improvements.	Increasing quality of trainers and materials, and openness of system to employer role in system governance and technical engagement. Capacity building at the Industry Sub-Commissions and through the support for sector-based TVET strategies. This leads to increasing employer awareness of the value of quality skills training, and opportunity for workplace skills development.
Ministry/SEPFOPE officials (including district staff) provide resources & support	School infrastructure; school-based management; assessment & quality	Dialogue and other engagement to focus support to school/institution improvement. Systems support integrated and use broad

to schools/ training providers	assurance; management information systems (MIS); sector planning & financing.	range of capacity development approaches. Stronger national systems mean more equitable, reliable funds, materials, facilities and other technical support available.

2.2.5   Assumptions

104.   The success of the program will be determined not only by the effectiveness of technical support, but in harnessing broader reform efforts/opportunities and ensuring the buy-in of key stakeholders. The incentives and interests of officials at different levels and of school managers, teachers, parents and communities will all play a role. The AusAID education team has developed an understanding of the political economy of the education sector in Timor-Leste, which will require sustained political and budget engagement and analysis. Issues which require attention through the program include:

- **The language of instruction:** Opportunities for Tetum and mother tongue instruction have been presented by the new Government's plan, however, a complex set of interests and history need to be considered, including the potential impact of this on ethnic minorities themselves. This will be a critical issue as Australian support includes curriculum review and provision of materials.

- **Teachers:** With the strong focus on improved teaching, it will be important to harness the role of teachers in stimulating school improvements, and to ensure their buy-in to reforms that will support their professional development while increasing their accountability (including for attendance, behaviour etc.).

- **Employers:** At an early stage, it will be important to engage with employers in specific sectors and to ensure that quick wins can be achieved that harness their support for system reforms. There is limited experience and capacity for this in Timor-Leste.

- **Inclusion:** The marginalised populations with the most severe constraints to quality education and training include disabled children and girls/women. The attitudes that lie behind some of these challenges will take time to break down, and will require engagement beyond the sector.

- **Decentralisation:** The role of officials at national and district levels needs to be better understood. The program will need the buy-in of district officials to ensure funds reach the schools and are used properly. The roles and responsibilities of districts and the coordination between various administrative levels will need to be monitored.

- **The role of the Church:** the Catholic Church is an important provider of education at basic, secondary and tertiary levels and has significant influence with government and with the perception of education more broadly. Engaging with the Church and learning from this kind of non-state provision will be important to program strategies at a number of levels and will require on-going analysis and dialogue during the program.

- **Costing and prioritisation of priority activities:** The GoTL's education and TVET plans are not costed and do not have clear implementation plans. AusAID will continue policy dialogue with the Government to better understand and influence the prioritisation and funding of reforms. This will include a budget engagement strategy.

- **Political communication:** High-level GoTL communication to parents, communities and other stakeholders about the key reform messages will be essential; what they can expect from the Government and what is required from them. For example, improving learning outcomes will require parents to send their children to school regularly, while efforts are made to make schooling more worthwhile. AusAID recognises that it cannot determine the use of such political communications by the GoTL but it will raise this as part of a high-level policy engagement and provide technical support where necessary.

105.   In a context where there are many competing priorities, Australia's policy dialogue will seek to harness high-level support for change. It will not be possible to influence change in every area, but a focus will be given to holistic school improvement and associated measures. Linked to this, policy dialogue will seek to catalyse the best use of GoTL's own resources and commitment to key reforms.

2.3   Program components

Australian support will consist of a mix of service delivery, capacity development and policy dialogue. In addition, a program of research, developed in partnership with the GoTL will provide an evidence base and understanding of what works and change processes in the Timor-Leste context.

106.   The Timor-Leste Education and Skills Training Program will have three main components:

- Component 1: School Improvement
  Sub-components: School-based management; Better quality teaching; Pedagogically sound curriculum and learning materials; Adequate, appropriate and sustainable school infrastructure

- Component 2: Skills Training Improvement
  Sub-components: Training materials development; Training of trainers; Training provider management; Employer engagement and linkages to the labour market

- Component 3: Education and Training Systems Strengthening
  Sub-components: Teacher policy and management; School systems assessment and quality assurance; TVET assessment and quality assurance; Research, monitoring and evaluation; Management information systems; Sector planning, financial management and procurement

The overall management of the program is Component 4.

107.   For each of the components, priorities are identified, the rationale for their choice is outlined, key activities are specified and phasing issues are highlighted. Annex 3 provides a more detailed description. Under each of these components, work will be undertaken to develop more detailed strategies for inclusion that will be integrated into work across sub-components, in particular to address the challenges faced by girls and women in terms of access to education, and the risk of violence and other forms of discrimination when at school / training institution. Baseline work has already been undertaken to assess the challenges faced by disabled people, and early work will develop a strategy and specific activities that can be undertaken through program components. This work will require dedicated specialist advisory support and capacity building.

2.3.1   Component 1: School improvement

108.   School improvement places the school at the centre of the education system. The school is where inputs and processes converge: teachers, infrastructure, curricula, learning resources, school management and community engagement. It is where the benefits of more generic system strengthening should be realised. Four main sub-components are envisaged, all national in their coverage. They contribute collectively to improving schools and thereby classroom-based learning and support specific initiatives in MoE's five-year plan (2013–2017).

109.   A key end of program outcome will be improved learning, with a focus on literacy and numeracy in the early grades. This component will therefore need to develop an integrated approach to literacy and numeracy through each sub-component, in particular for the review of the curriculum and how this is aligned with classroom assessment, provision of materials, the training of teachers and the role played by school directors in managing and supporting the work of teachers to deliver better teaching of reading and maths (as well as other areas).

2.3.1.1   Sub-component 1.1: School-based management

110.   Priority will be given to increasing the level of funds that reach schools through school grants, including how grant levels are determined, how they are managed, used, acquitted and audited. Grant funding will be provided through government channels, based on a public financial management (PFM) assessment and other analysis. Support will be given to: school improvement planning, financial management and accountability; school director training; the professional development of teachers; and stronger community engagement in schooling. This will require management training and capacity building activities in 202 school clusters through a cluster support team, targeting school managers,

inspectors and district officials. Work in this area should commence in 2014. The Catholic Church has organised its schools into 38 clusters, which will be integrated with the broader cluster system.

111.   Targeted financial support for the most disadvantaged children and to schools serving the poorest rural communities will be appraised, including building on current scholarships to girls. To enable children with a disability to benefit from schooling, the program will expand access to special education and work to make schools more disability-accessible.

112.   This sub-component will support initiatives to increase community and parental engagement in school management and development. This will require more analysis of community perceptions, the costs and other barriers to enrolment and regular attendance, and examples of good practice. AusAID will support community awareness campaigns, the ability of schools to involve communities (women as well as men) to engage in school improvement activities and hold schools accountable.

2.3.1.2   Sub-component 1.2: Better quality teaching

113.   Priority will be given to the professional development of existing teachers in basic education. The challenge is to improve teacher competencies, commitment, motivation, and gender and disability awareness. A joint appraisal of teacher development and management will guide the detailed design of interventions. Subject to GoTL policy on the future of INFORDEPE (the national in-service training provider), the program will help to strengthen its institutional capacity. Developing a cadre of professional teacher trainers will be a key area of support. Support will build on existing pre-service training, but will then prioritise in-service programs, including those in MoE's sector plan. Support for pre-school and secondary teacher development will be part of a broader appraisal.

114.   At school and cluster levels, teacher development strategies will be piloted/introduced through Ministry District teams and/or CSOs; work that will link with school-based management intervention. Cluster level and school level plans will be designed to incorporate teacher training opportunities. Priority will be accorded to early grade teaching (especially reading and numeracy). In addition, this sub-component will be responsive to innovative programs undertaken by other agencies at the school and cluster levels, for example, the introduction of mother tongue teaching by the Alola Foundation.

2.3.1.3   Sub-component 1.3: Pedagogically sound curriculum and learning materials

115.   The process for review of the curriculum in basic education (all three cycles) and secondary education represents a critical opportunity to support a stronger focus on literacy and numeracy and other foundational skills that will contribute to learning improvements. This work will also be central to the delivery of effective teacher training, provision of materials and other support to classroom practice. Support to this review will be provided in a way that enables a stronger GoTL lead in curriculum development in the short term, while over the longer term establishing a strategy to put in place institutional capacity for curriculum reform and development.

116.   This sub-component will also expand AusAID's procurement of learning materials for schools, to ensure that the current generation of students and teachers in basic schools have sufficient learning materials in classrooms. Associated teacher induction in their use will take place at the cluster level. The emphasis will be on materials for early grades, in Tetum and mother tongue languages. In the short to medium term it will not be possible to use government procurement systems, though the program will aim to strengthen capacity and use national systems when possible.

2.3.1.4   Sub-component 1.4: Adequate, appropriate and sustainable school infrastructure

117.   This sub-component will help to address the backlog of school infrastructure construction and rehabilitation. AusAID will support the development of an infrastructure and equipment development plan, as well as a review of the MoE infrastructure designs to ensure that they are accessible for children with disability. Dialogue with the MoE will determine how infrastructure support can be targeted. Consideration will be given to support for new schools where there is a serious access problem (provisionally 50 schools); for whole school rehabilitation where there is an urgent need for

improvement (provisionally 250 schools); and, assistance to increase the capacity of basic education central schools to accommodate increased numbers of students progressing to the third cycle of basic education. Furniture and toilets/WASH facilities will be included. Analysis will be undertaken to ensure work of this kind will avoid negative environmental impact and the displacement of people and will be designed to minimise risks from natural disasters.

2.3.2 Component 2: Skills training improvement

118. This component will support improved access to, and quality in, the delivery of training that prepares students for work, within the context of a strengthened national TVET system. This component supports key initiatives and reforms set out in the draft five-year TVET plan currently being finalised by SEPFOPE. It will build on progress in developing competency standards and supportive learning materials, and improved processes for registration, accreditation and regulation. The component will support SEFOPE and the Government more broadly, to better understand the links between training and employment, and the nature and extent of skills needs and gaps.

119. In line with the GoTL five-year plan, this component will support initiatives that improve the supply of quality skills training, and that respond to demand from employers. Stimulating demand from students will require better information about training opportunities, increasing the quality and relevance of training, and addressing the cost and other barriers to accessing training.

120. AusAID's approach will be to consolidate some of the gains made in recent years, particularly for the provision of foundation and lower-level skills training across the country. In addition, AusAID support will further develop the capacity of specific providers to deliver mid-level skills training in priority sectors to be determined by the GoTL (e.g. tourism and hospitality). This support will include both service delivery outputs set out in this section, as well as system strengthening work in Component 3 below.

121. AusAID is already funding the Training, Employment and Support Program (TESP) implemented by ILO in partnership with SEPFOPE. This two-year program is part of AusAID's broader investment. TESP takes a broad-based approach to reforming the TVET system and will form the basis for AusAID's strategic engagement and preparation of service delivery-focused intervention over the medium term. Some of the work under TESP will be supported over the medium term, though the best modality for support will need to be determined. The following component description identifies areas supported under TESP and those new areas that are being developed under the broader program.

2.3.2.1 Sub-component 2.1: Training materials development

122. This sub-component links to broader quality assurance systems set out in Component 3. The program will support the TVET centre of excellence to develop learning materials that enable the delivery of training in line with competency-based standards under the National Qualifications Framework (TLNQF). For training providers to become accredited, they need to demonstrate capability to deliver training at these standards; the provision of training materials and packages will go some way to supporting this, and the broader quality of skills training. This will consolidate the provision of foundation and lower-level skills training across the country. The TVET centre will be enabled to identify and respond to priority skill areas, especially occupations with high labour demand. The program will support INDMO to determine the need for expanded provision (procurement and distribution) of materials directly to training providers.

123. Some of this work will start under TESP during 2013–14, and is likely to remain a priority over the eight years of the program. Developing training materials and packages for mid-level skills training in priority sectors will be given increasing priority. This will align with the development of standards under the TLNQF for mid-level training in specific industry sectors (e.g. tourism and hospitality). In the same way, the Industry Sub-Commissions (ISC) will be involved in setting standards that are relevant to employers and in the development of training materials. The eight ISCs have limited formal structures or capacity and will need support to engage in this work.

2.3.2.2   Sub-component 2.2: Training of trainers

124.   The pool of quality skills trainers needs to be expanded. Training of trainer programs are required for initial training, as well as for upgrading and mid/higher level programs in priority industry sectors. At present, there is no trainer of trainer qualification and trainers often lack specific sector experience.

125.   The program will support SEPFOPE (with other partners) to develop a strategy for training of trainers. A needs assessment will look at training providers, their teaching staff, and their ability to train trainers. This must take into account which industrial sectors have demand for trainers. Training will cover pedagogical, technical and industry experience. Much of this will be done through the Learning and Resource Development Centre (SDRA) and the TVET centre, and it will link to provision of teaching and learning packages. It might be necessary to send suitable TVET graduates overseas to train as trainers at a higher level (which might link to the separate AusAID scholarships program). The distribution of qualified trainers at district level will be monitored and strategies developed to ensure equity.

126.   The development of trainer training within a specific employment sector will include support to specific providers and employer on-the-job training linked to apprenticeships. Over the longer term, it will be important to move towards the development of a trainer of trainer profession.

2.3.2.3   Sub-component 2.3: Training provider management

127.   Quality assurance systems will require training providers to meet standards in provision. This will require providers/institutions to improve systems for managing staff and resources, and planning for medium to longer-term development. An early needs assessment on the operational capacity of training providers will be conducted. A management training program for institution managers could be developed under the program. This could also link to scholarships for institutional managers.

128.   Costs associated with the delivery of higher/mid-level programs may constrain new training providers where this requires new classrooms, workshops or equipment. Such costs may also constrain provision in currently under-served rural areas. Targeted technical and financial support may be needed for identified providers/institutions, after appraisal to understand the risks and levels of likely return. The setting up of centres of excellence will require support over the eight years of this program. Under a regional/district based strategy for TVET, centres of excellence could be used as a resource for other training providers. Some of this work will start under TESP, but priority sector training will need a longer-term approach.

2.3.2.4   Sub-component 2.4: Employer engagement and linkages to the labour market

129.   Employer engagement is key to ensuring that training provision is responsive to the needs of the labour market. Employers include both private and public sectors, though for mid/higher-level skills training, this program will focus on private sector development. (This assumes that higher-level public sector skills will be developed under separate programs, including broader public sector capacity development linked to the National Institute of Public Administration). This can be reviewed as the program develops.

130.   Employer engagement under this program will be supported through a) employers participating in Industry Sub-Commissions for materials development and validating competency standards (part of quality assurance systems strengthening); and, b) through supporting employers to develop on-the-job training for existing employees and apprenticeship schemes. Apprenticeship and skill upgrading programs are underdeveloped, with only two enterprises registered to become providers. An incentive for employers is likely to be required, accompanied by the development of information campaigns on the benefits of skills development and training, and more formal mechanisms for engagement. Employers need to be made aware of the training opportunities available.

131.   The program supports skills development and training rather than employment initiatives, which are beyond its scope. However, through TESP, support will be given to expand coverage of the Career Guidance and Counselling Centres (CEOPS) to more districts. This will improve the access young people have to information on employment opportunities, as well as which further education or training is most likely to result in productive employment.

2.3.3   Component 3: Education and TVET system strengthening

132.   The third program component will focus on strengthening the education and training system. Improving service delivery will require significant work to support national systems, some of which are beyond the scope of this program. A Management Strengthening Program under the Global Partnership for Education (GPE), being managed by the World Bank, is already providing some support of this kind. This partnership with the World Bank and others is an important feature of the broader sector wide partnership being adopted under this program. AusAID will work closely with other partners to ensure the right kind of support is in place and that different programs are providing complementary support to systems strengthening. Through this component, AusAID will ensure support to interventions that can have a significant and relatively early impact on school improvement and the strengthening of skills training which are fundamental to the success of the other components.

2.3.3.1   Sub-component 3.1: Teacher policy and management

133.   This sub-component will support the MoE to put in place policy and systems that cover the recruitment, management, and support/professional development of teachers. Key challenges include equitable deployment, staff discipline, classroom attendance and accountability. Staff remuneration does not recognise qualifications or performance. The 2013–2017 MoE five-year plan includes the elaboration of teacher policy and management procedures. A teacher performance evaluation system is also to be introduced.

134.   A range of analytical work will help to determine priorities for interventions. Initially, as a foundation for the school improvement component, AusAID will commission a relatively quick joint appraisal of teacher development, supply/demand and management in the first year of the program. Beyond this, the component is likely to support development of strategies for equitable teacher deployment, and capacity development of the National Directorate of Human Resources.

2.3.3.2   Sub-component 3.2: School systems assessment and quality assurance

135.   Using the World Bank's Systems Approach for Benchmarking Education Results (SABER) instrument on student assessment, this sub-component will assess the policy framework in place in Timor-Leste and review current assessment activities. Results from the previous EGRA/EGMA study will be finalised and disseminated. Collectively, these findings will lead to the development of further activities in the short and medium-term. Emphasis will be on developing continuous assessment tools for the classroom. Further EGRA/EGMA will be undertaken and assessments for later grades will also be considered. The program may link with a regional assessment program for Year 6 students taking place in the Pacific with Australian support. Over the medium to long term the program will seek to institutionalise on-going national assessments in early grade literacy and numeracy.

136.   The component will also support school inspectors, operating from district offices under the overall responsibility of the Office of the Inspector General. This is critical to both school-based management and teacher performance. A range of measures set out in the education five-year plan will be supported, building on earlier reforms supported by NZAID. A quick appraisal will be undertaken of the profile of the district level inspectorates and their plans of work and reporting practice. Support may include training, transport/equipment, and reporting systems development.

2.3.3.3   Sub-component 3.3: TVET assessment and quality assurance

137.   In the TVET sector, quality assurance work is centred on the registration and accreditation of training providers. This will involve building the capacity of INDMO to manage this process and support providers to meet standards and respond to the needs of employers. It is anticipated that over the medium term, more providers will be registered and accredited across the country, ensuring greater provision of formal training beyond the current centres of Dili and Baucau. The capacity of Industry Sub-Commissions to work with INDMO to further develop national competency standards will also be developed. In the medium term, competency standards at higher/mid-level skills will be supported. Over the longer term, it will be important to anticipate the linkages between TVET and the formal education system, including transferability of qualifications and pathways between the two systems.

2.3.3.4   Sub-component 3.4: Research, monitoring and evaluation

138.   The MoE is supported in monitoring and evaluation by the World Bank under Global Partnership for Education funding, including the development of a sector PAF and associated reporting systems. The Annual Joint Review is still at an early stage and is starting to function more effectively as a mechanism for jointly assessing performance and setting priorities. The Minister recently established a Local Education Group, to be chaired by the Vice Minister. AusAID will support M&E systems in a number of ways. Firstly, though the development of more specific program monitoring systems that can be increasingly aligned to MoE systems over time.

139.   Within the field of TVET, it will be essential that a suitable baseline is developed early in the ILO program, to ensure that progress can be measured at a later date. The program will support a second Labour Force Survey (LFS) in late 2013, and help SEPFOPE to implement an enterprise survey every three years.

140.   AusAID will work closely with the Government to set an agenda for research and analysis. It will be practical, link clearly to school improvement outcomes, and work with local partners wherever possible. A work plan will be determined annually with both the MoE and SEPFOPE, together with the World Bank and other implementing partners. In the medium term, the program will explore options for strengthening capacity within the GoTL and national research and analytical organisations. At program inception, evaluation studies will be planned, linked to strengthening government's capacity in this area and feeding in to Annual Joint Review meetings.

141.   AusAID is supporting the use of analytical tools developed under the World Bank's Systems Approach to Better Education Results (SABER). This will include work on teacher policy, assessment systems, and school accountability. Other major analytical work will include a Public Expenditure Review (2014), and nationwide schools survey.

2.3.3.5   Sub-component 3.5: Management information systems

142.   Good management information systems inform good planning, policy review, monitoring and evaluation. The education system has an Education Management Information System (EMIS). The TVET sub-sector has a database for tracking enrolment, training and the placement of students (SIMU), and a framework has been put in place to develop a Labour Market Information System (LMIS).

143.   This component will build on previous support to EMIS, including consolidating annual census, data and reporting systems and analysis. This support will work under the head of EMIS and the Director for Planning. In 2013, the World Bank/GPE will provide advisory support to develop a longer-term plan for sustained EMIS operations and capacity development. After agreement on the plan, AusAID will then fund EMIS support over the full eight years of this program. Linked to this support, the program will fund a second School Survey in 2015 to be managed by the World Bank. The program will fund an EMIS adviser to work with the MoE team to review and implement the agreed development plan. Assistance to EMIS will include support to disaggregate data and analysis by sex and disability.

144.   Within the TVET sector, a primary activity will be the setting-up of a fully functioning Labour Market Information System to support planning processes, M&E and improved decision-making processes. It will support the development of appropriate ICT systems that must be driven by the end user and be capable of being upgraded without reliance on advanced technical skills. Given the costs and sustainability of the LMIS, possible linkages will be explored with the EMIS under the Ministry of Education.

2.3.3.6   Sub-component 3.6: Sector planning, financial management, and procurement

145.   The World Bank/GPE-run Management Strengthening Program is taking a lead in this area. AusAID will support improved planning and financial management through policy dialogue, and through support to Annual Action Plans, which are the basis for implementing broader sector plans within the MoE. AusAID's sector dialogue will include a focus on how MoE planning, budgeting and procurement helps school improvement. AusAID's education team and Governance for Development program will work jointly to identify and support sector budget planning and expenditure management systems. An education economist will be commissioned to undertake a budget analysis to support the AusAID education team in this engagement.

146.   In the longer term, the objective is for more GoTL funds to move directly to schools. Following AusAID's Assessment of National Systems, the program will conduct a sector assessment of PFM and procurement systems and seek to strengthen systems over the medium term in order to channel funds for school grants and the procurement of infrastructure and learning materials.

147.   In the TVET sub-sector, this component (in the first instance through TESP) will support SEPFOPE to improve current planning capacity, including for short-term implementation of the longer-term TVET Plan. Improving capacity in this area will include a focus on GoTL leadership and coordination of the sector, and the engagement of employers. In addition to the national plans for TVET, emphasis will be given to industry sector-based plans. This may focus on the tourism sector as a pilot. Other priority sectors could be agriculture, health or construction. Sector skills plans need to be guided by broader trade or industry-based strategy.

SEPFOPE will be supported to develop a TVET funding strategy, which will require substantive analytical work and development of options to streamline and extend current funding sources, and improve the broader governance, planning and management of funding.

2.4   Delivery and partnership approaches

2.4.1   Principles

148.   The program will be implemented in partnership between the Timor-Leste and Australian Governments. AusAID will work with the GoTL and other partners to ensure better coordination of technical and financial support to the sector, including capacity development and approaches to monitoring and reporting on results. The program will be based on the following principles.

149.   **Partnership will define the relationship between the two governments.** The areas supported will represent a joint Timor-Leste/Australia program and will be based on continuous dialogue and agreement between both governments. The Ministry of Education and SEPFOPE will be the main partners and work directly with AusAID. The partnership will have an impact on broader sector-wide coordination and will work with other development partners towards this.

150.   **The program will be aligned with GoTL structures and systems.** There will be full alignment with national education plans and priorities. Comprehensive use of the government systems will be the long-term objective of the program. The program will use existing/emerging government systems for delivery of assistance with fiduciary risk precautions and assessment of government capacities. Systems will be strengthened in the medium-term while ensuring improved service delivery.

151.   **Service delivery will be a primary focus of the program while system strengthening will continue.** Interventions and activities will target the point of delivery. System strengthening will also take place at the institution and district level, with limited support at the national level.

2.4.2   Increasing use of government systems

152.   AusAID support will focus attention (policy dialogue, technical and financial support) on sector policy and national service delivery systems, rather than on a separate system of program/project management. However, this support takes place in a low capacity and post-conflict environment. For some time, the MoE and SEPFOPE have been dependent on external technical assistance for key technical and management operations. The intention is that by the end of the eight years, a significant part of the support could be channelled through national systems (e.g. school grants, FEFOP) for school and institution improvement and service delivery. AusAID recognises that this represents a significant change, and that there could be incentives for staff within the MoE/SEPFOPE to keep using parallel project systems.

153.   Broader agency analysis at Post has identified (using the framework under AusAID's Guidelines on Assessing/Using Partner Government PFM Systems) that the initial focus should be on using upstream components of GoTL PFM systems, i.e. to be on plan and on budget. There is greater risk with the downstream components of budget expenditure, including on treasury and on procurement. However, the country program will develop delivery approaches that test and strengthen the viability of using downstream PFM systems, balancing fiduciary and development risks. The program will use types of aid for support consistent with the broader AusAID country program and approach. An assessment of national systems (ANS) for PFM and procurement is ongoing and likely to be finalised by early 2013. An education sector PFM and procurement assessment will be commissioned to build on the findings of the ANS and elaborate on opportunities to take forward the use of partner systems under this program.

154.   The program will further develop an understanding of broader government/national systems for education, including for sector planning and policy-making, budgeting, human resource management, quality assurance, and service delivery. Analysis undertaken as part of the design process has focused on these, and the program will work closely with the MoE and other partners to work through and support these systems. For example, aligning with the budget process and the sector ministry development of Annual Action Plans will be a critical step in ensuring program activities are integrated with the GoTL's own plans for the sector on an annual operational basis. Equally, the program M&E framework will be closely aligned to the GoTL's Performance Assessment Framework for the sector, and associated processes for sector review and reporting.

155.   AusAID's analysis also indicates that for key areas of the program, existing systems and institutional structures need further development. For example, systems of curriculum development have been highly dependent on external specialists, with little national capacity and no institutional governance arrangements in place. Support to teacher professional development will be put at risk if systems for teacher policy and management are not substantially strengthened. Thus, to move forward with improved service delivery requires short-term approaches that work with existing national staff in the MoE and other agencies, while helping to put in place structures and capacity that will ensure delivery over the longer term.

156.   Key national education systems that the program will work with are set out in Table 2.

Table 2: The Government of Timor-Leste's education systems and program alignment

Education systems	Current status of key GoTL systems	How the AusAID program will align with systems
Human resource management	Teacher career regime established; not operational. Lack of clear responsibility & system for teacher management / development. Many volunteer teachers in the system; status not clear.	Appraisal of teacher policy, management & professional development; develop program to strengthen systems for deployment, support & performance management.
Quality assurance	School & system inspection guidelines developed; need review. Early Grade Reading Assessment (EGRA) assessment taken place once in 2010. Training provider accreditation / registration in place.	Support to school inspectors & Inspectorate General. Develop minimum standards. Continue support to EGRA, & analysis / use. Support roll-out of registration / accreditation process for TVET.
Policy & strategic planning	New five-year plans in place (MoE/SEPFOPE). Annual Action Plans linked to budget submission / reporting. School improvement weak; could be used to contribute to bottom up process.	Work plans & reports link to annual budget cycle & Annual Action Plans. Use Annual Joint Review (AJR) as mechanism to adjust sector plans & the program strategy.
Performance monitoring & accountability	MOE developing a Performance Assessment Framework (PAF). Annual Joint Review in place; uncertain ownership / effectiveness. SEPFOPE systems weak.	Support / use AJR as a key mechanism; though program requires other mechanism in interim.
Management information systems	EMIS established; current support ad hoc. Annual reports behind schedule. Key role in education planning & monitoring. LMIS unit established in SEPFOPE.	Long-term support to EMIS planned under program, to fully establish. Support to LMIS planned.
Public financial management (PFM)	Unclear how budget allocations across sub-sectors negotiated. School grants being implemented via clusters; requires strengthening / increase.	Ensure AusAID funds represented on budget; dialogue on Medium Term Expenditure Frameworks (MTEF). Assess systems; design fund flow for AusAID support to school / institution grants.
Procurement	School infrastructure managed by Infrastructure Facilities Unit (IFU); recent concerns; GoTL system high risk. Teaching materials developed by different partners, lacks coherent approach; some success in distribution to schools.	Sector procurement assessment needed. Procurement through Facility; use GOTL management / reporting where possible.

157.   The scope and ambition of the program is broad and will require a range of partnerships working under the lead of GoTL, with other international development agencies operating in country, international and local NGOs and with implementing partners (e.g. specialist contractors / organisations). National partners will include government agencies and training providers, as well as other non-governmental providers of education services (churches, NGOs, private sector) and more broadly employers (public and private). Some of these partnerships are already established, for example through the current funding agreements with World Bank, UNICEF, ILO and the Alola Foundation. Others will be developed during inception and the first year of the program.

158.   The program will work with key GoTL actors, including:

- At national level: Directors General for Education and Corporate Services, national directors of MoE and SEPFOPE departments (Planning, Inspectorate General, Curriculum, etc.), technical staff working on key education systems, including EMIS

- At district level: District education officers and school inspectors

- At cluster/school level: Cluster and filial school directors, community members of school governance boards, committees and PTAs

- At institution level: heads of teacher training institutes, including INFORDEPE, and national/district level TVET training institutes.

159.   AusAID is already increasing its engagement with other development partners working in the sector. Under this program, AusAID will seek to reinforce the role of the Local Education Group, and an effective and open dialogue and coordination.

2.4.3   Approach to capacity development

160.   AusAID guidance recognises that capacity development takes place at a number of levels, including individual, organisational and institutional. Individuals, for example, need skills and knowledge to analyse problems and manage service delivery. At the organisational level, clear objectives, and effective structures, processes and allocation of resources are needed. At the institutional level, the legislative framework and accountability mechanisms set the formal structure within which organisations and individuals operate.

161.   End-of-program outcomes will require changes in behaviour from key actors throughout the education system. To support this kind of change, education officials need the knowledge, skills and incentives to perform their roles well. This kind of individual capacity development needs to be complemented by organisational capacity and change management led by the Minister and Secretary of State and their senior management teams. Central to enabling individuals to operate effectively are the processes and systems by which funds are channelled to schools and training providers and the systems by which districts support schools. Reforms of this kind have been put in place in recent years and this program will continue to support and strengthen their use.

162.   At the institutional level, a process of public service reform (including changes to the organic law that structures the roles and responsibilities of line ministries and public servants) has been underway for a number of years, supported by AusAID. It will be essential for any advisory support to build on to this broader reform and capacity development agenda.

163.   Drawing on lessons from AusAID and other agency experience, the program adopts a broad approach to capacity development. Supporting local ownership, capacity and systems development should take priority. GoTL commitment is critical. A range of capacity development inputs will be utilised and there will be a need for international technical assistance, but this will be used selectively, managed under GoTL leadership and linked to service delivery. Equally, capacity development will be outcome focused.

Activities for capacity development will include:

a) Technical assistance (local/regional/international) which provides advice, plays a mentoring role and, where necessary, provides a model of good practice for managing the implementation of programs (e.g. through developing work plans and enabling implementation of GoTL reforms).

b) Sustained and effective training (including online/distance) and staff professional development linked to staff needs and functions in using national systems and reforms, rather than one-off training seminars (e.g. for school directors to manage grants and involve local stakeholders in school improvement planning).

c) Equipment and transportation, as well as possible operational budgets and management support, where this is needed for staff to do their jobs properly (e.g. under EMIS, school inspectors).

d) Mentoring, including staff secondments to research and other tasks (e.g. for curriculum development, public expenditure review and other sectoral analyses/evaluation).

e) Twinning and study visits, including regional cooperation (e.g. for sector planning, EMIS, school grants, TVET trainer training and industry-based TVET strategies).

f) Development of procedures and systems, including job descriptions and performance management (e.g. with National Directors in charge of curriculum reform, school management and support, and TVET materials development).

g) Incentives for education and TVET staff and other stakeholders need to be understood, with careful thought given to both monetary and non-monetary incentives for changed behaviour (e.g. for teacher attendance and performance, community engagement, employer engagement in training).

h) Scholarships from separate AusAID funding could also provide an opportunity to strengthen individual capacity in key technical areas (e.g. curriculum development, teacher/trainer training, education and skills planning).

164. Partners implementing components of the program will be required to develop coherent and innovative approaches to capacity development, under the overarching guidance of the joint GOTL and AusAID high-level program management groups. The willingness and ability to learn/operate in local languages, and demonstrate appropriate communication styles will be important. Approaches to capacity development should also be part of Annual Joint Reviews at the sector level, and will be part of AusAID's policy dialogue with the GoTL, encouraging MoE/SEPFOPE leadership to put in place improved systems to manage this work. As part of this, there will be a regular review of the use of technical assistance, ensuring effective GoTL management of this, and scoping alternative approaches where appropriate.

165. This approach to capacity development will need to include an approach to change management and to building resilience in national organisations to adapt to change. Reforms being supported by AusAID will require significant change and the need to adapt by those organisations and the people working in them. Equally, Timor-Leste is vulnerable to broader economic and environmental change that in future will require sector organisations to adapt and maintain the standards in service provision being sought under this program. Building resilience and adaptability to change should therefore be an important element in the capacity development strategy developed under this program. For example, increasing local autonomy to make decisions and engage with communities, and increasing the capacity of clusters (and districts) to support the training of teachers and their on-going professional development needs will all require significant change in the way work is managed, but will develop longer term resilience within the system if planned and implemented effectively.

2.5   Types of aid

166. The program objectives and key component areas outlined above require types of aid for support that enable a mix of service delivery and systems strengthening. The program governance and management arrangements (set out in Section 3.1) are critical to this overall approach and the specific design of financing modalities. Central to this will be ensuring GoTL leadership, and avoiding the

establishment of stand-alone project implementation units. Governance arrangements must also ensure coherence in approach and implementation across different providers and inputs.

167.   During the design process, a number of aid delivery options were considered.

a) Sector budget support: Funds provided directly into the treasury of a recipient government and managed according to their budgetary procedures. This is an un-earmarked contribution to the government sector budget and involves comprehensive policy and budget dialogue with the partner government.

b) Pooled funding: Funds managed jointly with other donors and/or the recipient in a separate account. The account has specific purposes with modes of disbursement and accountability mechanisms and a limited timeframe. Pooled funds are characterised by common project documents, common funding contracts and common audit procedures with all contributing donors.

c) Multilateral agreements: Funds managed by an international organisation that is administering a project or program. The organisation is responsible for the management and accountability arrangements. The roles of the organisation contributing can be determined separately. These arrangements are done through grant agreements between the organisation and AusAID.

d) NGO agreements: Funds managed by an Australian, international or national non-governmental organisation that is implementing a project or program. The organisation is responsible for the management and accountability arrangements. The NGOs may or may not have agreements with the recipient government and tend to have community-based expertise. These arrangements are done through grant agreements between the organisation and AusAID.

e) Project/facility-based approaches: Funds managed by an external contractor or company towards a set of inputs, activities and outputs designed to reach specific objectives/outcomes within a defined timeframe, budget and geographical area.

168.   AusAID is not considering untargeted sector budget support at this stage due to the lack of readiness of national systems and the high fiduciary risk involved. It is currently trialling approaches to targeted sector budget support to the Ministry of Finance to support the implementation of its strategic plan. The outcomes and lessons will form an important basis for future support to education.

169.   An unfinished/ongoing assessment of national PFM systems (ANS) indicates broad problems with capacity in procurement and PFM systems but it has identified some potential to provide support through PFM systems for recurrent operations, dependent on strengthened budget/expenditure tracking systems.

170.   A pooled funding mechanism is not being considered. This type of arrangement is complicated and leads to a parallel structure with separate reporting requirements. International experience has confirmed this. In the current context, with reduced financial resources from other multilateral partners and increasing AusAID funding in the sector, a pooled arrangement is not seen as feasible. The other key partners in the sector are not able to engage in such mechanisms (e.g. Portugal, Brazil, and China).

171.   The only multilateral arrangement in place is the World Bank-managed trust fund for the Education Sector Support Program (ESSP). However, AusAID has encountered significant problems over the past four years. While the partnership with World Bank will remain important, AusAID will seek to put in place alternative arrangements. One lesson from this experience was the lack of AusAID direct policy engagement. Another lesson was that the GoTL does not currently have the capacity to manage government-executed trust funds of this kind.

2.5.1   Selected types of aid

172.   In delivering its support to the Timor-Leste education sector, AusAID will use a variety of types of aid and will be innovative in its approach. This is partly due to the limited capacity of the Government, particularly in the delivery of basic services. In addition, AusAID does not possess the specific expertise of some multilaterals currently operating in the education sector and there is a strong need for core education specialists.

173.   It is inevitable that a project/facility model will be used for some parts of the program delivery. However, an approach with separate project implementation units (PIU) will be avoided where possible, as the risks to GoTL ownership and sustainable engagement are high if support is not well aligned to the Government's national plans, institutional structures and reporting systems. The development impact will be optimised by setting any project arrangements using national planning, M&E and reporting systems. Ensuring program management and decision-making is under GoTL lead is a critical part of this.

174.   The option of having one contractor covering both education specialist provision and logistics' services was considered. The potential advantage would be to simplify contract management by AusAID's team at Post. However, this option is not considered preferable for several reasons. Firstly, AusAID wants to ensure the best education specialist organisations globally are engaged for the specialist technical inputs to the program. Such organisations may not bid for a larger project that includes logistics and procurement components. Furthermore, such aspects of the work may be best undertaken by a specialist procurement agent. Therefore, as long as program governance arrangements are well designed to ensure effective coordination between different contractors, these two dimensions of the program will be split.

175.   The types of aid will include a combination of:

- project/facility contractors

- multilateral grant agreements

- targeted sector budget support.

The support will be provided within a broader program-based approach, under GoTL ownership and aligned to the Government's plans and goals. The proposed mix of aid types is chosen to account for both GoTL capacity to implement and manage programs, as well as the capacity of the AusAID team to oversee and manage contracts, while remaining engaged in dialogue and program monitoring.

176.   **Specialist Education Provider**: Given the range of specialist technical support requirements, a contract with a specialist provider able to partner with national organisations will be sought. Expertise will be required in teacher training, school and system inspection, school-based management reforms, curriculum and materials development, TVET trainer training and institution management, system reform in education human resource management, and M&E systems (including EMIS). A consortium approach is most likely to cover the broad range of expertise required. There are limited local organisations with the capability to support this work, but international organisations should be able to demonstrate their capability to operate in the Timor-Leste context. The Specialist Education Provider will need to operate both nationally and at district/cluster level. The program will require a district/ cluster support team as part of MoE operations that can support work at this level, with some staff based at districts outside of Dili. Governance arrangements will ensure this technical support is managed by the GoTL and integrated into their Annual Action Plans and, where possible, harmonised with support from other agencies.

177.   **Procurement and Logistics Facility**: The AusAID Timor-Leste program is establishing a multi-sector facility to undertake key procurement and logistics across the country programs in the wider portfolio. In the education and skills training sector, this will include: procurement and distribution of textbooks and other learning and teaching materials to schools and institutions; building and rehabilitation of school and institution facilities; transportation and equipment; logistical support to conferences, study tours and large-scale training; and financial oversight of funding agreements. The Post is finalising the arrangements for a multi-sector Procurement and Logistics Facility, which will enable a more efficient approach, while ensuring that funding is guided by the specific sector strategies and report against sector objectives and outcomes. While using government systems to procure goods and services is not currently possible, it will be critical to ensure parallel procurement does not undermine government capacity over the longer term, and wherever possible utilises national systems for planning, distribution, monitoring and reporting.

178.   **Multilateral agreements**: Grant agreements with international organisations to provide specialist support to key areas of the program can also be provided by international and local partner organisations. AusAID already funds activities through UNICEF to support community awareness and school improvement, along with limited financial support to infrastructure, teacher training and learning materials. A multi-sector trust fund with the World Bank is being negotiated and will support further work in sector research and analysis. This will include the application of SABER tools, undertaking a public expenditure review, sector program evaluation, and implementing early grade learning assessments. This optimises the comparative advantage of the World Bank in terms of its research / advisory capacity rather than program implementation. AusAID and ILO have finalised a two-year program in the skills training sector which includes support to provision of training linked to employment, labour market information and further development of a policy and regulatory framework. The programs will be reviewed and discussions will be held on the future of these agreements.

179.   **Targeted budget support**: Financial support will be provided to the Government in limited areas. The first such support will be in the areas of school grants for basic schools and grants to training providers in the skills sector. AusAID will conduct education sector PFM and procurement assessments during 2013 as the basis to explore the use of national systems to support this funding. This will involve scoping support options for targeted budget support with independent oversight, potentially using the Treasury single account or an alternative mechanism.

180.   When using project/facility contractors or multilateral grant agreements, AusAID and partners will identify existing GoTL systems that can be adopted in planning, implementation, decision-making, reporting and M&E. Where the program cannot use government systems, support will need to shadow align wherever possible, developing approaches that can easily be integrated into government processes at a later stage. For example, program components should use MoE/SEPFOPE Annual Action Plans as a basis for program implementation planning.

181.   The current AusAID program is providing financial support to two organisations in Timor-Leste through grant agreements. The Alola Foundation is providing support in multilingual education materials, scholarships for girls and teacher training. The Baucau Teacher College is a private college under the Catholic Church that provides pre-service training for teachers and is fully recognised by the Government. Both of these organisations carry out work that will now come under the new program of support. These agreements will be amended and include financial support for the first four years of the new program. The grant agreements will be novated to the Education Specialist Provider, an arrangement which will ensure a level of quality assurance and technical support to implementation, alignment of technical activities, and a reduction in the administrative burden on the AusAID team. Additional grant agreements to other organisations, including disabled peoples organisations, will also be provided.

Table 3: Indicative use of aid types for each component

Types of aid	School improvement	Skills training improvement	Education and training system strengthening
Specialist Education Provider	School-based planning and financial management; training of school managers. Community engagement/ empowerment in education (NGO). Institutional capacity for teacher training and cluster based teacher development. Pre-service teacher training (Baucau Institute). In-service teacher training including mother tongue (Alola). Targeted support to disadvantaged groups within education (NGO). Curriculum reform and capacity support to MoE curriculum unit. Analytical work and surveys.	Analytical work and surveys. *Additional responsibilities for skills training improvement subject to review and AusAID exercising an option to extend services.*	Teacher supply, demand and management. Quality assurance systems, including training and capacity building for district officers, inspectors; education assessment. Research and analysis. Management Information Systems. Institutional capacity for planning and budgeting. Analytical work and surveys.
Procurement and Logistics Services Facility	Procurement and delivery of learning materials. Building and rehabilitation of school infrastructure. Procurement, logistics and recruitment support to the Specialist Education Provider Contractor and AusAID.	Training provider infrastructure and equipment support. Procurement, logistics and recruitment support to the Specialist Education Provider Contractor and AusAID.	Equipment and logistics for Management Information Services, large-scale studies, cluster/district support work, and other systems capacity building. Procurement, logistics and recruitment support to the Specialist Education Provider Contractor and AusAID.
Multilateral agreements	Teacher training and professional development (UNICEF). Campaigns on importance of education (UNICEF). Teacher training and materials for school readiness (World Bank).	Raising the capacity of Industry Sub-Commissions (ILO). Training of trainers (ILO). Upgrade the facilities and equipment of TVET (ILO). Apprenticeship programs for industry (ILO).	Regulatory framework in INDMO; planning / financing and QA systems in SEPFOPE (ILO). Research and analytical work, including Public Expenditure Review, SABER, schools survey, etc. (World Bank).
Targeted budget support (from 2015) to GoTL	School grants.	FEFOP funds.	

2.5.2   AusAID policy engagement strategy

182.   The scope and ambition of this program requires robust and thoughtful policy engagement by the AusAID team with a range of actors and decision-makers in the sector. The primary focus of this engagement and dialogue will be service delivery outcomes. Another purpose of the policy dialogue will be to manage risk and to make rolling decisions on the scope and position of the Australian aid program within the education sector.

183.   The engagement strategy for the education and skills sector is part of a broader strategy across the AusAID Timor-Leste program. A budget engagement strategy is being developed under the

Governance for Development program that will assist all programs to carry out analysis of the budget. This will allow the education team to discuss the budget from the macro level as well as in areas of investment specific to education. Montiroing and evaluation of the programs will be done jointly with othe programs such as EVAW, rural development, nutrition and water and sanitation.

184.   The delivery approach for this program recognises some key principles that will guide this engagement strategy, including the development of partnerships and alignment with government systems and structures. This is an ambitious reform agenda requiring a long timeframe. There have been some important areas of progress in recent years that will form the foundation for AusAID's engagement, but it is also recognised that change in many areas has been slow, held back to some degree by the political nature of reform, and by low capacity in the MoE/SEPFOPE and the service delivery systems for education and training more broadly. While there is a clear openness for a partnership of this kind, in recent years, there has not been a focus on this kind of policy dialogue. A strong focus has been on technical support to Ministry level functions, without sufficient attention to education policy and strategy and its implementation.

185.   Over the past year, as part of the development of this program, that relationship has been changing. AusAID has been gradually increasing its direct policy engagement with the MoE, SEPFOPE and other partners in the sector. It is recognised that while this presents significant opportunities, there is a need to build trust and shared understanding over time. Given the reduction in funding from other donors, AusAID will become the largest donor in the sector in terms of financing and its emerging role in dialogue. The approach will aim to develop coordination and harmonisation with other agencies.

186.   Key areas for engagement relate to the program objectives and areas of intervention. Some priorities will include:

a)   The allocation of resources by the GoTL to education and training, demonstrating a commitment to sector reform over the longer term. As part of this, to manage the risk of budget substitution through dialogue and joint commitments on sector funding. At the sector level, the allocation of funding to key areas of reform, ensuring the sustainability and effectiveness of spending, including in teacher professional development, provision of materials and operating budgets to schools, and stimulating the demand for schooling and training. This will be facilitated through a budget engagement strategy developed across all AusAID programs at post.

b)   Broader GoTL public financial management and public service reforms and their implications for the sector, including for channelling funds to schools and training providers and the management of teachers and other staff.

c)   Building a shared understanding of effective schooling, including possible development of minimum standards that will frame school improvement reform. AusAID will engage in dialogue and shared analysis around strategies for improving teaching, especially reading in the early grades.

d)   Developing approaches to reduce the drop-out and repetition rates in basic education, and ensure the retention of children through to the end of the basic education cycle. As part of this, to address the constraints on demand for schooling, in particular for the most marginalised groups (children and people with disability, remote poor, girls).

e)   Supporting the MoE and SEPFOPE to include specific actions for the inclusion of women, girls and people with disability, in their work plans. This will also include having the structure, staffing, engagement with civil society, and information on gender and disability-inclusive education.

f)   Developing strategies that deepen the quality of training in specific industry sectors, and how this might provide a stronger impetus for improving employment outcomes. As part of this, developing a shared understanding of the role of employers in shaping the future of training provision.

g)   Supporting senior MoE and SEPFOPE leadership to develop approaches to the management of capacity development, including the effective management of technical assistance and ensuring their own staff are benefitting from the full range of capacity development in technical areas.

187.   A number of entry points are in place for this kind of engagement. The AusAID team has had regular meetings with senior and technical MoE and SEPFOPE staff, including the Minister of Education to discuss priorities for future support. This level of engagement will continue, including through the formal program governance and management arrangements and broader sector partnership meetings (sector working groups, Local Education Group and Annual Joint Review). The policy engagement strategy in Annex 6 sets out a number of ways in which this will work. Engaging in and being technically supportive to working groups in the sector, rather than only focusing at the higher strategy level will be important. Hands-on support of this kind can build trust, as well as improving AusAID staff understanding of the challenges being faced by Government staff.

188.   The AusAID education team has been significantly strengthened and this capacity will be further enhanced. The Senior Education Specialist will lead the team in the strategic and technical analysis and dialogue with government and other partners. This will be supported by specialist technical advice in M&E, education financing, skills reform and, if required, specific areas of school improvement. Senior management at Post will also support the dialogue at the highest levels, with support also provided by other AusAID program teams at Post, including Governance for Development in the links to broader PFM and public service reform, and the Rural Development Program for community engagement.

2.6   Indicative program budget

189.   [Removed]

190.   Spending under Component 1: School improvement includes work in basic education as well as any planned spending in early childhood and secondary education. Key cost drivers include provision of books and other materials, large-scale training for teachers and school principals, school infrastructure and school grants support. Component 2: Skills development improvement includes all service delivery support to TVET. Systems strengthening to all sub-sectors is captured under Component 3: Education and training systems strengthening.

191.   [Removed]

192.   The planned rate of spending on technical assistance is in line with agency policy. GoTL has made clear the need for continued support of this kind, given the low level of personnel capacity within the MoE and SEPFOPE at different levels. As set out in Section 2.4.3 above, this will be part of a broader approach to capacity development, will be managed by GoTL and will be used selectively where it is agreed to be the best response to current needs. In a change from previous support, a significant proportion of TA under this program is focused on supporting GoTL service delivery systems, rather than Ministry level structures. Regular joint reviews will ensure levels of TA are reduced where possible, and over the eight years of the program (i.e. beyond the four years budgeted here) it is anticipated this spend on TA as a proportion of overall spending will reduce.

2.6.1   Value for money

193.   Value-for-money considerations have been taken into account throughout the program. The rationale set out in Section 2 includes some of the broader returns to national development. The sector-wide approach and partnerships to be adopted will have a more effective impact on desired outcomes, in particular student learning and employability, than alternative approaches with a more limited focus on inputs. Equally, focus on service delivery is at the core of this approach.

194.   Economy will be addressed by the management arrangements and modality selection; for example through the use of a dedicated procurement facility to ensure the cost and quality of all inputs are optimised. The approach to systems strengthening addresses GoTL economy issues through capacity development for MoE financial management and teacher management systems. Efficiency is addressed by the holistic approach of the program: for example, pupil drop-out will be reduced by improving school-level inputs as well as addressing community level barriers. Systems strengthening will address efficient management of the sector (e.g. teacher performance management and TVET QA support). The combined effect of these interventions will be to improve the effectiveness of the education system: more relevant learning will mean graduates develop the skills required for national development.

195.   Further considerations of value for money are leverage and equity. As well as driving more effective Government spending, specific activities are in effect seed-funding designed to leverage future government investments in education (e.g. school grants and textbooks). Community interventions will also leverage community investments in education. In pursuit of cost-effectiveness, marginalised groups can often miss out. This program, however, aims to increase equity with, for example, support for disadvantaged children and activities to promote inclusion for children with disabilities and special educational needs.

196.   A value-for-money approach will continue to be taken when developing the detailed work plans and budget for the program. Selection of activities and allocation of funds will be based on considerations of economy, efficiency and effectiveness. The procurement and deployment of inputs, and judging their likely impact will be part of this. This will also be included in the M&E Plan to be prepared at inception, with progress against outcomes and value for money helping to guide program adjustment over the eight years.

3   Implementation arrangements

3.1   Governance and management

3.1.1   Institutional context

197.   The program governance and management arrangements are based on a broad assessment of GoTL capacity and readiness for more direct engagement and alignment of support. It is recognised that while the Ministry of Education and SEPFOPE can lead the overall management and decision-making for

the program through their respective senior management teams, there is a low level of capacity for the day-to-day management of technical support of the kind provided under this program. Implementation capacity is also weak and will demand support from the education specialist provider and the procurement and logistics facility.

198.   The program governance and management arrangements are guided by the principles set out in Section 2.4.1, and will be in line with Australia's commitments under the New Deal for Engagement in Fragile States and the Strategic Planning Agreement for Development. To align with GoTL structures, the program components/teams will be reporting to the MoE and SEPFOPE and will actively participate in relevant GoTL working groups and committees, such as the Escola Basica and the Early Childhood Working Groups at the MoE.

199.   Given the scale of the program, these arrangements will inevitably have an impact on the effectiveness of broader sector-wide coordination and donor harmonisation. As such, the program will involve, as much as possible, other development partners in the decision-making and review processes. The program management structure will be based on a whole-of-sector support approach and will provide for higher-level strategic oversight across all subsectors / components, as well as more operational sub-sector specific management. Such a structure will cater for the rolling nature of the program, allowing it to progress activities in certain sub-sectors and on early priorities while further developing other areas and sub-sectors. This will also enable dialogue around key areas of sector governance and systems development that impact on the effective implementation of the program.

3.1.2   Program governance and management structure

200.   AusAID will adopt a phased approach to strengthening GoTL structures. The governance and management of the program will minimise the transaction costs on government around the management of program activities, focusing initially on ensuring GoTL National Directors/Director Generals play a lead role in decision-making, strategy and implementation planning. However, given the scale and breadth of the program, it is recognised that there will be a need for specific program management structures to ensure coordination of a range of inputs provided through different modalities and by different implementing partners. A specialist team (contracted under the specialist education provider) will work with National Directors and technical staff to develop work plans and manage their implementation. Over the life of the program, these arrangements may be reviewed and adjusted with guidance from MoE/SEPFOPE senior management and AusAID.

201.   The program management and governance structure will consist of three levels:
(a) high-level governance; (b) program management; and (c) planning, implementation and monitoring. The role of AusAID in the program structure will be as follows: strategic level dialogue, technical engagement to support program implementation and address any bottlenecks, and joint high-level program decision-making with the GoTL. AusAID will also take the lead (with its own internal technical advisory support) in developing the monitoring and evaluation framework and plan and reporting against this with assistance from the specialist education provider. Below is a detailed outline of the program governance and management structure, for the three main levels. The diagram at Annex 4 provides a schematic overview.

- High-level governance: High-level oversight is governed through the bilateral agreement between Australia and Timor-Leste. The Strategic Planning Agreement for Development is reviewed on an annual basis in high-level bilateral consultations. Targets are reviewed and agreed for each sector.

- Management: The management of the program will be provided by Program Management Groups, which will meet on a six-monthly basis and include high level GoTL and AusAID membership from the education sector. There will initially be separate groups for MoE and SEPFOPE. It is hoped that these bodies could be merged at a later time. The Vice Minister of Education will chair the Program Management Group for MoE and the Director General will chair the SEPFOPE group. During the first year, the groups will decide on the best way to involve other partners (e.g. development agencies, Church representatives, etc). Meetings will be organised and

prepared by the program secretariat and specialist team. The groups will be decision-making bodies, see Annex 12: Scope of services for more detailed responsibilities.

- Program planning, implementation and monitoring: Day-to-day planning and implementation will be overseen by specialist teams and a small secretariat. The teams will work closely with senior staff from MoE/SEPFOPE and will primarily report to them. A separate team has been established in SEPFOPE under the agreement with ILO. The team in the MoE will be provided by the specialist education provider and will include: team leader (with expertise in education policy and planning), and specialists in teacher professional development/management, curriculum and materials, and school management and inspection, and administrative / secretariat staff. Other short-term specialists will be brought in as needed for planning and implementation for components, including EMIS and social development for education (including poverty, inclusive education and gender).

- The team leader (TL) will work under the direction of the Director Generals of Corporate Services/School Admin, Innovation and Curriculum Development, and will lead the development of an annual work plan for the team, ensuring alignment to MoE/SEPFOPE Annual Action Plans. The TL will also work with the GoTL and partners to develop an analytical/evaluation agenda and use this to support government planning for the sector and the effective coordination of support to school improvement. The team will report to key GoTL staff (e.g. Directorate of Planning/DG Corporate Services and relevant National Directors in MoE; and Secretary of State in SEPFOPE) on a day-to-day basis and to the Program Management Group every six months. The MoE and SEPFOPE may use their own fortnightly/monthly senior management team meetings to oversight and manage the broad program of work and ensure this effectively supports their priorities. The specialist team will have a degree of authority over resource management decisions for the whole program. See the Scope of Services in Annex 12 for more detailed responsibilities.

202.   The program structure accounts for the mix of types of aid being adopted for the program. Any work undertaken by the Procurement and Logistics Facility will be commissioned and managed directly by the AusAID team. Technical inputs will be provided by the specialist team and the structure will ensure close cooperation between the Procurement and Logistics Facility management and the specialist team through regular monthly / quarterly meetings to review progress and work plans, as well as ad hoc meetings needed to coordinate the implementation of joint work (e.g. for textbooks and materials, school infrastructure, technical equipment and logistical support).

203.   Under grant agreements with multilateral agencies and NGOs, partner agencies will provide progress reports to the Program Management Group as required to support the overall coordination of work. However, this will not require any additional reporting specific to this AusAID support.

204.   To ensure that the structure functions smoothly and is inter-woven into the GoTL management, all contracts, grant agreements and program arrangements will be clear on reporting and cooperation requirements between different implementing partners/policy partners, the GoTL and AusAID. They will specifically emphasise the need to work closely with the GoTL and report to the relevant officials. There will need to be regular meetings between the Specialist Education Provider and Procurement and Logistics Facility to ensure effective planning and management of joint operations. The AusAID team will need to include at least five full-time staff to manage engagement with the program and associated policy dialogue.

205.   Logistical arrangements will include agreements with the MoE and SEPFOPE on provision of office space for core team members in appropriate line departments, with provision of necessary equipment by the Procurement and Logistics Facility (including vehicles, office equipment, etc.) for the core team. To the extent possible, these resources should be shared with Ministry/SEPFOPE counterparts for joint implementation. If space cannot be provided within the MoE/SEPFOPE, additional office space will be located nearby, possibly for any administrative and secretariat functions.

206.   Additional management support and backstopping will be provided by the Specialist Education Provider/consortium from their head offices, including for staff management, recruitment, program financial management and reporting.

207.   Once the program management structure is operational, there may be an option for the program secretariat to undertake broader functions to help in sector coordination, including in supporting donor coordination meetings and the Annual Joint Review. This would depend on the secretariat's workload and the consensus of the Program Management Group and the donors group. The MoE/SEPFOPE and the Program Management Groups will need to consider ways of involving regional and district representation in the structure.

3.2   Implementation plan

208.   The three tables at Annex 10 set out the implementation and phasing of the program: i) an implementation plan for start-up operations over the first year, including an inception phase of three months; ii) the likely phasing of contracts and partnerships for program implementation; and iii) an indicative phasing of support across the three components and how this relates to each sub-sector.

209.   The inception phase will be a critical opportunity for the specialist team (under the Specialist Education Provider) to establish work plans and agree approaches with GoTL leadership. Assessing and understanding the capacity of key partners and actors within the government system (e.g. National Directorates, INFORDEPE, district offices, clusters) as well as partnerships with other actors (World Bank, UNICEF, NGOs) will be an essential part of this, and one that AusAID will facilitate where possible. The working relationship between the Specialist Education Provider and the Procurement and Logistics Facility will be critical for work plans to be developed jointly to ensure coordinated implementation.

210.   The tables at Annex 10 are based on an assumption that full program start-up will be in January 2014, with some contracts and operations already in place before then. Table 1 in Annex 10 gives a breakdown of anticipated start-up activities over the first 18 months. Key milestones for the inception phase will include the development of an overall work plan, revised budget, and M&E Plan/Performance Assessment Framework. These should be presented and agreed at the relevant Program Management Group meetings. During the first year of the program, in particular during the inception phase, partners will work together to develop work plans for the key areas of support. Taking stock of progress in the implementation of the MoE and SEPFOPE five-year plans and Annual Action Plans, program work plans and budgets will be developed to make early gains in critical areas while laying the foundation for longer-term capacity development.

211.   Table 2 at Annex 10 gives an overview of the main contracts and partnerships under which this program will be implemented. This includes some that are already in place, as well as those which will be set up for the first four years of the program. The table also gives an indication of how these will run over the full eight years of the program, though this second phase will require further review and planning during the final two years of phase 1.

212.   Table 3 at Annex 10 gives a broad indication of how the main activities will be phased over the first four/five years of the program. Over the eight years of the program, support will be given across early childhood education, basic and secondary education and skills development. Priority in the first phase is for basic education and skills development. Systems strengthening work will continue during the whole program, aiming for increasing use and capacity of national systems by the end of eight years in most areas. Annual review meetings will be an important opportunity to review and adjust priorities, including the extent of systems support needed.

213.   Key priorities for the first year will include:

- School mapping and support to infrastructure development plan (main infrastructure work to start in the second year).

- Continued provision of learning materials, including 400,000 mother tongue readers, and the development / distribution of early grade textbooks and readers.

- Development and start-up of in-service management training for school principals and their management teams, beginning with piloting approaches through the cluster system.

- Teacher review/study, followed by development and start-up of in-service cluster-based teacher training/professional development modules (e.g. in reading strategies for the early grades). Continued support to pre-service training through Baucau Teacher College.

- TVET systems strengthening and support to TVET centre to develop materials and support packages to providers under ILO support.

- Early childhood education/school readiness pilot (including limited provision of teacher training and learning materials) as a basis for evaluation and planning of future support.

- Start-up support to EMIS, based on agreed EMIS development plan to be prepared with World Bank support under MSP. Support to develop LMIS in SEPFOPE.

- Other systems support to include finalisation of Schools Survey, implementation of four SABER instruments and PFM/procurement assessments.

- Work planning during the inception phase will need to review these areas of work and determine priorities and realistic phasing of support in dialogue with the MoE and SEPFOPE. As part of this, it will be important to set up an approach to planning, management and review of TA, identifying where advisers most needed and where alternative approaches can be adopted.

3.3   Monitoring and evaluation

214.   AusAID will ensure that its education program has sound performance management systems, which track outputs and outcomes through a clear and coherent Performance Assessment Framework (PAF) and using a detailed Monitoring and Evaluation Plan. The purpose of this M&E plan will be program improvement, accountability and reporting on results, and learning broader lessons in education. Given the breadth and complexity of the Australian support and its program-based approach, the emphasis will be on monitoring progress in the sector as a whole against the Government targets and using Government information management systems as well as other sources. The M&E plan will also be used to monitor and re-assess program risk.

215.   The program Performance Assessment Framework (PAF) is attached in Annex 8. Currently it tracks results against the end-of-program and intermediate outcomes of the program (as set out in the program logic in Section 2.2), for all relevant education sub-sectors. The indicators are based on the Government plans (the five-year plans as well as the National Education Strategic Plan and TVET Plan), international good practice, the draft AusAID thematic PAF for the education sector, AusAID's CAPF requirements, and the types of activities that Australia is likely to support in the sector. They are disaggregated for sex and disability. The baselines and targets, where available, are from the Government or international sources. The baseline year will be 2012 although baselines from previous years are used in the absence of more recent information. The MoE and SEPFOPE information management systems (EMIS and SIMU respectively) will play a key role and will be informed by assessments of credibility of these systems.

216.   The draft PAF has a number of gaps due to the lack of some baselines or clear quantifiable Government targets for some outcomes. During or ahead of the inception phase of the program (2013), an education sector M&E specialist will be contracted directly by AusAID to revise and complete the PAF and develop a detailed M&E Plan. Some of the indicators may change at this stage to reflect the focus of the program and the possibility of obtaining data for the proposed indicators. Additional indicators to measure progress against program component outputs will be developed, and other indicators around reform process and policy dialogue considered. Moreover, the M&E specialist will work with the MoE and SEPFOPE and the Specialist Education Provider to ensure that the program PAF is as aligned as possible to the Government's own M&E frameworks. The MoE is developing its own PAF (due to be completed in 2013) and this will serve as an important basis for the completion of the AusAID program PAF. The M&E specialist will also assist in setting program targets for 2016, 2020 and per year, when these are not available from the Government.

217.   As part of this work, the forthcoming Schools Survey (to be repeated in 2015) will be an important source of data. The M&E Specialist will review ways to improve disaggregation of data to track progress in marginalised communities, including use of data on poverty / income at district level.

218.   The AusAID education team will take the lead in the analysis of the data captured in the PAF with the assistance of the education M&E specialist who will be hired on a regular basis (estimated support of 40 days per year) to support the team. The M&E specialist will assist the education team to complete an annual Sector Performance Report, based on the PAF data as well on as qualitative data. In particular, the M&E specialist will: assist with the compilation and analysis of the data; support the team to obtain qualitative data from the Government, other partners and beneficiaries; provide support for Australian input into the Annual Joint Review; and provide general M&E mentoring of the education team. During the inception phase, a decision will be made on the exact role of the Specialist Education Provider in supporting this analysis as the M&E Plan is finalised.

219.   Where program components are implemented by the Government, the multilateral agencies or NGOs, they will be responsible for providing to AusAID their regular organisational progress reports, both narrative and financial (e.g. for the Government: their quarterly progress reports; for multilaterals and NGOs: their regularly six monthly and/or annual reports). These should allow AusAID to credibly judge progress against outcomes and plans. The Specialist Education Provider will play a support/ mentoring role to the Government as well as to some of the above agencies, where appropriate, to

help strengthen their reporting. Where program components are implemented by the procurement agent and the Specialist Education Provider, reporting will be provided in the form of brief six monthly reports to AusAID, clearly outlining inputs/activities and progress against component outputs, as well as financial expenditure. The template for these reports will be developed by AusAID with the support of the M&E specialist.

220.   Over the eight-year program, the partners implementing program components will work closely with the MoE and SEPFOPE to enable GoTL to include reporting on the Australian contribution to the sector as part of their standard reporting processes (i.e. the quarterly reports against the Annual Action Plans etc). However, given the current capacity of the Government, it may take several years to develop this approach. The Specialist Education Provider will provide M&E support to the Government to help strengthen its reporting and data management processes (including EMIS, SIMU, the review/revision of GoTL PAFs, etc.). AusAID will ensure coherence between this support and the work of the M&E specialist.

221.   Evaluations and additional studies will be commissioned by AusAID in consultation with the GoTL and other partners to obtain information on progress and challenges concerning specific issues, relevant to Australian support. They will be tasked to the Education Specialist Provider, multilateral partners with technical expertise in the area (e.g. World Bank) or contracted out to independent specialists in the sector (international and/or local). The list and timing of the planned evaluations and studies will be completed during inception as part of the M&E Plan. Evaluations and studies will be timed to have the greatest influence on Government and partner decision-making. Some studies are already underway or agreed.

222.   Some of the expected studies include an Education Public Expenditure Review (PER); SABER instruments, analysing the strength of various key education policies and systems (this is already in process, conducted by the World Bank); teacher supply and demand; labour market surveys and graduate tracer studies; and completion of PAF baselines.

223.   Some of the evaluative questions expected to be undertaken over the life of the program are as follows.

- How is language of instruction affecting student learning and what measures are working effectively to address language barriers?

- What is the effect of the Escola Basica model on school improvement?

- What kind of teacher support strategies have had the best effect on student learning?

- What effect has TVET sector formalisation and partnerships with the industry had on employability of TVET graduates?

- What effect does the provision of education materials and infrastructure using parallel systems have on the strengthening of local systems?

224.   Mid-term reviews of the program itself are to be conducted after three and seven years, taking into account the complexity of the program and the long-term nature of the reforms. This timing will allow lessons to inform any new designs/planning. Baseline data will need to be established early in the program, including from the Schools Survey.

225.   Importantly, the emphasis of the program M&E will be on transparency and partnership. As such, the program PAF data and the AusAID Annual Sector Performance Reports will be shared with the Government and with other partners. They will also contribute to strategic discussions in the sector, including the Program Management Group meetings, the Annual Joint Review, discussions with the Local Education Group, and the annual high-level partnership discussions with the GoTL under the Strategic Planning Agreement for Development.

226.   Finally, to ensure that the program has quality M&E, AusAID will allocate 5% to 7% of the overall budget to M&E, including to: training of staff, monitoring visits and engagement of M&E

experts. As much as possible, monitoring will be done jointly with the Government. Where relevant, the program will apply the AusAID Evaluation Capacity Building Standards to its M&E.

3.4   Risk assessment

227.   A Draft Risk Register is included at Annex 9, based on a comprehensive assessment of risk undertaken during the design process. This register will be updated during inception and regularly throughout the program. As part of the M&E Plan, AusAID will develop a robust risk identification, management and mitigation strategy in line with recent AusAID internal guidance. This will monitor political, technical and management risks associated with the implementation of an ambitious medium-term investment. It will draw on lessons learned in Timor-Leste and other post-conflict countries, and from the literature on small states as this relates to issues of uneven capacity, a limited spectrum of expertise and the personalisation of governance.

228.   In the short term, the main areas of risk arise from the development of a new kind of strategic partnership in the sector, in which open policy dialogue is central to ensuring the program can contribute to, and influence, GoTL improved service delivery. An associated risk is if the GoTL substitutes AusAID's significant additional funding for the sector, in place of its own funding. These are risks that can be mitigated through ongoing policy dialogue, analytical work and broader engagement strategy.

229.   A further risk is the GoTL's capacity to play the key role in managing and implementing reforms associated with the program. The program has been designed to optimise GoTL engagement, while minimising the transaction cost on their staff. The phasing of support and the modalities chosen for aid delivery aim to make this manageable, with an important role played by specialist contractors and multilateral agencies, while ensuring GoTL leadership and opportunity for capacity building. The mix of modalities also aims to offset the risk to AusAID of significant contract management and administration.

230.   AusAID is keenly aware of the context in which this program takes place, and the need for regular monitoring of risk and updating of sector analysis. The main risks to making the program work are partly within the control of the program itself (including effective planning and management); partly in the arena of other AusAID's programs in Timor-Leste (notably in the area of governance and broader PFM reforms); and partly through a wider influencing agenda which involves other national and international partner agencies (including broader political economy of sector reforms). These areas of risk mitigation will require regular reporting and management mechanisms within AusAID that the education team will manage in collaboration with other teams at Post.

3.5   Child Protection

231.   AusAID's Child Protection Policy in relation to managing and reducing risks of child abuse by persons engaged in delivering the Australian aid program apply to all contractors and non-government organisations funded by AusAID. Given the focus of the program on school level improvement, AusAID funded personnel may well be working at school level, although good practice is that personnel should not work with children on a one-to-one basis. Any contracted organisation must therefore be fully committed to protecting children from abuse of all kinds in the delivery of Australia's overseas aid program; and as such, will adhere to AusAID's four guiding principles of: zero tolerance of child abuse; recognition of children's interests; sharing responsibility for child protection; and use of a risk management approach. Any staff staff employed under AusAID funding will be given training, and sign a contractual undertaking to adhere to AusAID's child protection policies and procedures in the implementation of program activities. Furthermore, contracted organisations will consistently monitor compliance with AusAID's child protection standards, through strategies including performance assessments and reviews; and through spot audits of program resources, materials and information technologies. Should any issues develop during its activities, all personnel (including any sub-contractor) are expected to advise AusAID immediately of any concerns.