



Australian Government

Department of Foreign Affairs and Trade

Australia Timor-Leste Partnership for Human Development

Investment Design Document

Acronym List

ADTL	Asosiasaun Defisiensia Timor-Leste
AIP	Australia's Aid Investment Plan
ANCP	Australian NGO Cooperation Program
ATLPHD	Australia Timor-Leste Partnership for Human Development
BESIK	Water Sanitation and Hygiene in Communities
CBM	Christian Blind Mission
CCT	Conditional Cash Transfer
CHC	Community Health Centres
CSO	Civil Society Organisation
CS WASH	Civil Society Water, Sanitation and Hygiene Fund
DNCQA	Directorate of National Quality Control for Water
DPO	Disabled People's Organisation
EGMA	Early Grade Maths Assessment
EGRA	Early Grade Reading Assessment
EOPO	End of Program Outcome
EVAW	Ending Violence Against Women
GFD	Governance for Development
GoTL	Government of Timor-Leste
GMF	Community Water Management Group
HAI	Health Alliance International
INFORDEPE	Ministry of Education Training Institute
KONSSANTIL	National Council for Food Security, Sovereignty and Nutrition in Timor-Leste
M&E	Monitoring and Evaluation
MECAS	Office of the Minister for Coordination of Social Affairs
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
MoPWTC	Ministry of Public Works, Transport and Communications
MSI	Marie Stopes International
MSS	Ministry of Social Solidarity
NGO	Non Government Organisation
NHI	National Health Institute
O&M	Operations and Maintenance
PDID	Integrated District Development Plan
PLSF	Procurement and Logistics Support Facility
PMESP	Portfolio Monitoring and Evaluation Service Provider
PNDSSP	National Village Development Program
PNDSSP	National Village Development Program Support Program
PNTL	Timor-Leste National Police
PSD	Private Sector Development
RACS	Royal Australasian College of Surgeons
RHTO	Ra'es Hadomi Timor Oan
SEM	Secretary of State for the Support and Socio-Economical Promotion of Women
SGPP	Support for Good Public Policy
SIB	Government of Timor-Leste Rural Water Access Database
SDP	Strategic Development Plan
SPAD	Strategic Planning Agreement for Development
TA	Technical Adviser
TAF	The Asia Foundation
TLFNS	Timor-Leste Food and Nutrition Survey
TOMAK	To'os ba Moris Diak - Farming For Prosperity Program

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Part A: Executive Summary

This investment in Timor-Leste will deliver Australia's development assistance in health, water, education, nutrition, gender equality, disability and social protection. It will work towards strategic objective 2 of Australia's Timor-Leste Aid Investment Plan:¹ enhancing human development.

Improved human development will ensure that coming generations of Timorese people are better able to lead, contribute to and benefit from their nation's economic and social development.

The Australia Timor-Leste Partnership for Human Development (ATLPHD) is valued up to AU\$120 million over five years and is scheduled to commence in June 2016. The program will include an option to extend for a further five years, subject to program effectiveness, continued relevance, contractor performance and available funding.

This investment will enhance human development in Timor-Leste by investments in four Pillars:

Pillar 1 Health

Pillar 2 Water

Pillar 3 Education

Pillar 4 Nutrition, gender equality, disability and social protection.

Pillar 4 will provide targeted support for initiatives in nutrition, gender equality, disability and social protection across the bilateral program. It will also fund standalone activities.

Specific goals and end of program outcomes (EOPO) are set out in detail in the design for each Pillar. These will form the basis of the ATLPHD monitoring and evaluation framework.

A number of activities being supported by the Australian aid program will continue under this program.

Implementation

This investment will be delivered by a contractor selected by open international tender.

The Governments of Australia and Timor-Leste will agree on strategic directions through Annual Development Talks.

Priorities within each Pillar will be agreed through existing Ministry level mechanisms, chaired by the relevant Government of Timor-Leste officials. The contractor will provide support to this process.

A separate, independent Portfolio Monitoring and Evaluation Service Provider (PMESP) will work across the Timor-Leste bilateral program, and monitoring and evaluation under this contract will complement that structure.

¹ Timor-Leste Aid Investment plan is available at www.dfat.gov.au.

Part B: Situation Analysis

B1 Country-level

Strategic context: Since its independence in 1999 Timor-Leste has made significant gains in moving from conflict to middle income country status, including building its economy, public sector and infrastructure, two-thirds of which was destroyed in 1999.

Timor-Leste recognises it is a post-conflict country with developing political and economic institutions and has taken a leading role in the development of the g7+ New Deal for donor engagement. The New Deal recognises that governance transformations to develop state institutions that promote development outcomes such as sustainable development, political stability and inclusive social development may take 20 to 40 years.² International evidence suggests that strong 'developmental' leadership will be critical for Timor-Leste to realise its goals.³

The Government of Timor-Leste (GoTL) has a *Strategic Development Plan 2011-2030* (SDP) to describe its development agenda. The Prime Minister has set out the priorities for the *Sixth Constitutional Government* (2015-2017) and established four focus areas: social, infrastructure, economic and governance. It aims to "improve Government efficiency and effectiveness and to create synergies around the implementation of the *SDP* in order to provide better services to the population".⁴ These policies provide a clear platform for development, recognise that there are many challenges to overcome, and set out strategies for achieving them.

Population and wellbeing: The GoTL recognises that two-thirds of the 1.17 million Timorese people still live below US\$2 per day⁵ and is committed to reducing poverty levels. The most recent poverty assessment calculates the official poverty rate to be 42%, down from 50% in 2007.⁶ Monash University utilised a multidimensional poverty index⁷ based on 2009-10 data to assess the rate of poverty (including near poor) to be 68% of the population.⁸ Timor-Leste is ranked 129 out of 187 countries on the human development index.

Timor-Leste has one of the fastest growing populations (1.81%)⁹ and one of the highest rates of urbanisation in the world; 68% of Timor-Leste's population is under 29 and around 20% live in urban Dili.¹⁰ Rural households, heavily reliant on agriculture, are particularly vulnerable to poverty with 70%¹¹ of Timorese living on subsistence farms facing very challenging agricultural conditions compared with many of their Indo-Pacific neighbours.

Economic: Timor-Leste's per capita Gross Domestic Product (GDP) is around US\$3,120;¹² higher than most of its South-East Asian and Pacific neighbours and ranking it as a middle income economy due to its oil income. Non-oil per capita GDP is much lower at around US\$1,281.¹³

² A New Deal for Engagement in Fragile States, International Dialogue on Peacebuilding and State building.

³ See Developmental Leadership Program (DLP) which researches political processes that underpin development goals such as sustainable economic growth, political stability and inclusive social development. In particular, DLP explores the central role of leaders, elites and coalitions in developing countries and how they can help or hinder the positive reform of institutions and policies in the public, private and civil society sectors: www.dlprog.org.

⁴ www.timor-leste.gov.tl.

⁵ Ministry of Finance, Directorate of Statistics, Household Income and Expenditure Survey, 2011.

⁶ World Bank analysis based on 2014 Living Standards Survey.

⁷ Applies basic minimum standards in areas that include education, health and non-consumption aspects of livelihoods.

⁸ Monash University, Centre for Development Economics and Sustainability.

⁹ Preliminary 2015 GoTL census information; reduced from 2.41% in 2010 - Ministry of Finance, Directorate of Statistics, Census 2010.

¹⁰ Ministry of Finance, Directorate of Statistics, Census 2010.

¹¹ Ministry of Finance, Directorate of Statistics, Census 2010.

¹² World Bank, 2014, World Development Indicators, GNI per capita (Atlas method) in current prices.

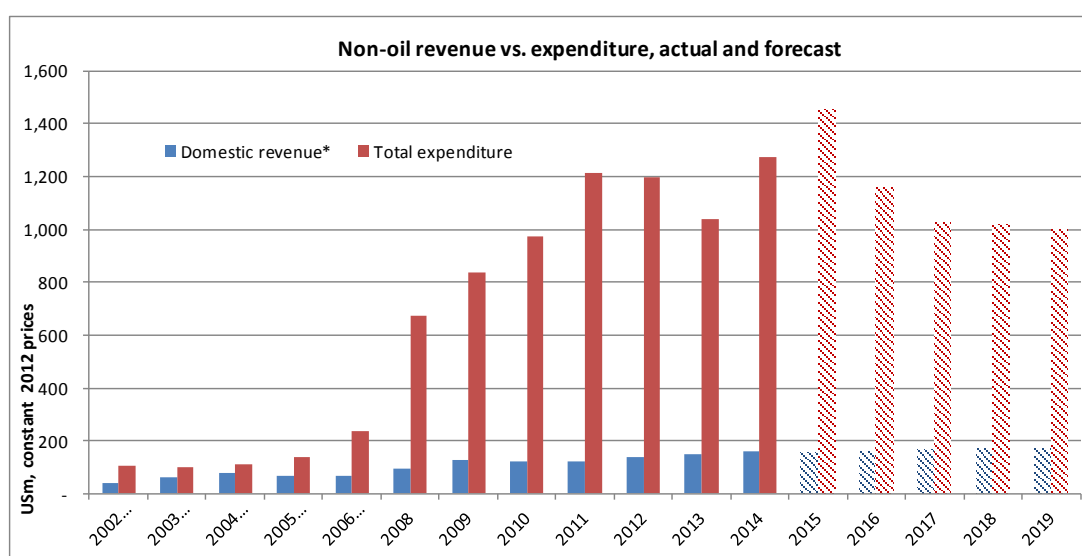
¹³ World Bank, 2014, World Development Indicators, GDP per capita in current prices.

However, with oil production from existing developments having peaked in 2013, total GDP is falling and is expected to continue to decline over the next ten years.

The GoTL has established a national sovereign wealth fund, called the Petroleum Fund, which holds around US\$16 billion¹⁴ in oil and gas revenues to fund future government investment. Foreign aid is around 15% of the national budget.

Public sector expenditure, almost entirely funded by oil and gas revenue, dominates the economy, with government spending the main driver of growth. Over three quarters of the economy is supported by government spending, which has increased twelve-fold since 2003 - this trend and Ministry of Finance (MoF) forecasts are illustrated in Graph 1 below. The GoTL recognises the challenges of its economy, and that without either reducing expenditure or major new revenue sources coming online, revenues from existing oil investments are predicted to be depleted sometime in the next decade.¹⁵ Domestic tax revenue is small and not likely to grow sufficiently in the next 10 years to bridge the projected gap in the budget between revenue and expenditure. This puts the country's medium-to-long term economic and fiscal sustainability and funding for service delivery at risk.

Graph 1: GoTL Revenues and expenditures¹⁶



The GoTL's SDP aims to bring Timor-Leste onto an equal economic footing with Malaysia and Singapore by 2030. It maps out development plans for national infrastructure and human resources, to encourage the growth of the private sector in agriculture, tourism and downstream industries in the oil and gas sector. The GoTL's long-term spending strategy is to front load capital investment financed through the Petroleum Fund to boost the capacity of the economy and then reduce investment in a few years' time. It has invested heavily in electrification, roads, bridges and some buildings, but there are concerns that maintenance has not been adequately budgeted for.¹⁷

Without a shift in priorities and under fiscal austerity, there is a high risk that any growth in GoTL major spending areas (as shown in Graph 2 below) could result in a reduction in social sector

¹⁴ MoF, 2015.

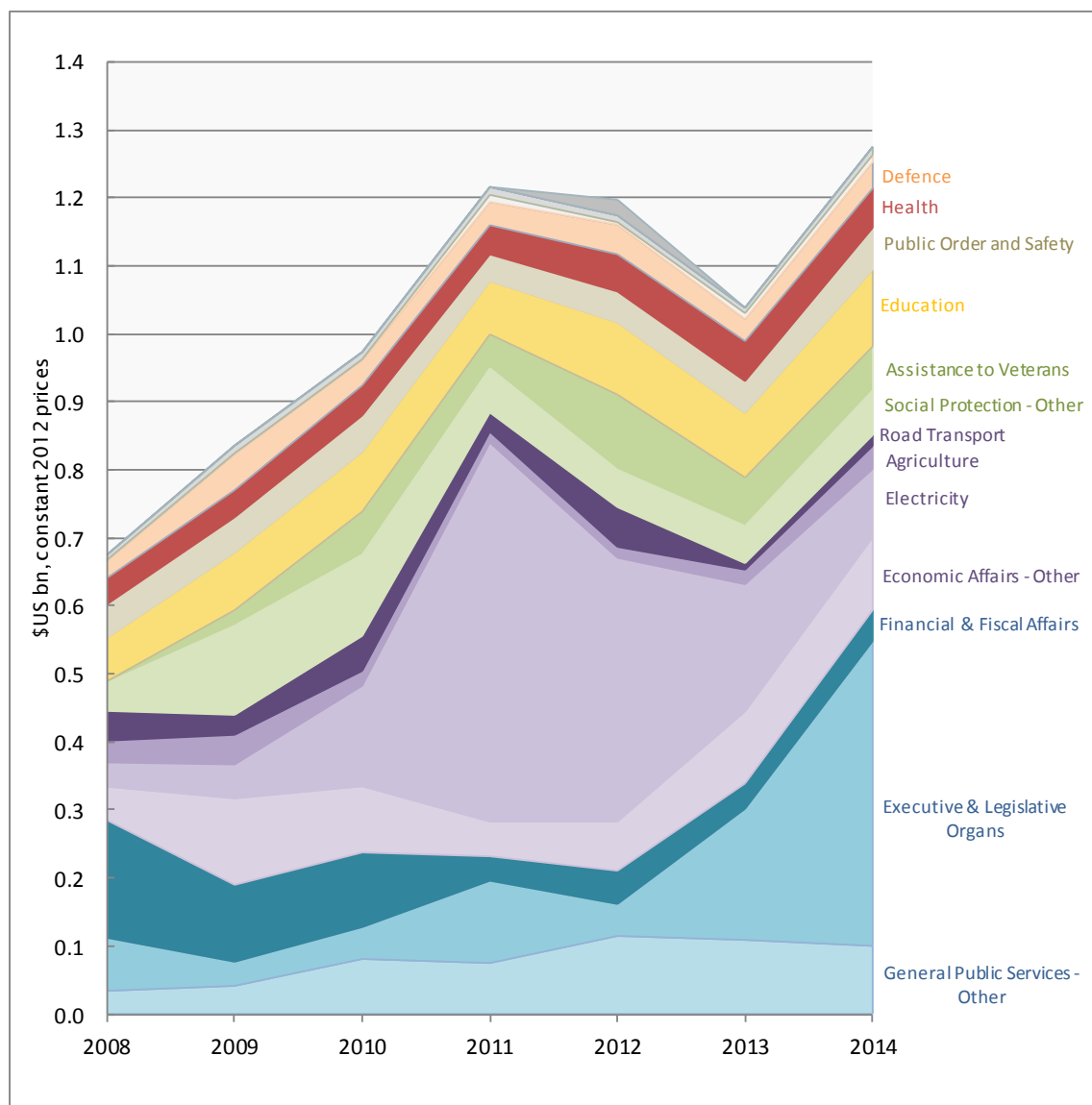
¹⁵ Estimates of when funds will be depleted depend on GoTL annual expenditures and the rate of draw down on the Petroleum Fund. The MoF's 'Jornada Orsenmentu' 2015 recognises this problem and predicts with reduced expenditures that funds will last until 2030. Lao Hamutuk predicts that at the current rates of expenditure, the Fund will be depleted in 2025. Lao Hamutuk, 'How Long Will Timor-Leste's Petroleum Fund Last?', June 2015.

¹⁶ Data sourced from MoF Transparency portal.

¹⁷ World Bank, Public Expenditure Review of Infrastructure, 2015.

spending. This means GoTL’s social development goals, such as reducing maternal and infant mortality, increasing access to improved water, and improving literacy and numeracy, will be harder to realise. Graph 2 shows Government expenditure by sector from 2008 to 2014.¹⁸

Graph 2: GoTL Expenditure by Function¹⁹



Private sector and employment: The private sector is largely dependent on servicing government needs and projects, with construction the only real private-sector growth area. Non-oil export opportunities are limited, with agriculture, fishing and tourism presenting the best options. High costs of doing business; infrastructure gaps and the cost for goods to reach markets; legal uncertainty regarding contract and land title enforcement (which leads to low levels of bank lending) and low levels of labour skills and productivity are major constraints to development of these three sectors and reduce Timor-Leste’s attractiveness to foreign investors.²⁰ One in four Timorese youth are not at school or work;²¹ many more are in vulnerable

¹⁸ Uses ‘Classifications of Functions of Government’, or COFOG classification system which is a UN Statistics methodology for expenditure classification that can be used to compare countries.

¹⁹ Uses MoF Transparency portal data: graph uses COFOG classification system which, a UN Statistics methodology.

²⁰ GoTL Labour Force Survey 2013.

²¹ MoF, Directorate of Statistics, Timor-Leste Labour Force Survey, 2013.

employment, without a steady income or job security.

Public Sector: Timor-Leste’s public sector is new and evolving. The quality of public sector systems has improved significantly since Independence. In 2002, most officials had never worked in the civil service before and fewer held recognised graduate qualifications. The country’s systems had to be built from scratch, with new human resourcing, training, budgeting, accounting, procurement and oversight systems. The *Sixth Constitutional Government* has committed to a program to improve the capability of the civil service to undertake its functions and will focus on reforms, such as “management and leadership, systems and procedures, administration, accounting and finance, budget execution and procurement, knowledge and document management, and strategic planning and monitoring”.²²

The administrative structure of the GoTL means decision-making and financial controls are centrally focussed in Dili, with little delegation of authority and funding to civil servants in Municipalities (formerly called Districts).²³ In early 2014, the GoTL passed a law to enable greater deconcentration to Municipalities in the delivery of public services. Since the passing of the law, the Government’s approach and timing for implementing the policy has changed. Initially, the plan was to trial the new arrangements in three Municipalities (Liquica, Ermera and Manatuto), delaying the election of local officials in any districts until the latter part of this decade. The intention was for some services to be delegated in 2016, following a negotiation with line ministries about appropriateness and feasibility. At this stage, the Government plans to move slowly and provide funding to setup larger bureaucracies in Municipalities, delegating a range of services, including in health, education and water after 2016.

The institutional and political economy challenges in improving service delivery are similar in the health, water and education sectors. Box 1 below summarises common service delivery constraints. As Timor-Leste has a centralised system of service delivery these constraints apply to the national and sub-national levels, with considerable impact on service providers’ ability to deliver basic services.

Box 1: Service delivery constraints for Timor-Leste

<i>Constraint</i>	<i>Explanation</i>
Social sector policy priorities receive insufficient national budget allocation	The most important expenditures are those that provide pathways out of poverty and encourage economic growth. These are functional primary schools, good quality primary health services, security and passable roads that are regularly maintained. There needs to be sufficient funds devoted to these priorities and governments should provide growing and predictable funds in the budget that reflect the growing population and inflation; including ensuring these funds flow to sub-national service delivery levels that have accountability for delivery.
Expenditure not properly tracked	Spending outcomes are not well tracked, so impacts on the intended beneficiaries are not well understood by decision makers.
Bottlenecks not well managed	Some core bottlenecks, particularly relating to the efficient transfer of funds and financial accountability systems are not well managed, which severely constrains the provision of resources to service delivery units including to sub-national levels. The highly centralised financial management system, where invoices are paid by the MoF, is a core bottleneck for many line ministries and for sub-national service delivery units where there are many layers of administration and approvals before funds reach the service delivery point.
The efficiency of the civil service needs	The GoTL has increased the number of civil servants dramatically in recent years. To get the most out of these staff, agencies need to: run transparent recruitment processes to get the best staff, ensure managers lead and hold their staff to account for poor

²² Sixth Constitutional Government Program (section 4.3).

²³ Municipalities exist in GoTL law but are not yet functioning.

improving	performance and use the tools that the Civil Service Commission has developed to support staff development and disciplinary procedures. In recent years, many agencies have developed their own pay structures ('career regimes'). Although these separate structures seem attractive from that agency's perspective, they risk undermining the principle of a single civil service, create inequalities between otherwise similar positions and discourage staff from moving between agencies.
Maintenance budgets are too low and the allocation of funds is sometimes not at the most effective level of Government	Capital projects are currently committed to with inadequate calculation of operational and maintenance (O&M) costs. Service delivery agents at the sub-national level (municipalities, health centres, school clusters) often have no funds for O&M and/or rely on national level procurement for small parts that could be efficiently procured locally if funds were available.
Costs of public procurement are too high	The cost of public infrastructure in Timor-Leste is high by international standards.

There is scope for learning across the sectors to solve common problems impeding service delivery such as public financial management reforms, increasing human resource competency, the role of government as a service delivery agent verses service authority model with greater use of the private sector, and planning for increased demand for services. Yet despite the similarities, it is acknowledged that the political economy involves a variety of actors, each with particular interests, and proposed solutions vary from sector to sector.²⁴ In this context, it is likely that future service delivery needs will continue to be met by a mix of GoTL, civil society organisations (CSOs) and private sector providers.

B2 Human development context²⁵

The GoTL's *Sixth Constitutional Government's Program* has committed to core social sector goals,²⁶ and is leading reforms to link planning and budgeting to help deliver these goals. However, with increased fiscal austerity planned and fast population growth rates, projected spending on education, health and pro-poor social protection has recently begun to decline and is already low compared to other Asia-Pacific lower middle-income countries. Unless there is a deliberate shift in the structure of the budget to prioritise social sectors, there is a risk that recent development gains will be lost.

Graph 3²⁷ shows health, education, water and pro-poor social protection²⁸ expenditure per capita (adjusted for inflation and population growth) and its projected decline to 2020 unless social sector spending is increased above recent trends. This is the major risk for enhancing human development in Timor-Leste over the next five to ten years.

²⁴ See for example: <http://www.odi.org/programmes/politics-governance/politics-public-goods-service-delivery>.

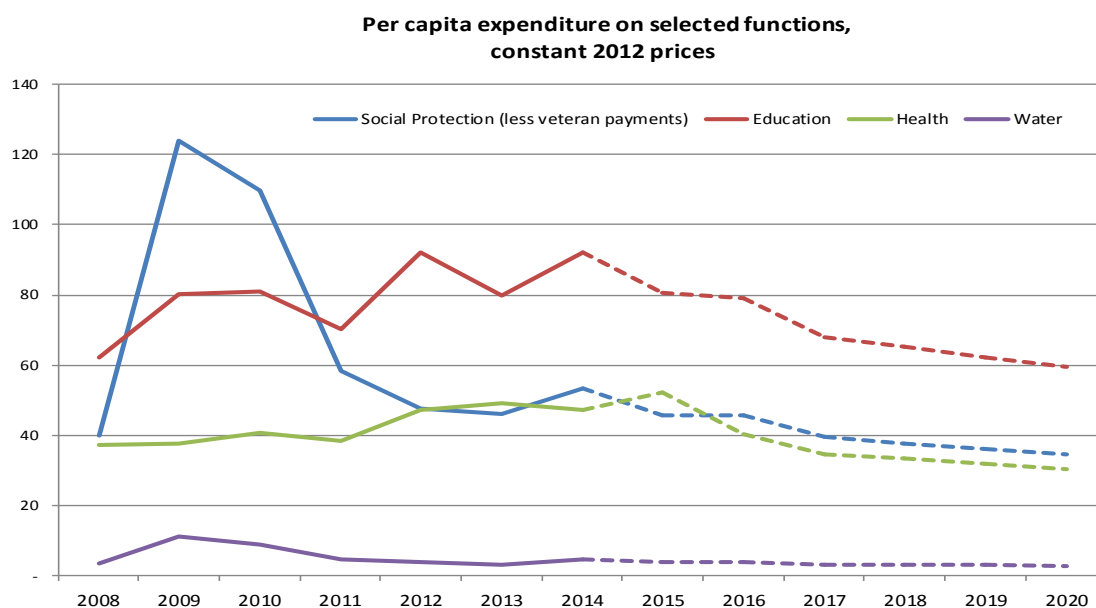
²⁵ The Australian Government has conducted a range of in-depth analyses into human development in Timor-Leste across various sectors, which can be accessed on the DFAT website. This section draws on key elements of these documents as well as GoTL's and other partners' analysis.

²⁶ www.timor-leste.gov.tl.

²⁷ Data on actuals and forecasts from MoF Transparency portal (note that graph does not include GoTL expenditure for PDID and PNDS for community level water systems as this information is not available on the MoF transparency data).

²⁸ Excludes veterans payments.

Graph 3: Actual and projected spending per capita for key social sectors



The remainder of Part B will elaborate on aspects of the human development context as they relate to the Pillars that underpin this design.

B3 Maternal and children’s health, and sanitation²⁹

Total GoTL health budget: \$US70 million in 2015³⁰ around 4.5% of GoTL national expenditure.

Per capita expenditure on health: US\$52 per capita in 2014, up from US\$26 in 2008.³¹

Key GoTL policies and guidelines: Strategic Development Plan 2010-2030, Sixth Constitutional Government Program; National Health Sector Strategic Development Plan (2010-2030); National Strategy on Maternal, Reproductive, Maternal, Newborn, Adolescent and Child Health 2015-2019; Comprehensive Service Package for Primary Health Care³²; National Policy on Basic Sanitation, 2011.

Health system: Timor-Leste has rebuilt its health service in the period since the widespread destruction in 1999, scaling up service delivery from low levels. Health facilities - health posts, community health centres and Municipal referral hospitals - exist in all Municipalities, and a large and complex health bureaucracy operates through the Ministry of Health (MoH) and Municipal health offices across the country. Most health care is provided by the GoTL, supplemented by private sector (29%) which is mostly Dili-based. A large number of civil society organisations (CSOs) operate, mostly with donor funding and often at a small scale, in all Municipalities.

²⁹ Sanitation is included in the Health Pillar to reflect the fact that Australia is primarily supporting demand creation at the community level in rural areas, which sits under MoH in the organic law. Australia currently provides some support to the MoPWTC which has core responsibility for the infrastructure (supply-side) of sanitation, with a large focus on urban sanitation. Under the current organic law, MoPTW’s role is to promote the study and execution of new systems and infrastructure networks assigned for water distribution and water resources, as well as basic sanitation and supervise and monitor its operation and its exploitation. The Australia Government is currently supporting sanitation through the current Australia’s Government’s rural water, sanitation and hygiene program (called BESIK).

³⁰ Includes funds spent through central Ministries on health infrastructure.

³¹ Calculated from MoF data (in real terms).

³² Complemented by specific guidelines to health workers for family visits.

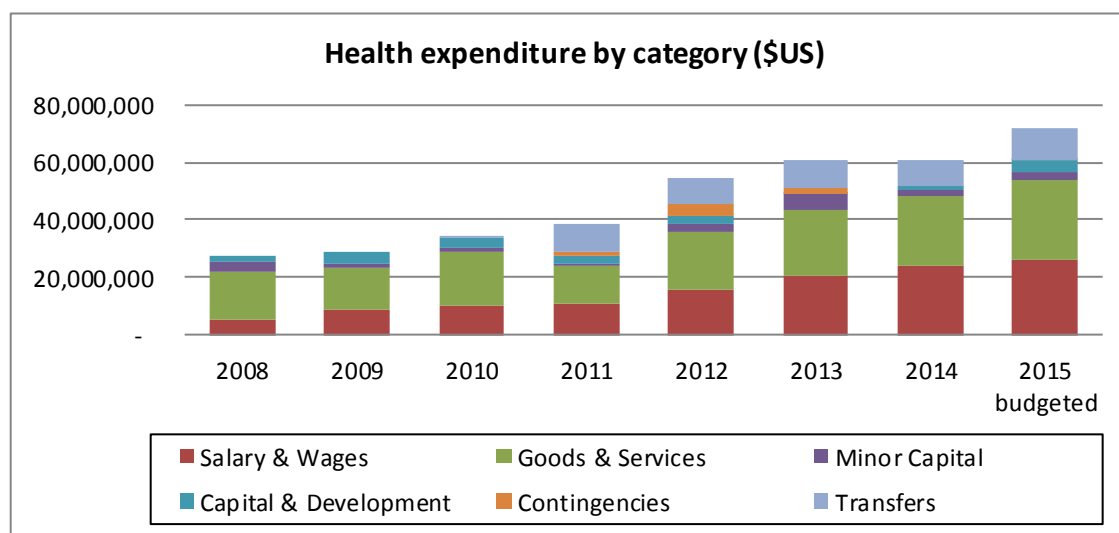
Since 1999, the GoTL has made a concerted effort to increase the number of health professionals, including 700 doctors who have been trained with assistance from Cuba, many of whom are now allocated to the 13 Municipalities. The MoH has developed minimum health standards and plans to assign one doctor, two nurses, two midwives and a laboratory technician to each of its 442 villages (sucos)³³ and to upgrade facilities. The MoH is committed to up-skilling its workforce through on-the-job training in basic clinical competence and is aiming to improve the distribution of its workers to reach its minimum standards. Health centres and posts require an improvement in the level of equipment, essential drugs, facility maintenance and access to water. Currently only around 17% of health centres and 4% of health posts meet the minimum standards.³⁴

Key indicators³⁵ and GoTL strategies to address constraints: Health outcomes in Timor-Leste present a mixed picture. Over the last decade, Timor-Leste has achieved a remarkable 50% reduction in under-five and infant mortality. Yet despite improvements, one in 12 children dies before the age of five due to poor neonatal health and preventable diseases. One mother dies in childbirth for every 180 live births. GoTL's *National Strategy on Maternal, Reproductive, Maternal, Newborn, Adolescent and Child Health 2015-2019* and *Comprehensive Service Package for Primary Health Care* establish clear policies, programs and targets for improving health outcomes for women and children.

Improved sanitation coverage is low with two-thirds of the population having access to basic toilets and with poor hygiene behaviours which contribute to disease and poor health outcomes, especially for young children. The *National Policy on Basic Sanitation 2011* recognises the challenges, and maps out an approach to reach its targets.

Budget: Graph 4³⁶ below shows annual actual health expenditure from 2008 to 2015: salaries and wages for health sector workers is a large component of expenditure.

Graph 4: GoTL Health Expenditure



³³ MoH, National Health Sector Strategy, 2010-2030.

³⁴ MoH, 2014 Annual Review. These centres and posts are mostly in Ermera, Oecussi and Manatutu where Hadiak. (USAID project) assisted to improve facilities and provided supplementary funding and management support. At this stage there are 67 health centres and 227 health posts that exist: the remainder have not been built.

³⁵ Calculated based on statistics in *National Strategy on Maternal, Reproductive, Maternal, Newborn, Adolescent and Child Health 2015-2019*, and data in the UNICEF Situational Analysis for Children in Timor-Leste, 2014.

³⁶ Data sourced from MoF transparency portal. A full budget breakdown by category is not available for the rural water sector.

B4 Rural water

Total GoTL water supply budget: US\$22.85 million in 2015³⁷

Per capita expenditure on water: US\$19 per capita in 2015

Key GoTL policies and guidelines: Strategic Development Plan 2010-2030, Sixth Constitutional Government Program (Section 2.2.1), Draft National Law on Water Supply and Policy; Rural Water Guidelines, 2010

Rural water supply: Timor-Leste gives high priority to this sector in its policy documents. The *Strategic Development Plan (2010-2030)* notes provision of an additional 400 water systems for 25,000 rural households in the first five years. At present, however, there is no tariff funding policy, or Government system in place for financing and delivering effective operations and maintenance beyond basic repairs. There are provisions in GoTL's decree laws that allow revenue to be generated from the introduction of tariffs. There are a number of funding models available for consideration by the GoTL that, if implemented, could deliver real social and economic benefits to the nation from improved access to water supplies.

Key indicators and GoTL strategies to address constraints: The GoTL's *Strategic Development Goal* aims for 80% of its rural population to have access to improved water sources by 2030. The GoTL has been successful in improving rural water access from 57% in 2010 to 64% in 2014.³⁸

The GoTL acknowledges the importance of investment in O&M for protecting its past investments. It acknowledges that action needs to be taken so that access to water does not decline as systems are not maintained and break down, thereby requiring full replacement with higher cost than O&M. The Ministry of Public Works, Transport and Communications (MoPWTC) is developing a water supply policy that will include provisions for O&M.³⁹ MoPWTC has a small budget for O&M which is not enough to meet demands – in 2015 \$US3 million has been allocated to the operations and maintenance of urban and rural water systems, including US\$1 million to buy electric pump parts and equipment to implement a pump maintenance program partnering with Australia (through BESIK).

In 2015, the GoTL has allocated \$US13 million for construction or rehabilitation of new water systems (an increase from \$US6.7 million in 2014).⁴⁰ To date, responsibility for funding O&M for rural water systems largely depends on the community water management group (GMF), who often lack the technical and financial means to fix large systems.

A major challenge is getting accurate information from communities on water point functionality. The majority of the country's rural water systems are only partially functioning, and a significant number are not working at all.⁴¹ A 2014 survey found that 43% of the citizens (rural and urban) were unsatisfied with their access to clean water, which could suggest that actual services are lower than official statistics due to long periods of system breakdowns.⁴²

³⁷ Figures include funds from GoTL for the National Village Development Program (PNDS) for water systems: in 2015 this is 148 community implemented projects costing around US\$2.85 million.

³⁸ MoPWTC database (called SIBs).

³⁹ Australia is assisting through BESIK.

⁴⁰ These funds are delivered through the Ministry of State Administration and the Ministry of Planning and Strategic Investment through the GoTL's PNDS, the GoTL's program for district level development priorities (PDID) and other sub-national/community programs. These funds are additional to the US\$3 million through MoPWTC for O&M.

⁴¹ Willets, *A service delivery approach to rural water systems in Timor-Leste: An Institutional Assessment and Strategy*, 2012.

⁴² The Asia Foundation, National Perceptions Survey, 2014.

B5 Basic education

Total GoTL education budget: US\$110 million in 2015⁴³ around 7% of GoTL national expenditure.⁴⁴ Around half of this budget is spent on teachers' salaries.⁴⁵

Per capita expenditure on education: US\$92 per capita in 2014, up from US\$62 in 2008.

Key GoTL policies and guidelines: Strategic Development Plan 2010-2030, Sixth Constitutional Government Program, National Education Strategic Plan (2011 to 2030)

Education System: Education is mainly delivered by the Government. There are currently approximately 1,300 schools in Timor-Leste, with the private or community sector (mainly the Catholic Church) running around 14% of basic education schools (grades 1 to 9) and 40% of secondary schools (grades 10 to 12).⁴⁶ The Ministry of Education (MoE) uses a school cluster system (202 clusters) supported by each Municipal Education Office to administer and support learning in schools.

The GoTL has a 30 year strategy for improving education in Timor-Leste and has just completed its first phase of education reforms, including increasing access. Since independence, the GoTL has rebuilt the education system from its foundations and made significant progress in access to basic education – more children are going to school and fewer children are dropping out. The next phase of the GoTL's education reforms are focused around further improving the quality of education that children receive, particularly in pre-school and in the early grades, so that children have improved learning outcomes.

Key basic education indicators and GoTL strategies to address constraints: Timor-Leste has increased access to basic education, with net enrolment for children in grades 1 to 6 at 94% in 2010, up from 64% in 2005, with near gender parity.⁴⁷ Pre-school enrolment is low (estimated at around 14%) which the MoE is now attempting to address. Children with disabilities are particularly likely to be excluded from education.⁴⁸ The MoE is seeking continued GoTL investment in construction and rehabilitation of school facilities. There are insufficient classrooms for the number of children accessing school - currently schools are running two shifts a day in rural areas and three shifts a day in Dili, and some teachers have over 60 students in a class. In future years, with approximately 5,000 additional children eligible to access the system each year, around 95 new classrooms and teachers will be needed each year to maintain high access rates, costing around US\$1.9 million each year plus O&M.⁴⁹

The MoE is committed to improving the quality of basic education. The MoE aims for all schools to meet basic accreditation standards. This includes: the right number of teachers; teachers having appropriate qualifications and using a range of effective teaching; learning and behaviour management strategies; student learning being regularly assessed using a range of methods; directors and teachers being valued and supported; and, schools being adequately resourced.

The GoTL found in 2009, through an assessment of students' reading ability (Early Grade Reading Assessment - EGRA), that more than 70% of students at the end of grade one could not read a

⁴³ Includes funds spent through central Ministries on education infrastructure, and includes basic, secondary and higher education.

⁴⁴ Calculated from MoF data. Developing countries that are achieving strong education results (e.g. Vietnam) are allocating 20% of their annual budget to education.

⁴⁵ This is low compared to other countries which is typically around 80% of the sector spend.

⁴⁶ Ministry of Education, Education Management Information System (EMIS) data, 2014.

⁴⁷ Ministry of Education, EMIS data, 2010.

⁴⁸ UNESCO Institute for Statistics.

⁴⁹ Ministry of Education, calculated using EMIS data.

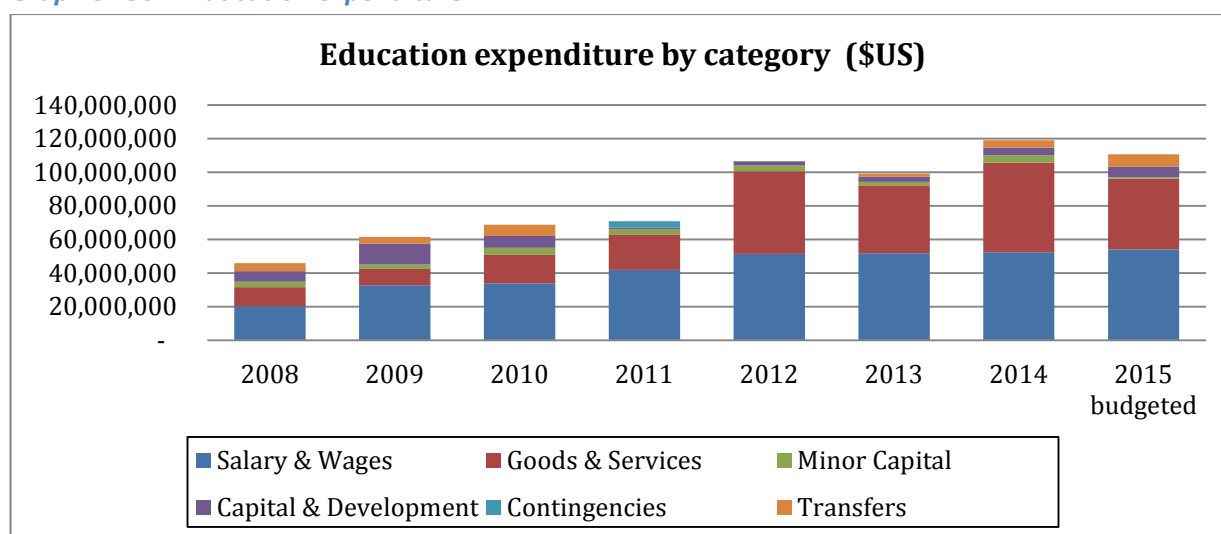
single word of a simple text passage.⁵⁰ The 2011 Early Grade Mathematics Assessment (EGMA) found that only one-third of students in year 1 are able to solve simple additions.⁵¹ To address this and other learning challenges, the MoE has developed a new curriculum for pre-school and grades 1 to 6 which features scripted lesson plans in an effort to support teachers to improve student learning outcomes; an approach that has delivered good results in low-capacity contexts.

The GoTL’s new curriculum is the centrepiece for developing literacy and numeracy skills, base competences and the core values of national identity, Timorese history and culture. The national curriculum aims to develop not only the academic aspects of students, but to develop the whole person so that they are ready to live within, and contribute to, community and national life. Teacher training to deliver the new curriculum and to shift teaching pedagogy to student-centred learning has commenced through the MoE’s training institute (INFORDEPE) and various NGOs. The new curriculum focuses on student centred learning, including students with (diverse) disabilities.⁵²

The MoE is leading a mother-tongue based multi-lingual education pilot (implemented by UNESCO National Commission) covering pre-school to Grade 2 in 11 schools across three districts. Early results show significantly improved learning outcomes; this pilot will be important for informing GoTL policies.

Budget: Graph 5 below shows annual actual education expenditure from 2008 to 2015; salaries and wages are a large component of expenditure.

Graph 5: GoTL Education expenditure



B6 Nutrition

Key GoTL policies: Strategic Development Plan 2010-2030, Sixth Constitutional Government Program, Timor-Leste National Nutrition Strategy 2014-2019

Since 2010, all under-nutrition indicators in children under five years, and in women of reproductive age (including stunting, wasting and underweight) have improved.⁵³ Despite this progress, the prevalence of under-nutrition in women and children in Timor-Leste is still among the highest in the region. Fifty per cent of children are stunted and a quarter of women of

⁵⁰ World Bank, EGMA report 2009.

⁵¹ World Bank, School Survey, 2012.

⁵² The Inclusive Education Policy has been finalised and is awaiting approval by GoTL Council of Ministers.

⁵³ Timor-Leste Food and Nutrition Survey, 2013.

reproductive age are underweight.⁵⁴ If not addressed, nutritional deprivation, leading to chronic under-nutrition, will continue to have intergenerational impacts, including: increased mortality and morbidity; poor cognitive capacity; low school performance; and reduced productivity and earning capacity leading to poor economic growth. The window of opportunity when a child is most vulnerable to the impacts of poor nutrition is from conception to two years (the first 1000 days).

Chronic and acute under-nutrition contribute to more than one-third of child deaths and at least 20% of maternal deaths. The 2013 Timor-Leste Food and Nutrition Survey (TLFNS 2013) found that 50% of children under-five years were stunted, 11% wasted and 38% under-weight. Around 25% of women were under-weight – increasing their risk of having a pre-term or low birth-weight baby which can lead to infant mortality and poor nutrition in young children.

The causes of malnutrition are complex and require multi-sector interventions. The TLFNS 2013 identified high rates of infectious diseases (such as diarrhoea) among children, and severe micronutrient deficiencies among children and mothers. While 80% of children frequently eat enough, only 17.6% of children received a minimum acceptable diet, demonstrating a greater need for changing dietary practices rather than a simple case of increasing food intake. Mothers who had a higher level of education and income status were more likely to have children who were not stunted, particularly where they had accessed antenatal care. Similarly, if a child was immunised and had access to improved water, hygiene and sanitation, they were less likely to be stunted.

There is policy impetus for multi-sector action on nutrition and strong momentum within the GoTL, supported by high-level advocacy from the President's Office. The President's Nutrition Awards (supported by Australia) promotes best-practice nutrition initiatives at the community level, and is raising the profile of the issue. In 2014, the Government launched an ambitious multi-sector *National Action Plan for a Hunger and Malnutrition Free Timor-Leste*. On the ground responses could be better coordinated to improve results.

B7 Gender equality

Key GoTL policies: Strategic Development Plan 2010-2030, Sixth Constitutional Government Program, National Action Plan on the Elimination of Violence Against Women

Women are disadvantaged in Timor-Leste impacting on their health, education, access to employment and economic opportunities, and leadership. The GoTL has recognised the importance of gender equality and has committed to “enhancing ... gender equality between men and women in all spheres of life” and stated that “gender equality... must be a central consideration of all Government programs and decision making.”⁵⁵

Women are half as likely to participate in the labour force as men.⁵⁶ The natural resources base of the population presents a challenge to overcoming gender inequalities, because the incentives for change in these contexts are not as great as in other contexts, such as in manufacturing based economies. Opportunities for women's income generation and subsequent economic contribution to the household from establishment of manufacturing industries employing female workers has opened considerable opportunity and stimulated significant shifts in views of women's and men's roles.

Early pregnancies and childbirth reduces opportunities for women to complete education and pursue economic opportunities with 14% of Timorese women having given birth before reaching

⁵⁴ Timor-Leste Food and Nutrition Survey, 2013.

⁵⁵ Sixth Constitutional Government Program (section 1.6).

⁵⁶ Ministry of Finance, Directorate of Statistics, Timor-Leste Labour Force Survey, 2010.

the age of 18. Around 42% of Timorese women are married by age 22⁵⁷ with the youngest cohorts having the highest levels of controlling behaviour by husbands.

Timor-Leste has achieved education parity at the lower levels, but enrolment of females relative to males drops at the secondary school level, particularly in urban areas. Female literacy rates are also consistently lower than those for males in Tetum, Portuguese, and Indonesian; 48% of women are illiterate, compared to 39% of men.⁵⁸ This unharnessed potential undermines economic growth. According to most key women's health indicators, Timor-Leste lags behind its Asian and Pacific neighbours.

At the national level, assisted by a quota system, women make up 38% of National Parliament - one of the highest levels of representation in the Asia Pacific region. However at lower levels, specific gender roles are entrenched with women making up just 2% of village leadership roles (*suco* and *aldia* chiefs).⁵⁹ The Prime Minister's office will be monitoring gender equality in its monitoring and evaluation plan.

The GoTL has determined that "gender based violence is unacceptable in a free and tolerant society and [that it] will take strong action to address this problem."⁶⁰ The current incidence of violence against women is reported at around 38%⁶¹ of all women but is likely to be much higher.⁶² Social acceptance of this violence is very high; 81% of men and 86% of women agreed that violence against a woman is justified in certain circumstances,⁶³ for example if she neglects a child or argues with her husband. As land ownership passes traditionally to men,⁶⁴ in the case of divorce, women can often be left landless and without livelihoods. Women and girls with disabilities experience the highest levels of risk.

B8 Disability

Key GoTL policies: Strategic Development Plan 2010-2030, Sixth Constitutional Government Program, National Policy for Inclusion and Promotion of the Rights of People with Disabilities, Draft National Action Plan for People with a Disability

People with disabilities are amongst the most marginalised of people in Timor-Leste and they account for a considerable proportion of the population. According to the GoTL 2010 census, 4.6%⁶⁵ of the population have a disability; however disability prevalence rates are likely to be 18-20% in Timor-Leste given averages in developing countries.⁶⁶ Most extended families include someone with a disability⁶⁷ and people with disabilities and their families are more likely to be poor and remain poor as a result of higher living costs, barriers to education, health and employment opportunities, and unpaid caring responsibilities.

People with disabilities are particularly disadvantaged by poor quality, inadequate and inaccessible education, which undermines their ability to develop skills and participate in employment and community. Around 72% of people in Timor-Leste with disabilities have never

⁵⁷ Ministry of Finance, Directorate of Statistics, 2010 Timor-Leste, Demographic and Health Survey.

⁵⁸ Ministry of Finance, Directorate of Statistics, 2010 census.

⁵⁹ Asian Development Bank, Timor-Leste, Country Gender Assessment, 2014.

⁶⁰ Sixth Constitutional Government Program (section 1.6).

⁶¹ Ministry of Finance, Demographic and Health Survey, 2009-10.

⁶² The Asia Foundation, *Beyond Fragility and Inequity: Women's Experiences of the Economic Dimensions of Domestic Violence in Timor-Leste*, 2015.

⁶³ See above.

⁶⁴ MDF report, 2014.

⁶⁵ MoF, Directorate of Statistics, Census 2010.

⁶⁶ 15% of the global population have a disability, 80% of people with disabilities live in developing countries and 1/5th of the world's poorest have a disability - World Bank and World Health Organization, *World Report on Disability*, 2011; United Nations Enable, *Factsheet on Persons with Disabilities*: <http://www.un.org/disabilities>.

⁶⁷ World Bank and World Health Organization, *World Report on Disability*, 2011.

attended school.⁶⁸ Better access to appropriate education services is required to enable more people with disabilities to realise their full potential and live productive lives.⁶⁹ Women and girls with disabilities experience multiple disadvantages resulting from the interplay between poverty and discrimination on the basis of gender and disability. This limits women's and girls' voices and agency, and constrains their opportunities for economic, political and social advancement. Women and girls with disabilities are at greater risk from all forms of violence than those without disabilities. Girls with disabilities are less likely than are boys to be enrolled in any form of education, which results in very low rates of literacy among women with disabilities and, consequently, low rates of participation in civic life and the work force.⁷⁰

Rehabilitation services are inadequate and general health services inaccessible for many people with disabilities. Social stigma is also a major barrier to participation in community and economic activities. People with disabilities are largely invisible in rural areas, and many people with intellectual or psychosocial disabilities report being tied or locked up for long periods of time. The Government provides pensions to adults with disabilities, but coverage is insufficient, reaching around 15% of the disabled population.⁷¹

The underlying barrier to disability inclusive development in Timor-Leste is social stigma. Other significant obstacles include the absence of robust data on the prevalence of impairment types and access to basic services, and the almost exclusive focus of NGOs, government and development partners on physical impairments at the expense of sensory (blindness and deafness), intellectual and psycho-social disabilities. Limited reach of NGOs and service providers into rural areas constrains the participation of people with disability in community and economic activities. The *Asosiasaun Defisiensiia Timor-Leste* (ADTL), the peak body for disability organisations, and *Ra'es Hadomi Timor Oan* (RHTO), a national Disabled People's Organisation (DPO) have been effective in raising awareness and advocating for policy changes.

B9 Social protection⁷²

<p>GoTL policies: Strategic Development Plan 2010-2030, Sixth Constitutional Government Program, Ministry of Social Solidarity Strategic Plan 2014-2017.</p>

Timor-Leste is well on its way to developing a social protection system. The system currently has some coverage of the elderly, people with disabilities, children, the working poor and veterans. The Ministry of Social Solidarity (MSS) runs most of the major social protection programs (except cash for work and school feeding) and was allocated 8% of the Government budget in 2012, which is much higher than other lower-middle income countries. Veterans' payments account for about 60% of social protection expenditure (US\$137 million is budgeted).⁷³ There is a gap in coverage of poor households with 60% of people in the bottom two poverty quintiles not reached by any of the programs.

Bolsa da Mae is Timor-Leste's main program for poor households and is a conditional cash transfer (CCT) program. Children in poor households account for 49% of the poor and *Bolsa da Mae* is the only social protection mechanism focused on families with children. It was initially a program for single, widowed mothers with children and covered 7,051 households in 2008. It has grown rapidly and now covers 55,488 poor households (approximately 275,000 people).

⁶⁸ UNESCO Institute for Statistics.

⁶⁹ Banks and Polack, International Centre for Evidence in Disability Research Report, *The Economic Costs of Exclusion and Gains of Inclusion of People with Disabilities: Evidence from Low and Middle Income Countries*, 2014.

⁷⁰ *Development for All* strategy: <http://dfat.gov.au/about-us/publications/Pages/development-for-all-2015-2020.aspx>.

⁷¹ World Bank, Timor-Leste Social Protection Public Expenditure and Program Performance Report, 2013.

⁷² All data comes from the MSS and the World Bank, Timor-Leste Social Protection Public Expenditure and Program Performance Report, 2013.

⁷³ MoF transparency data portal.

Households are scored for eligibility based on a vulnerability assessment which looks at i) self-reported income (a maximum of US\$456/year); ii) number of children; iii) type of caregiver (i.e. single or dual headed households); and iv) number of children with disabilities. Beneficiaries receive US\$5/month per child (to a maximum of three children), paid annually, on the condition that they demonstrate a number of health (check-ups and vaccinations) and education (enrolment and 80% attendance) behaviours. Around 94% of the program still goes to single female-headed households. The program costs US\$8.5 million annually and is a small (4%) component of Timor-Leste's social protection expenditure⁷⁴.

B10 Role of donors

Timor-Leste continues to seek donor assistance to improve human development in line with the g7+ New Deal principles. Foreign aid makes up around 15% of its national budget. Over the last decade, the World Bank has been the largest donor in health and education reform, but now has limited resources for these sectors. Australia is one of the largest donors. In health and nutrition, Australia will coordinate with the European Union, World Health Organisation, the United States and Korea. In basic education, Portugal, UNICEF and New Zealand provide support. In rural water, most investment comes from international non-government organisations (NGOs) that work at the community level, with Australia the only donor assisting at the institutional level. The Asian Development Bank is investing (through GoTL loans) in urban water and Korea and Japan also support urban water supply.

The GoTL has working groups that exist between government, donors, NGOs and the private sector in many sectors that provide mechanisms for coordination. These include:

- Health: Family Planning Working Group, Maternal and Child Health Working Group, Public Financial Management Working Group, Nutrition Working Group, Health Cluster Disaster Working Group, Sanitation Working Group, and Health Development Partners' meeting;
- Water: Water Forum; and
- Education: Joint Action for Education in Timor-Leste and Education Development Partners Meeting.

B11 Lessons learnt

The operating environment for the delivery of this program will be challenging and requires a flexible and iterative approach given that Timor-Leste's governance institutions are still developing. With GoTL's plans for fiscal austerity, the most acute policy challenge that this program will face is to support GoTL to keep funding service delivery in areas of basic human need and make the best use of its resources. With high population growth, and without changes in expenditure priorities, there are projected decreases in per capita health, water, education and pro-poor social protection expenditure (Graph 3, Section B1) which will further decrease critical services. This risks entrenching the current economic and social disparities.

There are **four main lessons** that will shape this partnership and drive the program principles outlined in Section C4. These lessons have been derived from the Australian Government's experience in Timor-Leste over the last decade, as well as the experience of other donors and implementing partners in Timor-Leste and are consistent with the g7+ New Deal principles.⁷⁵

Lesson 1: Build effective partnerships based on trust and mutual understanding. Aid investments are most effective when we support government counterparts' policy development and implementation. Australian aid makes up around 4% of GoTL's national budget, so the results

⁷⁴ MoF transparency data portal.

⁷⁵ A New Deal for Engagement in Fragile States: International dialogue on Peacebuilding and state building.

of GoTL's own spending in the social sectors to achieve human development will be the main measure of real success. Trust, strong relationships, country ownership, and a nuanced understanding of the political-economic context, are preconditions for effective investments. We can build further mutual trust and credibility by demonstrating long-term commitment to sectors. We need to build in space to be flexible to our counterparts' priorities with an eye to manageability, value for money and results.

Lesson 2: Jointly solving particular service delivery problems with counterparts at the national and local level. Timor-Leste is a new country with an evolving political economy and institutional systems. Timorese reformers understand institutional challenges that they face in implementing programs and also understand the solutions that might work within the institutional environment and culture of Timor-Leste. In this context, there are a number of lessons for technical advisors (TA) from past assistance in health and education (through the World Bank Trust Fund), and water (through BESIK) sectors:

- Donor activities need to be focussed on solving service delivery together with counterparts; this often requires TA with listening and coaching skills. Advice based on best international practice that is not contextualised, and where there is no trust, potentially “does harm” to the outcome and the relationship;
- TA can deliver capacity substitution, capacity supplementation and/or facilitation but the objectives need to be clear in the activity level proposal at the outset and based on sound analysis of the context to ensure an explicit, technically sound and politically feasible, theory of change and results;
- Service delivery bottlenecks should be solved with counterparts at the point of delivery as well as the institutional level (national and municipality) to achieve development outcomes;
- We should start program activities small and build on them where there are successes, leaving enough flexibility in the program to respond to opportunities that emerge for service delivery improvements;
- Stronger mechanisms for selection and monitoring of aid-funded TA need to be in place to ensure TA – which is expensive – has the right approach and can form productive working relationships. Value for money should be assessed against possible outcomes, and options including short-term advisor inputs; and
- National TA is playing an increasing role in the development of Timor-Leste as the skilled national workforce grows. Programs should consider utilising national advisers in key roles, or sequencing their inputs towards deeper engagement over the life of a program. A mix of international and national, long-term and short-term advisors may contribute to better value for money outcomes than long-term international advisers.

Lesson 3: Using accessible evidence for joint decision-making and policy dialogue with Government. Monitoring and evaluation (M&E) frequently results in long narrative reports on activities. This is not useful for either DFAT or GoTL decision-making. A focus on succinct and creative ways of engaging decision-makers in M&E findings would improve the value and utility of M&E.

Lesson 4: Manage flexibility transparently and systematically. Australia has learnt that the promise of flexible, responsive approaches in Timor-Leste's dynamic context are difficult to realise in the absence of a disciplined approach to making and recording decisions about where and when to invest. Open-ended flexibility can lead to strategic drift, partner discord, and eventually disappointing performance. To be effective, flexibility must be exercised within agreed bounds and managed carefully.

The DFAT Office of Development Effectiveness *Evaluation of Australian aid to Timor-Leste 2009-14* (June 2014) noted that when “*flexibility to respond became the [program’s] guiding force...Activities proliferated, and resources were spread too thinly*”. This has been evident in Timor-Leste bilateral contracted programs (e.g. Justice Sector Support Facility, Public Sector Capacity Development Program) and multilateral implemented programs (e.g. Education Sector Support Program, Health Sector Support Program implemented through the World Bank Trust Fund). In practice, disciplined management of flexibility means:

- Defining clear end of program outcomes (who we hope will be doing what differently on the last day of the program), or – if we are not yet ready to do this – defining when and how we will define them at a later date (e.g. after a process of evidence gathering, further dialogue, relationship building etc.);
- Using light, systematic processes for recording our evolving understanding of opportunities and threats in the sector context;
- Recording our reasons for taking new opportunities outside the existing scope of our engagement (noting these reasons may relate to development, knowledge, or relationship benefits) – and then reviewing the extent to which these came to bear in reality; and
- At least annually, reviewing the ongoing feasibility and relevance of our expected EOPOs, in light of progress data and contextual developments.

Part C: Investment Description

C1 Rationale for investing in pro-poor human development

Why investing in human development is important for Timor-Leste

Twenty-five years of evidence gathered through the UN's Human Development Report demonstrates that investing in human development is fundamental to reducing poverty, improving equality, and expanding people's wellbeing. Improved access to basic health services, sanitation, water, and skills in literacy and numeracy are fundamental to living with human dignity in the 21st century and provide a foundation for economic development.

In the Timor-Leste context, human development is important for leveraging economic and social investments made by GoTL and donors. Arguably, a better educated, healthy and equitable society is essential for diversifying the economy beyond oil and gas, fostering private investment, and expanding employment opportunities. A return on investment in human development may be inter-generational. A central hypothesis of this design is that improving the quality and reach of essential human services will establish a foothold for future generations to achieve Timor-Leste's development goals. This in turn can reinforce state legitimacy.⁷⁶ Through this partnership, there is potential for some service delivery bottlenecks to be solved, so people experience more and better services, enabling the role and benefits of the nation state and the rule of law to be asserted.

Why investing in Timorese human development is important for Australia

Australia's aid policy⁷⁷ prioritizes human development and private sector development as the two planks for economic growth and poverty reduction - this investment design pursues the human development element of this policy.

As one of Timor-Leste's nearest neighbours, Australia shares an interest in the young nation's stability and prosperity. Partnering with the GoTL to achieve human development goals is in line with the *Australia Timor-Leste Strategic Planning Agreement for Development (SPAD)* and the *Sixth Constitutional Government's* service delivery reform agenda. The SPAD commits Australia to support development priorities outlined in the *Strategic Development Plan (2010-2030)*, and creates mutual accountability for shared targets and goals.

Australia's Aid Investment Plan (AIP) to Timor-Leste⁷⁸ commits Australia to three strategic objectives:

1. Improving livelihoods;
2. Enhancing human development; and
3. Strengthening governance and institutions.

This program delivers Australia's assistance to enhance objective 2, enhancing human development with support for health, water, education, nutrition, gender equality, disability and social protection.⁷⁹ Australia has been supporting these sectors, either bilaterally or through

⁷⁶ Global evidence suggests this process is slow and iterative at best, and that service provision, or lack thereof, can often change the perception of the role of the state and its legitimacy: <http://www.dlprog.org/news/new-article-when-does-service-delivery-improve-the-legitimacy-of-a-fragile-state-php>.

⁷⁷ Australian Aid: Promoting prosperity, reducing poverty, enhancing stability, 2014

⁷⁸ Approved by Minister of Foreign Affairs in September 2015. Available at: www.dfat.gov.au.

⁷⁹ The PNDSSP and EAW programs also contribute to this objective. PNDSSP is currently delivered through a separate investment design and contract until June 2017. EAW is delivered through TAF via a grant partnership contracted to June 2017.

multilateral programs for the past decade. This program is the mechanism that will deliver investments under these sectors for the next five to ten years.

The majority of the funds required to address Timor-Leste's human development challenges will come from GoTL. Australia's total aid is around 4% of Timor-Leste's annual budget.⁸⁰ This program will invest around AU\$24 million a year⁸¹—which is approximately 8% of GoTL's budget for these sectors.⁸² While GoTL is rightfully the substantial financial partner, Australia's targeted support can make a difference to the efficiency and effectiveness of Timor-Leste's own investment in these sectors, especially if coupled with reform.

Private sector development (PSD) is key to economic growth, and partnerships will be formed where possible to make this investment more sustainable. However, PSD is not an end in itself of this program, and will be primarily pursued through other aid investments under Objectives 1 and 3 of the AIP. For example the DFAT funded Market Development Facility⁸³ is focused on promotion of agribusiness, tourism and light manufacturing. Australia's aid policy recognises that PSD requires foundational human development to be sustainable.

C2 Rationale for a single program⁸⁴ and contractor

This design appreciates that Timor-Leste acknowledges that the process of developing governance and technical capability to deliver quality services is long term. Timor-Leste's political economy will influence the effectiveness of this program, and the priorities chosen as the program evolves. GoTL has asked Australia to continue supporting the sectors as set out in section C6 (Pillars). This means that this program will take on a significant number of existing activities currently being implemented with GoTL and other partners, funded through existing contracts. These existing activities – estimated to be around 70% of the investment in year one – are outlined in section C6 and in the novation schedule at Annex 5.

The key question that this design tackles is: *how can a program best be structured to deliver Australia's support for GoTL's human development priorities?* A range of modalities and program structures were considered. The decision to design a consolidated human development program managed by a single contractor was made by **the DFAT Aid Investment Committee (AIC) in July 2015**. This decision was informed by analysis of the risks and benefits. A single program and contract was preferred to the existing approach of separate sector designs and contracts for reasons of **effectiveness** and **efficiency**. It also implements Australia's aid policy objective of consolidating initiatives.⁸⁵ These reasons are discussed in turn.

Development effectiveness

There are a range of opportunities arising from a single program/contract that are broadly consistent with the principles of development effectiveness. These include:

- **Solving common problems and innovation across sectors:** many similar common constraints are experienced within each of the program sectors in relation to delivering better services to Timorese people (see Box 1 section B1). A single program and contract creates opportunities to address these common constraints in a targeted, effective and innovative way. This includes addressing public administration challenges through collaboration with DFAT's governance program which works with central agencies;

⁸⁰ Calculated from planned 2015 expenditure levels.

⁸¹ Subject to Australian Government annual aid budget allocations to Timor-Leste.

⁸² Calculated using data from MoF transparency portal.

⁸³ www.marketdevelopmentfacility.org.

⁸⁴ In M&E language this is a hybrid facility/program as it contains elements of both types of aid modalities. 'Program' used as this term makes most sense to people outside development.

⁸⁵ Australian Aid: Promoting prosperity, reducing poverty, enhancing stability, 2014.

- **Cross-learning:** a single program/contract creates opportunities to actively share lessons, analysis, planning and successful implementation approaches across sectors. Experience has shown that it is otherwise difficult to meaningfully collaborate across conventional sector-based investments. And yet a cross-sectoral approach is key to tackling many of the fundamental human development challenges in Timor-Leste, such as malnutrition; and
- **Responsiveness, flexibility and capacity to respond to opportunities:** a single program/contract will enhance the ability of the program to shift program resources between sectors in the human development portfolio, incorporating learning and new evidence. It will also enable the program to evolve in step with GoTL's development priorities, and to adapt to changes in context and political economy.

Efficiency of single program and contractor

A single program/contract affords opportunities to improve management efficiency of the AU\$24 million per year⁸⁶ investment across multiple sectors. Opportunities include:

- **Economies of scale:** a common management structure, common corporate systems and common technical support will improve management communication and decision-making, as well as reducing 'back office' costs and management charges. This means that small but important investments that may be difficult to justify under standalone contracts (e.g. AUD3 million for basic education) will be possible;
- **Transaction efficiencies:** a single program management structure that is responsible for the range of human development sectors will reduce DFAT's transaction costs. Further efficiencies may be realised by tasking the contractor to re-engineer administrative processes and by not requiring unproductive reporting; and
- **Portfolio management:** a single management perspective across the human development sectors will enable meaningful discussions with the Embassy/GoTL concerning poorly performing activities—leading to mitigation strategies or a reallocation of resources to more promising activities within the portfolio.

Greater management efficiency will mean that a higher portion of the limited budget will be directed to funding development activities.

Risks that will need to be managed and mitigated

Australia's aid policy promotes investments engaging with risk because taking risks is often necessary for successful innovation.⁸⁷ Notwithstanding this policy, and the effectiveness and efficiency opportunities identified above, establishing a single program and contractor presents risks that need to be managed and mitigated. The key risks to be managed are:

- **Scale and complexity:** this program will consolidate around one-third of DFAT's bilateral aid budget under a single contract. The sheer number of sectors and investments involved presents considerable complexity, and hence risk. This demands a suitably experienced and innovative contractor, skilled in managing complexity at this scale in a country with developing institutions. DFAT's Contracting Services Branch (CVB) has endorsed the approach and has assessed that there are firms that deliver much larger contracts in PNG and Indonesia which are capable of this task and considered likely to tender for this program; and
- **DFAT's oversight capacity:** the contractor will be required to provide advice on strategic directions and analysis, in addition to being accountable for program delivery. Embassy staff in Timor-Leste will be responsible for strategic oversight and decision-making in

⁸⁶ Subject to Australian Government annual aid budget allocations to Timor-Leste.

⁸⁷ Australian Aid: Promoting prosperity, reducing poverty and enhancing security, 2014.

partnership with the GoTL. If inexperienced staff are appointed and/or they have insufficient time to invest in GoTL relationships and to properly manage and oversee the Contractor, there is a risk that the Contractor may become the de facto strategist and decision-maker with the GoTL.

Effective and engaged program governance mechanisms will be key to mitigating the above risks.

On balance, the DFAT AIC agreed that the effectiveness and efficiency benefits outweighed the risk of a single program and contractor. This design sets out the details of the approach. A risk assessment is included in Section D6 and Annex 6.

C3 Program goals and structure

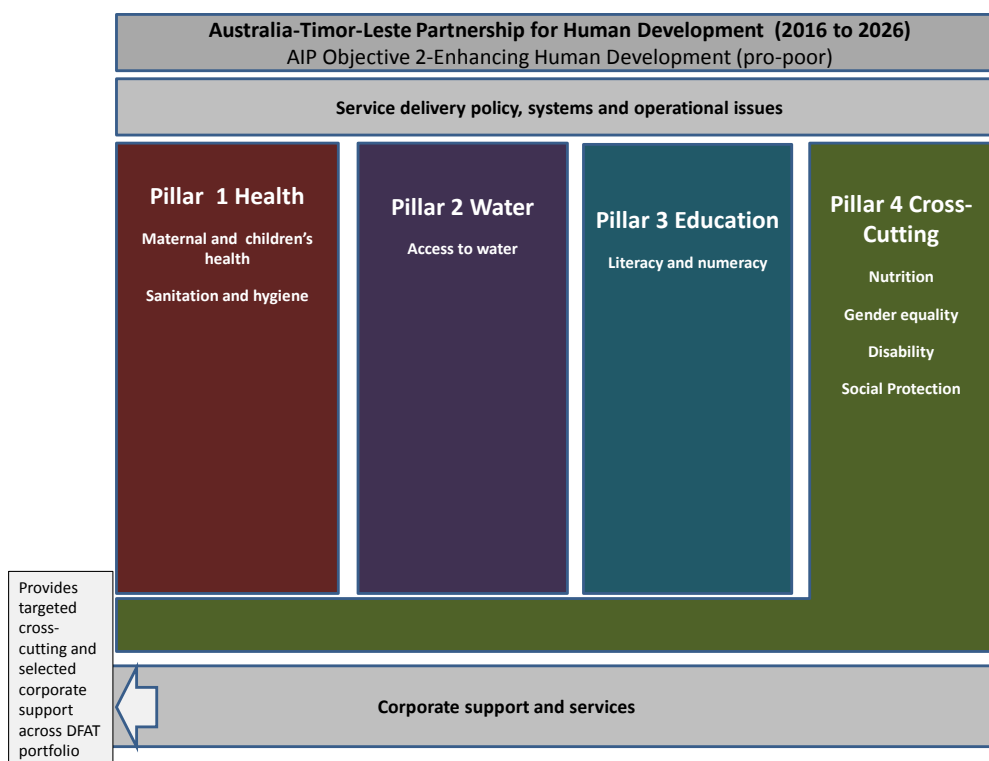
This program will contribute to **Strategic Objective 2 of the AIP—‘enhancing human development.’**⁸⁸ Performance at this level will be measured through AIP performance benchmarks.

In support of the AIP objective, a range of ‘**Pillar Goals**’ have been defined for each sector. These Pillar Goals articulate the demand-side changes anticipated among Timorese people that give relevance to the investment. By definition, changes at this level are beyond the direct influence of the program.

Contributing to each Pillar Goal is a range of **End-of-Program Outcomes**. These define the key supply-side performance changes that the various sector programs will influence during the life the investment.

The program structure is shown at Figure 1.

Figure 1: Program Structure



⁸⁸ PNDSSP and the EVAW program also contribute to AIP Objective 2.

Pillar 4 houses the Timor-Leste program’s cross-cutting assistance. That is, support for nutrition, gender, social protection and disability will extend beyond this human development program to other selected DFAT investments in Timor-Leste.⁸⁹

The program will work towards the Goals and EOPOs set out in Table 1, which will form the basis of a more detailed M&E Plan that will be developed during the inception phase of the program.

Table 1: Draft Goals and EOPOs

Pillar and focus within Pillar	PILLAR GOALS	END OF PROGRAM OUTCOMES
Health Maternal and children’s health; sanitation and hygiene	<i>Households (especially mothers and young children) are accessing improved health services and adopting better health, sanitation and hygiene practices</i>	1.1 – Health sector professionals have improved clinical competencies to deliver primary healthcare services, particularly in maternal and infant health.
		1.2 – Maternal health providers are providing timely and better quality information about maternal, neonatal and infant health services.
		1.3 – Family planning sexual reproductive health service providers are delivering improved information and services (particularly for youth).
		1.4 – MoH and CSOs are generating increased demand for improved sanitation facilities and increased use of hygiene practices in target communities.
		1.5 – MoH has improved health sector policies and systems.
Water Access to water in rural areas	<i>Rural households have better access to sustainably maintained water sources</i>	2.1 – MoPWTC has developed a national policy and system for rural O&M that is operationalised in target areas.
		2.2 - MoPWTC has improved water supply policies and systems that increase rural water access.
Education Literacy and numeracy	<i>Children in the early grades have improved literacy and numeracy skills, base competences and core values for the development of the whole person ⁹⁰</i>	3.1 - MoE has an effective and affordable national policy and system for teacher development in place.
		3.2 - Teachers demonstrate good teaching practice in the classroom in model school clusters.
		3.3 – MoE has developed and implemented education sector policies and systems that support improved student learning.
Cross-cutting Nutrition	<i>Children (0 – 23 months) have reduced stunting in target sites</i>	4.1 – GoTL is leading multi-sector nutrition interventions in target sites

⁸⁹ These will be decided by DFAT senior management and may change depending on need.

⁹⁰ Specific language of goal is derived from the GoTL SDP, and used here at the request of MoE to recognise that education has broader nation building objectives that are broader than literacy and numeracy.

Cross-cutting-gender	<i>Women and girls are more empowered, with access to improved services</i>	<i>To be developed during implementation</i>
Cross-cutting-disability	<i>People living with disabilities benefit from improved opportunities and access to services</i>	<i>To be developed during implementation</i>
Cross-cutting-social protection	<i>Poor households benefit from an improved social protection system</i>	<i>To be developed during implementation</i>

Collaboration with central agency programs: The program will operate so there is coherence across the Pillars. DFAT, the contractor, GoTL and other relevant stakeholders will work together to identify common service delivery policy, system and operational issues and take collaborative action on these issues, which will require strong links with GoTL central agencies. This program should enhance and complement support provided by DFAT’s Governance for Development (GFD) program which currently assists central agencies in public finance, public administration and economic policy reforms with the Prime Minister’s Office, the Ministry of Finance, the Civil Service Commission, the Coordinating Ministry for the Economy, the Directorate for Statistics, the Ministry for State Administration and the National Communications Authority. This program provides an opportunity to inject a service delivery and bottom up perspective on reforms, such as public financial management reforms.

Priority policy, systems and operational issues will be actioned in line with the guiding principles outlined in Section C4, and the governance structures in Section D1. Common issues for analysis, knowledge-to-policy, information sharing, dialogue and/or practical action may include:⁹¹

- **Policy:** supporting sector agencies to implement the Prime Minister’s Planning with Budgets reform; approach to and implications of fiscal austerity in the social sectors and innovative solutions to prevent social sector results stagnating; evidence on how fiscal allocations are impacting on services, with a focus on women and girls; and, budgeting for operations and maintenance to protect existing GoTL investments;
- **Systems/institutional:** workforce planning and improving links with the Civil Service Commission management system; transport and fuel management; and use of private sector partnerships for service delivery; and
- **Operational/activity:** approaches to training to build competency of the service delivery workforce; designing pilots to be scaled-up nationally; and use of technical assistance to maximise capacity development of local institutions.

At the program level, common issues for analysis, information sharing and policy dialogue need to be actioned within the political and economic context in which the program is being delivered. For example, on any particular issue it may involve dialogue with GoTL, or sharing analysis with various local groups that are advocating for pro-poor spending, which could include local NGOs

⁹¹ Note these issues are illustrative only: issues should be selected on an annual basis, based on an assessment of the environment.

that conduct social audits; the women’s parliamentary committee;⁹² and supporting local groups that are conducting service delivery monitoring in the municipalities.⁹³

The program will use an iterative, adaptive approach that requires analysis and assessment of the political economy to design, implement and evaluate on a continuous cycle. Annex 1 sets out details of this approach.

A decision has not been made to focus on one geographic area (municipality or village) across all the Pillars at this point with the exception of the nutrition pilot in Pillar 4. Choices for activities and other pilots will be made by GoTL, DFAT and relevant local partners, with advice from the contractor through the governance mechanisms and using the principles described in Section C4. Coordination across activities should occur in all locations if it will improve outcomes.

C4 Guiding principles

Decisions at all levels of the program will be guided by the following **eight core principles**:

Principle 1: Political economy approach. The choice and scale of interventions at all levels will be guided by an assessment of value for money, including an appreciation of the institutional environment. Australia will prioritise support where there is political will, strong leadership and we can make the best contribution. We will actively assess our engagement and, in consultation with the GoTL, where activities are not progressing and results are poor, we will exit or modify our investment.⁹⁴ Analysis of political economy drivers will occur *at all levels of the program* to ensure we understand the interests, incentives and institutions that are supporting or blocking change, and what role, if any, the program might play in trying to influence positive developmental outcomes. We will only support activities that are *both* technically sound *and* politically feasible.

Principle 2: Partnerships that support GoTL policy and investments will be prioritised. The program will prioritise investments that support and catalyse the GoTL’s own pro-poor policies and spending in the social sectors. Activities will be designed around Australia’s value add, and leveraging knowledge and finance, so GoTL’s social sector spending has greater impact for beneficiaries. Mutual accountability will apply to all investments and form a central plank of discussion in the governance arrangements (Section D1).

Principle 3: Principle 3: Working across sectors where it enhances development outcomes. The Program will operate so there is coherence across the Pillars in annual planning, activities and monitoring, and the achievement of synergy in the Program’s EOPOs.

Principle 4: Prioritising investments that benefit women and girls. All activity designs need to demonstrate how they prioritise women and girls. The “if not, why not” principle to show how it benefits women shall apply to all choices at the Pillar, EOPO and activity level. Monitoring and reporting will need to disaggregate benefits for women and girls (including those with disabilities).

Principle 5: GoTL’s fiscal position means service delivery models need to be affordable and sustainable. The GoTL’s declining revenue base and plans for increased fiscal austerity in 2016 onwards will underpin all investment choices, policy engagement and activity design. It is

⁹² For example, Timor-Leste has a resource centre for Parliamentarians that provides gender analysis on policies that could be potentially utilised as an information conduit.

⁹³ On an annual basis, the DFAT Lead for this Partnership and the contractor Team Leader are accountable to the Embassy Senior Management Team for actioning priority issues at the program level and making links with DFAT’s governance programs.

⁹⁴ In line with principles of Australian aid, Julie Bishop, Foreign Minister, The New Aid Paradigm, 2014.

acknowledged that fungibility is a risk that will need to be carefully assessed and managed through activity choices and dialogue.

Principle 6: Working responsively and flexibly but with an end goal in sight. The program will have scope to provide high priority advice and responsive evidence-based information that can inform GoTL decision-making, including informing annual planning, budgets and policy decisions. With limited resources, priority will be for activities that contribute to the agreed Pillar level end of program goals but with an appreciation that whole systems need to operate for services to be delivered sustainably. We will not default to large international technical assistance programs that operate at the national level only – there needs to be a link to service delivery and the EOPO to focus the activity.

Principle 7: Continual analysis and learning by doing. The program will have the capability to undertake analysis and evaluations and ensure lessons and best practice are fed into program level decisions and activity design across the Pillars. It will use pilots and evidence to demonstrate to the GoTL, DFAT, the contractor, and other partners why certain approaches can improve services, outcomes and value for money. Where appropriate this information should go beyond the program, enabled through the communication strategy.

Principle 8: Innovation and use of the private sector. The program will engage with risk and strive to find innovative and transformational approaches to help solve service delivery problems. This program will build on innovations that are working in existing programs in the Timor-Leste context including through partnerships with private sector. Box 2 provides examples of existing activities that are transforming the nature of service delivery in Timor-Leste.

Box 2: Innovative approaches to improving service delivery

Liga Inan: Use of mobile phone technology to connect pregnant mothers and service providers, increasing information to pregnant mothers, the frequency of check-ups, and quality of pregnancy and infant care.

Demonstrating teacher excellence through social media: The education program in 2015/16 will be supporting the MoE, using YouTube and Facebook, to create a competition amongst teachers to demonstrate good student centred learning in action in the classroom; this is a cheap mechanism for shared learning which creates excitement for new teaching practices.

Use of mobile clinics for health services: Marie Stopes International supporting MoH uses mobile tents to provide family planning services in remote areas where there are no other services available. This is a cheap and effective alternative to traditional service delivery that could be replicated for other types of services.

MoH as a service authority with service delivery by NGOs linked with private sector in sanitation: BESIK is working with GoTL to pilot an approach where MoH is a service authority with a monitoring and verification role, and direct engagement with communities is provided by contracted NGOs, with private sector packaging and making available affordable sanitation products, for example, all materials required to build a simple toilet. Early evidence suggests this model is cheaper, has more effective outcomes, and could provide models for other parts of Government in delivering services.

C5 Approach to sustainability

Given the fiscal situation and developing country context, the sustainability of all investments is at risk. The guiding principles at Section C4 contribute to the program being more sustainable because the selection of activities will be politically feasible, affordable and align with GoTL policies and priorities.

In addition to the guiding principles, the following approaches will be adopted to maximise sustainability:

- Selection of activities and pilots based on assessments of good leadership and self-reliance;
- Partnerships with civil society or private sector to generate self-funding models, where feasible;
- Ensuring there is an appropriate level of GoTL funding committed to joint activities as a precondition for support based on mutual accountability principles; and a basis for pilots that may lead to national roll-out;
- Focusing TA on supporting practical solutions rather than providing technical advice;
- Sharing lessons across the Pillars to encourage innovation and efficiencies within GoTL and other partners; and
- Recognising that GoTL provides the majority of funding for human development, supporting GoTL requested evaluations to show how greater GoTL efficiencies can be achieved.

It is acknowledged that in a context where governance institutions are developing and shifts in the political economy could further inhibit service delivery, goals and EOPOs are at risk of not being sustained unless they are regularly assessed and reframed as necessary. If the governance environment significantly declines, then in line with the principles at Section C4 and governance framework at Section D1, there is scope to change EOPOs and activities – including which partners deliver the activities, to fit the changed context.

C6 Pillars

This section sets out the goals, EOPOs and activities for investments within each Pillar. This section outlines both:

- (i) **why** the goal and focus areas have been selected; and
- (ii) **what and how** the partnership expects to deliver.

This program has a **limited budget**, and the constraints within the sectors cannot all be addressed by this program. Inevitably governance constraints, including GoTL's budget, may impact on meeting the program goals and EOPOs.

On an annual basis, the EOPOs will be refined as a result of learning that will feed back into program revisions, as well as in response to the priorities of the governing stakeholders in Section D1.

These Pillars have been developed so they can be used as separate (stand-alone) documents to form the basis of dialogue with the GoTL and other partners, and can be updated in line with annual planning so they continue to be useful for the life of the program.

This document sets out the conceptual basis for the design and a broad framework for a future M&E (Section C3 Table 1). A detailed M&E plan, program theory and the system for collection of performance information will be developed by the PMESP and ATLPHD contractor during the inception phase. Pillar 1 (health) and Pillar 2 (water)⁹⁵ have existing program theories and M&E plans which can provide a useful starting point for this process whereas Pillar 3 (education) and Pillar 4 (cross-cutting) activities are less formed, and will require more work in the inception phase.

⁹⁵ Available at BESIK website: <http://www.besiktimor.org/>.

To ensure continuity and a smooth transition of effective activities, a large number of existing activities within each Pillar will move to the ATLPHD program and contractor. These are referenced in the Pillars and set out in Annex 5. It is estimated that around 70% of the activities are already designed and will be part way through implementation when the program commences in June 2016, with programs being most formed in health, water, nutrition, and disability; and least formed in education, gender and social protection. Activities and key personnel positions that will move to the new contract, and the criteria for how these choices have been made, are set out in Section D6 and Annex 5.

Pillar 1: Health

Why Australia will support maternal and young children's health, and sanitation and hygiene

The GoTL and Australia have agreed to focus the partnership in health on improving maternal and young children's health. Timor-Leste has the highest maternal mortality rate in the Asia-Pacific and one of the highest in the world. High rates of pregnancies and childbirth are key drivers of gender disparity in adult deaths. Timor-Leste also has one of the highest population growth rates in the world and an average of 5.7 children per household,⁹⁶ compounding poverty. Maternal and child health outcomes have important implications for social and economic development in a country where 42% of the population lives in poverty and rapid population growth intensifies the challenges of providing basic services and livelihoods.

We will also support sanitation and hygiene because low access to sanitation and poor hygiene can cause the spread of diseases and contribute to preventable illness, malnutrition and death. This design includes sanitation and hygiene investments within Pillar 1 as Australia is assisting GoTL to implement its *National Policy on Basic Sanitation* which in rural areas is primarily focussed on demand creation and behaviour change strategies; which sits under the auspices of MoH. It is acknowledged that MoPWTC has an important role on the infrastructure supply-side and is included as a partner within focus area 3 below.

Australia is one of the largest donors to the health sector and the main provider of support for improving maternal and children's health, and sanitation. Australia coordinates with UNICEF, WHO, Korea and USAID who are also providing assistance in these sub-sectors, as well as various local and international NGOs.

What and how Australia will provide support in health

Pillar 1 Goals: Households (especially mothers and young children) are accessing improved health services and adopting better health, sanitation and hygiene practices

Investment level: Expected to be around AU\$8.5 million each year.

Current partners: MoH, National Health Institute(NHI), National University of Timor-Leste, Marie Stopes International, Catalpa, Health Alliance International, MoPWTC, Procurement and Logistics Support Facility (PLSF)

Beneficiaries: Urban and rural populations

Pillar will be directed by a **Health Pillar lead** under the ATLPHD

This Goal will be assessed against the impact level targets that are the key indicators for maternal and young children's health set out in the GoTL's *National Strategy on Maternal, Reproductive, Maternal, Newborn, Adolescent and Child Health*, and the *Strategic Development Plan*:

Health Indicator	2010 level	GoTL Target by 2019
Reduce the maternal mortality ratio	557 deaths per 100,000 live births	Less than 300 per 100,000 live births
Reduce the infant mortality rate	22 deaths per 1,000 live births	Less than 15 deaths per 1,000 live births
Reduce the under-five mortality	64 deaths per 1,000 live	Less than 40 deaths per 1,000 live

⁹⁶ World Bank, World Development Indicators.

rate	births	birth
Increase the number of births attended by skilled birth attendants (midwives)	From 63% in 2014	To 75% by 2019
Reduce total fertility rate	5.7 births per female	Less than 4.5 births per female
Increase rural population with access to improved sanitation ⁹⁷	27% of population	40% of population by 2020: 100% by 2030
Increase rural population that are open defecation free ⁹⁸	64% in 2015	<i>No specific target yet set</i>

Focus area 1- Capacity of health sector workers

These supply-side activities are estimated to be around 50% of the focus and expenditure in Pillar 1.

EPO 1.1- Health sector professionals have improved clinical competencies to deliver primary healthcare services, particularly in maternal and infant health.

Currently, the program is focusing on health sector professionals⁹⁹ including their competencies to support family planning, pregnancy, birth, neo-natal and infant health services to age six months.¹⁰⁰

Competencies will continue be built through the following activities, which are part way through implementation and are anticipated to continue to be supported through this program while assessed as effective:

- **Doctors-** Delivering post-graduate training to build the clinical competency of junior doctors to deliver primary and tertiary healthcare services¹⁰¹ including in paediatrics and obstetrics, in conjunction with the National Hospital (the main Teaching Facility), MoH and National University of Timor-Leste. The majority of junior doctors undertook their Bachelor training in Cuba. *This activity is currently being delivered by the Royal Australasian College of Surgeons (RACS)¹⁰²;*
- **Midwives-** Delivering in-service training and on-the-job coaching (with the NHI) to junior and senior midwives so that they can provide services in family planning, pregnancy, safe and clean deliveries and newborn care. This activity aims to build both clinical competencies and interpersonal skills of midwives, and encourage critical reflection. *This activity is currently being delivered by Marie Stopes International (MSI) and Health Alliance International (HAI);*
- **Nurses, paramedics and ambulance drivers** - Delivering in-service training and on-the-job coaching to nurses, paramedics and ambulance drivers to improve their basic competencies

⁹⁷ Strategic Development Plan 2010-2030; improved sanitation is defined as a minimum of a latrine with a concrete slab and access to hand-washing facilities.

⁹⁸ Strategic Development Plan 2010-2030.

⁹⁹ As set out in the MoH's *Comprehensive Guidelines for Primary Healthcare*.

¹⁰⁰ The program will investigate cost-effective options to increase the focus to age two noting that UNICEF and WHO are focussed on children aged six months to two years.

¹⁰¹ This service is provided through the Family Medicine Program which is a two-year internship delivered by RACS. Between 20-40 doctors participate each year. The first year of the program is general for all doctors with the second year focussed on beginning specialisations in general practice, paediatrics, obstetrics and other areas.

¹⁰² The Contractor will need to redesign this activity in 2017 with relevant partners.

in first aid, protocols and use of equipment in ambulances. *These activities are currently being managed by the transport lead funded through PLSF.*

Under this EOPO the medium term objective is to improve local competencies to deliver clinical services. Where there is a gap in system capacity or service provision, activities may directly provide services (capacity-substitution) until the MoH is able to provide these services.¹⁰³

Focus area 2- Changing health seeking behaviours

Demand-side activities are estimated to be around 20% of the focus and expenditure.

EOPO 1.2- Maternal health providers are providing timely and better quality information about maternal, neonatal and infant services. This activity connects pregnant women to their local doctor or midwife through mobile phone technology to improve the quality and frequency of communication.¹⁰⁴ This easily accessed information can be particularly useful for pregnant women with a disability. Improving relationships aims to both increase the client focus of doctors and midwives to deliver maternal and child health services and to increase the number of women seeking assistance throughout their pregnancy and for the first six months of their infant's life. This provides an opportunity to give health information to change mother's behaviours that can improve infant health.

The intent is for this innovative mHealth system to be eventually integrated and handed over to the MoH. Liga Inan is working towards a public-private partnership with local mobile network providers (Timor Telecom, Telkomcel, and Telemor). National level policy makers and managers will be supported to oversee and resource Liga Inan so it can be scaled up across the country. This includes identifying barriers to health services experienced by people with disabilities and recommendations and support to address them.¹⁰⁵

This activity is currently being delivered by Catalpa supporting MoH in concert with midwife training being delivered by HAI as described in EOPO 1.1. Disability advisory support is currently provided to MoH through Christian Blind Mission (CBM).

EOPO 1.3 –Family planning sexual reproductive service providers are delivering improved information and health services. This activity provides education and counselling to men, women and youth through a range of channels including small group education sessions, couples counselling and a national youth hotline 'Linea Foisae'. It increases both referrals and accesses to sexual and reproductive health services including family planning services in Dili and the Municipalities.

This activity is currently being delivered by Marie Stopes International supporting MoH.

Focus Area 3 - Sanitation and Hygiene

EOPO 1.4: MoH and CSOs are generating increased demand for improved sanitation facilities and increased use of hygiene practices in targeted communities

These activities are estimated to be around 15% of the focus and expenditure in Pillar 1.

Work in this area aims to motivate households to invest in improved toilets and hygienic behaviours (including handwashing) to enable aldeias (household clusters) to be open-defecation

¹⁰³ This currently applies to family planning services delivered by MSI and the RACS program.

¹⁰⁴ Liga Inan or 'Connecting Mothers' is the Tetun name of the program

¹⁰⁵ A disability adviser to the MoH provides short-term policy advice and practical support to improve the knowledge skills and attitudes for the provision of services to people with a disability.

free. Using a community-led total sanitation model¹⁰⁶ and in line with the GoTL's *National Policy on Basic Sanitation* Australia is working with the MoH, NGOs (including DPOs), the MoPWTC, the private sector and communities to set up a pilot that can be replicated. The pilot commenced in 2015 in Bobonaro where the Municipality Administrator has demonstrated strong leadership. The pilot will be supported by a nationwide communication campaign that provides accessible information on why sanitation and hygiene is important and shows households how they take action. The pilot will work with the private sector to ensure sanitation products are available, possibly complimented by a vulnerable household grant to make basic toilets more accessible for poor households.

Improved sanitation and hygiene are closely linked to good health. Poor sanitation is a large contributor to under-five mortality, with diarrhoea the second biggest cause of deaths after neonatal causes.¹⁰⁷ The 2010 Demographic and Health Survey indicated that 19% of Timorese children had diarrhoea on the day of the survey. Diarrhoea is linked to nutrition, access to clean water and a range of hygiene behaviours and related illnesses which have an impact on children's eating patterns, nutrition and stunting.

International evidence shows that there are close connections between water, sanitation and hygiene and that households with access to water are more likely to practice basic sanitation and hygienic behaviour. This connection between Pillar 1 and 2 is important and the progress made by BESIK on these links should be maintained.

The program will work with the following groups to deliver the following activities:

- MoH to develop and deliver a national behaviour change campaign and service delivery model for monitoring progress towards sanitation targets through a National Sanitation and Hygiene Improvement Roadmap supported by an M&E Framework and system for monitoring programs and measuring change;
- MoPWTC (through the Directorate of Basic Sanitation) to develop sanitation marketing activities, including approval of toilet models;
- MSS and Ministry of State Administration to develop and implement a sanitation financing model that supports targeted vulnerable households to upgrade toilets;
- Municipal leaders, NGOs and communities using Community-Led Total Sanitation (CLTS) to encourage households to improve their own sanitation: this will include school toilets; and
- The private sector (contractors, marketing companies, suppliers, and NGOs) to provide high quality and affordable sanitation and/or hygiene promotion related products and services to their GoTL and community clients.

This activity is being implemented with the MoH and MoPWTC under the current Australian-funded BESIK investment with support from NGOs, private sector, the Market Development Facility and a Sanitation and Hygiene Improvement Program Manager.

Focus area 4 - Health sector and system

EPO 1.5: MoH has improved health sector policies and systems

This focus area aims to respond to short and longer term policy or system development needs of MoH especially if they impact on maternal and young children's health, or sanitation and hygiene outcomes.

¹⁰⁶ CLTS is an approach which is based on the principle of triggering collective behaviour change. In this approach, rural communities are facilitated to take collective action to adopt safe and hygienic sanitation behaviour and guarantee that all households have access to safe sanitation facilities. In Timor-Leste, 'PAKSI' is the Tetun acronym used to refer to this approach.

¹⁰⁷ Black, 2010. *Global, regional, and national causes of child mortality in 2008: a systematic analysis.*

It is estimated to be around 15% of expenditure in Pillar 1.

Australia can bring in international and local expertise to:

- Assist MoH where there are blockages in rolling out services and meeting its minimum standards that are assessed to be critical to the overall goals of improved maternal and young children's health or basic sanitation and hygiene; and
- At the request of MoH, advise on specific policies, programs or systems and assess which could make health sector investments more effective and efficient.

Over the period of this partnership, activities will be agreed on an annual basis (with some scope for ad hoc requests) through the MoH governance mechanism. Activities that are being funded in 2015, or have been proposed for future funding, include:

Transport infrastructure and facilities - Support to the MoH's ambulance services to ensure families, particularly pregnant women and newborn babies, receive safe, respectful, and timely care during an emergency. A recent qualitative survey¹⁰⁸ identified access to transport as one of the key constraints for pregnant women with a disability accessing health services. In the short-term, we are providing support to repair every ambulance and multi-function vehicle across the country and clinical training (first aid training, obstetrics, disaster training) to ambulance staff. With a view to sustainability of the system, we are also systematically building the capacity of the MoH's mechanics to maintain and manage the vehicle fleet system, including improved planning and financial management, procurement practices, fuel systems and the use of GPS tracking systems.

The transport infrastructure team will pilot a MoH mobile service to make small repairs to health centre facilities. If this pilot has success and funds are available from GoTL it could be scaled up to support MoH to undertake Health Facility readiness assessments so that more health facilities meet minimum standards, including water, maintenance and electrification. It is acknowledged that inadequate health facility infrastructure financing and systems is a major constraint to achieving minimum standards and an essential pre-condition for trained health sector workers to deliver services (links to EOPO 1.1).

A transport adviser and mechanic team is currently supporting MoH to deliver these outcomes, through the PLSF.

More effective and efficient resource allocation - Support to the National Directorate of Finance and Procurement to strengthen the link between the Annual Action Plans and Budget process; for example, by establishing a forward estimates planning tool for the MoH, and supporting links between plans/budgets and health outcomes (as set out in the MoH Sector M&E Plan). This may include future support for the District Health Management Information System to improve reporting between the national and sub-national levels of the system.

A Public Financial management (PFM) Adviser is currently supporting the MoH to achieve these outcomes through the GFD program.

Workforce planning - To achieve the Pillar goal and ensure capacity being built under EOPO1.1 is utilised, improved workforce planning will be a critical activity to support MoH in the long run. This proposed area of work will support health policy makers in MoH to develop and update policies and protocols, and then implement and monitor adherence. Support could be provided to the MoH and its training arm, the NHI to plan for equitable distribution and ongoing supervision and support of trained health workers, particularly in community health centres and health posts. This activity could ensure investments in health worker competencies are targeted and that there

¹⁰⁸ Survey conducted by Christian Blind Mission (CBM) working with MoH in 2015.

is more equitable access to services, including for people with disabilities. Support could also be provided to improve the quality of human resource information (linked to the Civil Service's Commission's people management software) and to INS to strengthen management and leadership competencies for health sector managers. In the longer term, along with other development partners, support could be provided to the MoH to develop and implement a Human Resources Work Plan to help improve human resource management and allocation.

Other: Regional Health Security¹⁰⁹ - The Australian Government has committed to combating cross-border health threats in the Asia-Pacific region. The highest priority disease threats are those that cross borders and potentially affect whole populations. They include preventable infectious diseases such as measles, TB, malaria, HIV, and human and animal-to-human influenzas.¹¹⁰ Timor-Leste has one of the highest rates of TB in the South-East Asian region.¹¹¹ There is currently a gap in the diagnosis and management of TB, including good quality x-ray facilities, diagnostic competencies and better use of antibiotics. In consultation with the MoH, Australia may explore, subject to budget availability, building on existing linkages between the Bairo Pite Clinic (NGO), the Darwin Hospital's Department of Infectious Diseases, and Australia's overseas volunteer program to address this gap. In the event of a major outbreak, linkages with the Darwin Crisis Response team could be mobilised to support Timor-Leste to respond.

Pillar 1- Tools for measuring EOPO 1.1, 1.2, 1.3, 1.4, 1.5: The program will use the MoH's management information system, the GoTL's Demographic and Health Survey, and parallel activity reporting to assess if the program is meeting its goal and EOPOs.

It is acknowledged there are a large number of external risks that will impact on the goal and EOPOs being achieved, with core responsibility being with the GoTL institutions. Major assumptions that will impact on EOPOs being achieved include:

- Political economy and leadership of the Timor-Leste's MoH and how it impacts on service delivery in the health sector;
- Health budgets are allocated and executed to meet GoTL policy and minimum service standards as set out in the primary health care guidelines; blockages at the Central level are unblocked and funds for services reach service delivery points;
- Health sector workers are motivated and being increasingly performance managed, and managers are allocating trained staff evenly in accordance with policy;
- Behaviours change campaigns are effective in changing beneficiaries cultural practices and behaviours; and
- The GoTL maintains roads so that people can access health services.

¹⁰⁹ DFAT Health for Development Strategy (2015-2020)

¹¹⁰ In Timor-Leste, the WHO, GAVI, and the Global Fund are supporting MoH on disease surveillance, immunisation, and for programs to prevent and infectious diseases and malaria/HIV Aids and TB. St John of God- an Australian hospital that provides philanthropic services in Timor-Leste - is providing support to laboratories and testing facilities.

¹¹¹ MoH National Strategy RMCHAS 2015-19, p30.

Pillar 2: Water

Why Australia will support rural water

Poor access to clean water is linked to poor health and preventable diseases. Around 93% of urban households and 66% of rural households have access to improved water.¹¹² For rural households without access, women spend an average of 3 hours per day collecting water, which can raise particular challenges including for those with disabilities. Around 34%¹¹³ of rural households without improved water access are at least 30 minutes from the nearest water supply. As water collection is largely seen as the work of women and girls this places a significant burden on them and can be a barrier to paid work and education.

Rural water systems are currently breaking down at a high rate, and the MoPWTC has asked Australia to continue to assist developing a sustainable and affordable system for O&M to protect past investments in water assets. The GoTL aims to achieve its SDP target of 80% of the rural population having access to an improved water source by 2030.

Australia has been supporting the rural water sector in Timor-Leste since independence, and this program will build on past successes, in particular by continuing to support women's leadership roles in community water user groups.

What and how Australia will support rural water

Pillar 2 Goal: Rural households have better access to sustainably maintained water sources.

Investment level: Expected to be around \$3.5 million a year.¹¹⁴

Current partners: MoPWTC, Municipal Water Offices, communities, various NGOs including Australian NGOs funded by ANCP that work in the water sector, and private sector.

Beneficiaries: Rural population

Pillar will be directed by a **Water Pillar lead** under the ATLPHD

This Pillar goal will be aligned to the GoTL's key SDP target of increasing rural water access from 66% to 80% by 2030. However, recognising the following EOPOs and activities are focused primarily on O&M of **existing water systems** to reduce the current breakdown the key success indicator will be assessed based on the current 66% access rate being maintained.

Focus Area 1 - Operations and maintenance

EOPO 2.1: MoPWTC has developed a national policy and system for rural O&M that is operationalised in target areas.

This is estimated to be 80% of the focus and expenditure in Pillar 2.

This program will support MoPWTC and work with municipalities, communities, NGOs, and private sector to develop and implement an effective and affordable national policy and system for O&M of rural water systems by 2021.

¹¹² Improved water source is defined as water piped into premises, measured by the WHO/UNICEF Joint Monitoring Program update 2013. The figure of 66% has been used for rural which draws on the MoPWTC database (SIBs).

¹¹³ UNICEF Situational Analysis of Children in Timor-Leste, 2014, p 105.

¹¹⁴ This is around three times GoTL's current budget for rural water O&M in 2015.

Water systems are being built by the Government or donors, and breaking down at the rate of about 20% a year due to either poor design or a lack of O&M. After rural water systems are built, the community (through the community water user group- GMF) is responsible for operations and maintenance of the system. Currently there is a major gap in the policy and financing for O&M of rural water systems. If the system requires major repairs, communities do not usually have the organisational, financial and technical capacity to repair them, and rely on the Department of Water Supply in their municipality. The Municipality does not currently have systems and budget in place to undertake this function and roles and the division of responsibilities between the National Government, Municipality and communities for rural O&M are unclear. Policies on the collection and management of user-tariffs for water are also unclear and require development to ensure sustainable supply. The future program will seek to address these bottlenecks at the local, municipal and national levels by supporting Government systems and staff.

The results from the following 2015-16 pilots and activities¹¹⁵ will inform the work program for 2016 onwards:

- National water system pump maintenance and replacement program;
- Tapo pilot (Bobonaro) to provide O&M on the water distribution system through the Municipal Office using GoTL management and PFM systems (linkages will be made with technical staff that focus on urban areas);
- Atauro pilot to provide O&M through the private sector;
- Develop a register of community water management groups (GMFs) with ongoing competency-based training to ensure communities can manage their improved water systems within their means and capacities (technical, financial, organisational); and
- Evaluation of pilots to inform evidence based policy, financing and systems design.

Further pilots are expected to be implemented over the period of this contract to inform GoTL policy, systems and implementation with the design, scale and selection of geographic locations for pilots to be based on:

- Principles of good Municipal and community level leadership; i.e. pilots are most likely to be successful and sustainable where there is good leadership, motivated staff and communities that are harnessing their own resources to solve bottlenecks;
- Agreement on GoTL inputs (funding human resources) to ensure that pilots can inform a low-cost national roll-out; and
- Inclusion of communities, in particular women and girls, as leaders in GMFs and primary users and for monitoring the impact of O&M pilots on their lives.

This investment aims to achieve the first stage of reforms as part of a longer term objective for this system to be operating effectively across the whole of the country. Institutional level activities could include:

- Development of policy and guidelines for users and socialising these guidelines with users;
- Financing strategies for O&M, including options for tariffs;
- Organisational development and human resource competency to manage the O&M system;
- Improving MoPWTC management information systems (currently SIBs) to measure results, with focus on measuring if O&M is making a difference to sustainable water access for rural people;
- Linkages with central agencies and relevant community groups, such as DPOs; and
- Information and advocacy on the national policy.

¹¹⁵ Being implemented through MoPWTC with support from BESIK.

Evaluations of pilots and comparisons of different delivery approaches will focus on ensuring the approaches are affordable and can be effectively managed by the GoTL. Results from pilots and implications for national scale up will be shared at the political level and with relevant central agencies that have responsibility for GoTL planning and budgeting.

Focus Area 2 - Water sector policy and systems

EOPO 2.2 - MoPWTC has improved water supply policies and systems that increase rural water access.

This is estimated to be 20% of the focus and expenditure in Pillar 2.

This is a mechanism to enable Australia to be a responsive partner to the GoTL to improve critical policy and systems gaps in the water sector that are broader than O&M.

Activities will be agreed on an annual basis through the MoPWTC governance mechanism. Choices will be guided by the program principles (Section C4).

There will be scope through this focus area to reengage with MoPWTC, other Ministries, and civil society organisations where there are opportunities to improve GoTL policy and programs, as well as improving citizen information and demand for services. For example:

- **Quality design and procurement for new water systems:** The GoTL plans, through the *Integrated District Development Plan (PDID)* program, to fund new water systems in the future: activities could work with relevant national, local and community counterparts (including DPOs) to improve the system design and community engagement. However, if the GoTL does not fund new or rehabilitated water systems, design and procurement support would not be provided;
- **Improving water resource management:** The MoPWTC, through the Directorate of National Quality Control for Water (DNCQA), with the assistance of BESIK, has set up a database to manage the nation's water resources data and information and to support the implementation of the *Water Resources Management Law and Policy* (currently draft). This will be operational by June 2016. If this asset is being used and managed effectively by DNCQA to provide relevant information to decision-makers it could warrant further assistance in the future; and
- **Supporting the GoTL to improve water connections to health clinics and schools:** The GoTL aims for all schools and health posts to have access to fully functioning and accessible water systems and basic sanitation. The GoTL estimates that only around half of its schools and health clinics have access to water on a daily basis.¹¹⁶ Upon a request and future funds from the GoTL, the program could support the design and planning process to support water connections and O&M, and improved sanitation.

Australia's funds are limited. This program will not fund new capital projects and ongoing recurrent costs (such as salaries). The success of the partnership will be fully dependent on ongoing, and ideally, increasing funding from the GoTL for rural water.

Pillar 2 - Tools for measuring EOPO 2.1 and 2.2

The program will use the MoPWTC's management information system (SIBs), and parallel data from implementation procedures (complaints from community water groups, response times, maintenance logs, etc) during pilots to assess if the program is meeting its goal and EOPOs.

¹¹⁶ MoE 2012 National Stocktake of School Facilities and Equipment: Unicef, Situational Analysis of Children in Timor-Leste, 2014.

It is acknowledged that there are a large number of external risks that will impact on the goal and EOPOs, with core responsibility being with the GoTL institutions. Major assumptions that will impact on EOPOs being achieved include:

- The political economy and leadership of GoTL and how it impacts on service delivery in the water sector;
- Sufficient future GoTL budget allocations for both new water projects and for O&M to maintain existing water systems; and
- Procurement and management of new water projects and O&M is overseen to reduce waste and manage poor quality design and system construction.

Pillar 3: Education

Why Australia will support basic education

International evidence shows that investing in the early years of education is the most effective time to impact on the future development of a child.¹¹⁷ Australia will support the GoTL's reforms to improve the quality of education that children receive in the early years to increase learning outcomes for all, including children with disabilities. The MoE has asked Australia to support its key education reforms in basic education by investing in teacher quality and improving education sector policy and systems. We are supporting the GoTL's focus on early literacy and numeracy because basic literacy and numeracy is what enables children to learn. Improving literacy and numeracy is a path out of poverty because it can break the cycle of intergenerational disadvantage. It is especially relevant to girls and their role in development. On average literate mothers have children who are healthier and ready to learn and succeed in school.

International evidence also highlights that improving teacher effectiveness is one of the most important predictors of improving student learning.¹¹⁸ Teacher quality can be improved through a range of approaches including improving systems for recruitment and allocation of teachers, pre- and in-service training support and performance management.¹¹⁹ Education systems that are doing well have focussed on continuous teacher development with strong school leadership and systems for assessing and improving student learning outcomes, and teacher and staff performance.

Australia's role as a development partner is to support the MoE to improve the effectiveness and efficiency of its own investments. Australia's advice and assistance will focus on affordable strategies to support teachers in the classroom to improve student learning, including for students with disabilities. Australia will focus on the early grades of basic education (Grades 1-3).

The MoE is currently working on early childhood education (pre-school) reforms with New Zealand – the lead donor in this sub-sector. Australia could also provide support to early childhood education in the future, if the MoE requests additional assistance (see option 3 below).

What and how Australia will support basic education

Pillar 3 Goal: Children in the early grades have improved literacy and numeracy skills, base competences and core values for the development of the whole person.

Investment level: Expected to be around \$3 million each year.

Current partners: MoE, INFORDEPE, Alola Foundation, UNESCO National Commission, Catholic Institute for Teacher Education (Baucau).

Beneficiaries: Urban and rural population

Pillar will be directed by an **Education Pillar lead** under the ATLPHD

Australia recognises that the ability to demonstrate better learning outcomes is a long-term endeavour. However, in this initial five year period we expect positive trends in literacy and numeracy in early grades (Grades 1 to 3). The GoTL is working towards the objective of over

¹¹⁷ This is supported by a large body of knowledge from universities and organisations such as the World Bank, UNICEF and UNESCO. See for example, UNESCO, *Education for All Global Monitoring Report 2007: Strong Foundations: Early Childhood Care and Education*.

¹¹⁸ World Bank, *What matters Most in Teacher Policies: A Framework for Building a More Effective Teaching Profession*, 2012.

¹¹⁹ DFAT ODE, *Teacher Quality: Evidence Review*, 2014.

80% of children achieving the EGRA results above the national benchmark by 2030.¹²⁰ Australia will support the MoE to undertake an EGRA in 2018¹²¹ and possibly 2021 through this program.¹²²

Focus area 1- Improved teaching practice

This is estimated to be around 70% of the focus and expenditure in Pillar 3.

The MoE has completed Phase 1 of its 30 year education reforms. It has a new curriculum and a program for in-service teacher training that is gender-sensitive, and is now entering Phase 2 of its pathway to improve the quality of basic education in Timor-Leste.

Australia and other donors (including UNICEF, Portugal and a number of NGOs) have been supporting reforms to the education sector to improve teacher quality in various ways, but the effectiveness of these programs on student learning has not yet been comparatively evaluated.

At the request of the MoE, in 2015-16 Australia will work with the MoE to review these programs and develop a more effective and affordable system for improving teaching quality. In coordination with the MoE, activities under Focus Area 1 from 2016-2021 will build on this work. These activities will be agreed with the MoE on an annual basis, and will work towards the following EOPOs, which are interlinked and will influence each other during implementation:

EOPO 3.1: The MoE has an effective and affordable national policy and system for teacher development in place. Australia will support the MoE to improve the foundations of a cost-effective national system for teacher development (including school leadership and assessment) that can have an impact on improving student learning outcomes for all students, including those with disabilities. This may provide evidence of the effectiveness of different teacher development models in Timor-Leste and overseas,¹²³ (EOPO 3.2) to inform the MoE policy.

Australia could also provide support around teacher management so that foundational systems are in place for improved teacher workforce planning and budgeting. This could include support to assist the MoE with teacher distribution, deployment, and ensuring the right teachers are receiving the right training. These are important for ensuring GoTL investments in teacher development are maximised.

EOPO 3.2: Teachers demonstrate good teaching practice in the classroom in model school clusters. Professional leadership and in-school support are critical to sustaining changes in teachers' behaviour. At the direction of the MoE, Australia could design, implement and evaluate good practice educational leadership-based models in target clusters, taking a whole-school development approach. This could involve piloting approaches focused on the in-school development of teachers through providing teachers with skills and knowledge to implement good teaching practice in literacy and numeracy, to monitor student-centred learning and adapt teaching practice accordingly, and actively participate in professional development. The pilot may also look at improved support for teachers to achieve this, by working with cluster directors, principals/coordinators, inspectors and parents/communities.

The objective of this pilot is to support the Ministry to replicate successful models that demonstrate improvements in student learning outcomes. The program could also consider

¹²⁰ MoE, National Education Strategic Plan, 2011-2030. Note the specifics of the national benchmarks – the reading improvement the GoTL is aiming for by 2018 and 2030 has not been established yet.

¹²¹ Funding for the 2017 EGRA has already been provided to the World Bank through funding sources outside this program, but not for future years which if agreed as a priority would need to be funded by this program. The Pillar lead is expected to play a supporting role in ERGA implementation.

¹²² If requested by MoE, Australia will also consider supporting GoTL to conduct the Early Grade Mathematics Assessment (EGMA).

¹²³ For example, the program could draw on the Teacher Development frameworks from Samoa and Kiribati.

assisting MoE to measure teacher quality through classroom observations and assessments of teacher knowledge.

Following reviews undertaken in 2015-16 and in consultation with the MoE, Australia may also continue to support teacher development initiatives undertaken through non-state providers, including pre-service teacher training through the Catholic Institute for Teacher Education (Baucau), teacher development through the Alola Foundation and the MoE's mother-tongue based multi-lingual education pilot.

Focus area 2- Education sector policy and systems

EOPO 3.3- MoE has developed and implemented education sector policies and systems that support improved student learning.

This is estimated to be around 30% of the focus and expenditure of Pillar 3.

This focus area aims to respond to immediate and long term policy or system development needs of the MoE particularly when they impact on student learning outcomes. Australia can provide research and analysis support to the MoE to provide the evidence base for policy and system changes and can:

- Assist the MoE where there are blockages in rolling out its education reforms and meeting its minimum policy standards if these are critical to the overall goal of improved student learning outcomes; and
- At the request of the MoE, advise on specific policies, programs or systems and assess which could make education sector investments more effective and efficient.

Activities will be agreed on an annual basis¹²⁴ through the MoE governance mechanism. Choices will be guided by the principles at Section C4.

Examples of activities that meet these criteria that could be funded through this focus area include:

- Supporting the distribution of new curriculum materials and using this activity to undertake a comparative assessment and system design for a more efficient and cost effective distribution system for the MoE to use in the future (being supported in 2015);
- Reviews and evaluations of learning outcomes (such as EGRA which MoE has requested take place in 2018);¹²⁵
- Assessment of programs, such as school feeding and the impact on attendance and nutrition;
- Better linking planning and budgeting to improve education outcomes; and
- Management Information Systems to track learning results.

Optional - Focus Area 3: Early Childhood Education. If the MoE requests additional assistance in early childhood education and Australia's budget allows for this, Australia could work in partnership with New Zealand to support this sub-sector as Focus Area 3.

Pillar 3- Tools for measuring EOPO 3.1, 3.2 and 3.3: The program will use the MoE's management information system (EMIS), the EGRA/EGMA and parallel reporting from pilot programs including regular mini-EGRA/EGMAs (working with the World Bank and possibly UNICEF) to assess if the program is meeting its goal and EOPOs.

¹²⁴ With some scope for ad hoc requests.

¹²⁵ Funding has already been provided by Australia to the World Bank trust fund for the 2018 EGRA.

It is acknowledged there are a large number of external risks that will impact on the goal and EOPOs, with core responsibility being with the GoTL institutions. Major assumptions that will impact on EOPOs not being achieved include:

- Political economy and leadership of the GoTL and how it impacts on service delivery in the education sector;
- Sufficient future GoTL budget allocations to basic education to increase the number of classrooms and teachers in line with the increased number of children accessing schools, and to continually invest in the quality of education: and adequate funds being provided for facilities and learning materials at the school level; and
- Principals and teachers being adequately supervised and mentored by managers to ensure that investing in improved teaching practices translates to learning outcomes.

Pillar 4: Cross-cutting - Nutrition, Gender equality, Disability and Social protection¹²⁶

The **rationale and development objectives** for cross-cutting investments in nutrition, gender, disability have been set out in the Aid Investment Plan. Social protection is being added through this design as a cross-cutting issue.¹²⁷ This design outlines **why, what, and how Australia will deliver** on these objectives to enhance human development.

- Investments in these sectors could be stand-alone (vertical) or an activity that supports objectives in a Pillar of this program or another Australian funded program outside the ATLPHD (horizontal);
- This program houses the cross-cutting technical and advisory resources to support nutrition, gender, disability and social protection across the portfolio.¹²⁸ Shared cross-cutting resources enables better learning and sharing of lessons and more efficient mechanisms for dialogue with the GoTL;
- Analysis and dialogue will inform our choices to ensure we focus our limited resources - both budget and human - on the key cross-cutting issues that have the greatest potential for impact on the lives of people. We will not address every issue within all of our sector programs, as this would spread our resources too thinly and risk achieving sub-optimal results; and
- As there is no one GoTL Ministry to act as a governance mechanism to guide choices, the selection of activities and focus for TA will be based on an annual planning process by the Embassy Senior Management Team in consultation with GoTL, the ATLPHD contractor and relevant Timor-Leste stakeholders and guided by the design principles in Section C4.
- The Gender Equality Lead shall also be the **overall Pillar 4 lead**.

Approximately \$3 million each year is anticipated to be allocated to Pillar 4¹²⁹, subject to annual Australia aid budget allocations. In addition, up to \$4 million each year will support activities through the Eliminate Violence Against Women program being implemented by The Asia Foundation (TAF). Additional funds may be awarded through the internal DFAT competitive grants processes, for example via the Innovation and Gender Equality Funds.

4.1 Nutrition

Why Australia will support nutrition

Australia is uniquely placed to assist the GoTL to drive cross-sectoral action to improve nutrition.

Since 2013, Australia has supported Timorese leaders to increase their focus on nutrition through support to the President's Nutrition Awards and the National Council for Food Security, Sovereignty and Nutrition in Timor-Leste (KONSSANTIL).

Australia's Timor-Leste aid investments work on many of the causes of under-nutrition (e.g. water supply, sanitation, family planning, promoting dietary diversity) which positions us well to support multi-sector programming. However, some of our current sector-specific programs lack

¹²⁶ Indicative funding below relates to vertical activities. Additional funding in these areas may be provided through the sector programs.

¹²⁷ Australia has been supporting Social Protection in Timor-Leste for poor households through the World Bank since 2009.

¹²⁸ Advisers are not expected to respond universally across the DFAT portfolio; focus sectors will be directed by Embassy senior management.

¹²⁹ Additional funds may be available if the Timor-Leste program successfully bids for thematic or innovation funding through internal DFAT systems.

nutrition sensitivity (e.g. do not include nutrition messaging), and geographical convergence is by accident rather than design.

What and how Australia will support nutrition

Goal: Children (0 – 23 months) have reduced stunting in target sites.¹³⁰

EOP04.1: GoTL is leading a number of multi-sector nutrition interventions in target sites.

Investment level: An estimated \$1.4 million each year is allocated to specific-Nutrition interventions.¹³¹

Current partners: President’s Office, KONSSANTIL, Catalpa, all relevant GoTL Ministries

Directed by the **Nutrition Lead** under the ATLPHD

Australia will make vertical and horizontal investments to meet this objective.

Priorities for nutrition investments will be decided on an annual basis by DFAT, in consultation with KONSSANTIL (an inter-Ministerial Group chaired by the Minister of Agriculture and co-chaired by the MoH) as appropriate.

Focus Area 1 – Vertical investments

Australia will support the GoTL leadership on nutrition through working with the President’s office, MoH (nutrition working group), and KONSSANTIL. The primary activity is the **President’s Nutrition Awards** – the objectives of this activity are to:

- raise awareness of the nutrition situation in Timor-Leste;
- create a high profile national awards programme to motivate, inspire, educate and raise awareness of evidence based nutrition practices; and
- recognise and reward leadership and achievement at a community level.

While this activity is assessed to be effective it will continue to be supported under this Pillar. In 2015, two awards are being given:

- **The National Nutrition Leadership Award:** rewards villages who demonstrate leadership, mobilise community action and develop sustainable and inclusive integrated programs to improve the nutritional well-being of all village members, including those with disabilities who typically have poorer nutritional outcomes. The winner is announced during the Proclamation of Independence Day Ceremonies and receives USD10,000 to invest back into the village nutrition programme; and
- **The National Healthy Families Nutrition Award:** recognises a women’s association, group or individual who demonstrates leadership, initiative, and creativity to develop programs that improve nutrition for women and children and people with disabilities in their community. The winner is announced during the Restoration of Independence Day Ceremony and receives USD10,000 to invest back into their organisation.

¹³⁰ This commitment was made in the AIP.

¹³¹ Around AU\$300,000 of these funds in 2016-17 and 2017-18 will be provided via DFAT’s innovation exchange and will need to be reported on separately.

The contractor will provide support to the President’s Office to implement these awards and associated behaviour change campaigns. The Nutrition Lead will provide technical nutrition support to the Secretariat at the President’s Office.

Focus Area 2 - Horizontal investments

This program will support an integrated multi-sector nutrition pilot in target villages¹³² and provide nutrition support across all relevant DFAT investments.

The pilot implements all Australia-funded nutrition-sensitive and nutrition-specific support in three to four target villages.¹³³ In target sites, interventions will operate as a package to collectively impact on improved nutrition outcomes (supported by the Nutrition hub outlined below and funded by this program). Each of the sector activities in the package will continue to be implemented by existing DFAT partners with their GoTL counterparts, and the pilot will be closely monitored for changes in nutrition outcomes in the pilot villages (including for people with disabilities and women and girls through disaggregated data). Examples of nutrition interventions are listed in Table 2, alongside the determinants of nutrition status that they each target.

Table 2: Nutrition intervention examples

Nutrition causes (and intervention examples)	Implementing Partner	GoTL Counterpart
Food security (e.g. nutritious food production)	Seeds of Life and TOMAK (new DFAT Rural Livelihoods program) and Market Development Facility	Ministry Agriculture and Fisheries
Water security (e.g. improving access to safe water)	WaterAid (ANCP-funded) and Pillar 2 of the ATLPHD	Ministry of Public Works and MoH
Caring practices (e.g. exclusive breastfeeding)	Health Alliance International, Alola Foundation (funded by ANCP), Catalpa, funded through Pillar 1 of the ATLPHD	MoH
Family planning (e.g. promoting adequate birth spacing)	Marie Stopes International, funded through Pillar 1 of the ATLPHD	MoH
Hygiene and sanitation (e.g. promoting hand washing with soap)	WaterAid (funded by ANCP and DFAT Civil Society WASH fund) and Pillars 1 and 2 of the ATLPHD	MoH
Health care (e.g. deworming)	Health Alliance International and Marie Stopes International funded through Pillar 1 of the ATLPHD	MoH Ministry of Education
Inadequate food intake/dietary diversity	Seeds of Life and TOMAK (new DFAT rural livelihoods program)	Ministry Agriculture and Fisheries MoE

¹³² Target villages to be decided in 2015 with KONSSANTIL.

¹³³ Details of the full nutrition pilot is available on the DFAT website www.dfat.gov.au.

Disease	Health Alliance International through Pillar 1 of the ATLPHD	MoH
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Other DFAT programs may be added to the pilot (such as the education and social protection Pillars of ATLPHD) if there is scope for nutritional impact.

Any piloted nutrition-sensitive enhancements that are effective will be integrated into those interventions beyond the pilot site, where there is political opportunity and budget to do so, for example, in activities supporting sanitation and hygiene.

Nutrition Support Hub: This Hub – contracted through this program - will be responsible for driving the iterative design and trialling of innovations with existing partners; implementation of impact evaluation and a shared measurement platform; and general coordination across all implementing partners and across national and sub-national groups. It will consist of:

- Nutrition lead (Adviser);¹³⁴
- National Pilot Coordinator and Municipality Coordinator; and
- Human-centred design and information technology expertise through Catalpa - a Timor-Leste based technology for development NGO.

For the multi-sector nutrition pilot, a joint M&E Plan (developed with the support of the PMESP) and online data management platform will provide a basis for tracking each partner’s outputs (e.g. household participation in sanitation promotion events) and outcomes (e.g. changes in sanitation practices), as well as the collective impact of all partners on nutrition status. A rigorous impact evaluation design will be employed (which will disaggregate by gender and disability) and mobile data collection technologies, like SMS-based beneficiary feedback, will be trialled.

General functions of the contractor, Nutrition Lead (Adviser) and the Embassy team are set out in Sections D3 and D6. Where grants or contracts are already in place at June 2016 to support nutrition investments, they will be novated (see Annex 5).

4.2 Gender equality

Why Australia will support gender equality

The hardships facing Timorese women are a gender equality issue as well as an economic and social constraint for Timor-Leste. Australia has an opportunity, through this program, to work across the sectors to promote gender equality in a more coordinated and coherent way.

What and how Australia will support gender equality

Goal: Women and girls are more empowered, with access to improved services.

Level of investment: Around AU\$0.8 million each year. In addition, up to \$4 million each year is allocated to the Eliminating Violence Against Women Program through a grant to TAF (implemented separately see below).

Current partners: The Asia Foundation, local and international CSOs, GoTL leaders and Ministries

Directed by the **Gender Equality Lead** under the ATLPHD

With the GoTL’s plans for fiscal austerity over the next ten years, the **most acute policy challenge** that this program will face in addressing gender equality is to protect pro-poor GoTL

¹³⁴ There is one Nutrition Lead that works across this Pillar including in the hub.

funding for services and programs that benefit women and girls. Recent trends show that increasing proportions of the GoTL budget are not pro-poor, and are being spent on large scale infrastructure projects, central Ministry running costs and advisers, training, and overseas travel (which most often directly benefits men).¹³⁵ With high population growth, and without changes in expenditure priorities, there are projected decreases in per capita health, education and pro-poor social protection expenditure (Graph 3 Section B1) which will further decrease critical services that impact on the lives of women and girls risking entrenching the current economic and social disparities. This is an important issue for policy dialogue and public information.

The ATLPHD contractor will recruit a **Gender Equality Lead** (adviser). The Gender Equality Lead will be required to work across all the Pillars of the ATLPHD and selected DFAT-funded programs outside the ATLPHD and will also be the lead for Pillar 4. Priorities for support will be determined with Embassy Senior Management through the Australia-Timor-Leste Gender Strategy and Action Plan¹³⁶ on a biannual basis.

Vertical investments: Australia will continue to focus a large part of our assistance on the Nabilan: Ending Violence Against Women Program because violence is one of the major issues impacting negatively on the lives of Timorese women and girls. This program is Australia's flagship investment to empower women and girls and is being delivered through a partnership with The Asia Foundation (TAF). This investment is funded separately to the ATLPHD but the programs will closely coordinate, and the analysis and learning will be shared across DFAT investments.¹³⁷

As the Timor-Leste AIP has prioritised gender funding for Nabilan, the ATLPHD will need to target support for initiatives that promote women's leadership, decision-making, and economic empowerment. The program will seek to draw on additional resources such as the Embassy's Direct Aid Program and compete for funds from the DFAT Gender Equality Fund to further support this priority.

Future stand-alone activities will address the main binding constraints that can't be addressed in a single Pillar, such as barriers to formal sector work for women and safe transport.¹³⁸ It could also support selected Timor-Leste public sector and civil society mechanisms that promote women's leadership, decision-making and economic empowerment, including but not limited to: the SEM; the women's parliamentary group; the GoTL gender action group (includes Director-Generals from each Ministry chaired by SEM); women's peak body Redefeto; individual champions within the public sector; NGOs; and informal gender working groups.¹³⁹ Any future activities would be based on analysis of constraints and their design would be iterative via the annual planning process.

Horizontal investments: The Embassy Senior Management Team will use the information in the Embassy Gender Strategy and Action Plan¹⁴⁰ to identify where support under the ATLPHD contractor will focus beyond the ATLPHD to other specified programs within the DFAT portfolio.

¹³⁵ MoF transparency portal data.

¹³⁶ This document is under development and will be available in early 2016.

¹³⁷ For example, in 2015, through the Nabilan investment Australia has funded a public expenditure analysis on GoTL's MSS budget and programs that provides a baseline on gaps on achieving gender equality that will be used across the Pillars. The Nabilan program has also established "learning labs" where NGOs, policymakers and service providers meet to share information, lessons, research and recommendations for improvements to policy and programs that help to eliminate violence against women. These forums could also be used as an information forum for budget information on pro-poor spending that is critical for bridging the gender equality gap.

¹³⁸ For example, supporting 'pink taxis' which is women driven public transport for female passengers or support for women to get motorbike and car licenses.

¹³⁹ UN Women and other donors are supporting some of these organisations to promote gender equality.

¹⁴⁰ The Gender Strategy and Action Plan is a live document that priorities gender actions within each sector investment.

The ATLPHD contractor will provide strategic advice and oversee all vertical and horizontal investments to support design and implementation, including:

- 1) Providing advice on mainstreaming gender activities within ATLPHD Pillars (health, water and education and cross-cutting) (horizontal) to empower women and girls and increase their access to services ensuring gender outcomes are integral to the EOPOs for each pillar;
- 2) Providing advice on mainstreaming gender activities to selected DFAT funded programs outside of the ATLPHD to implement their priorities as identified in the Gender Strategy and Action Plan; and
- 3) Selected strategic actions to address binding constraints either through design and implementation of stand-alone gender equality activities or through advocacy, information sharing or other efforts to ensure a joint approach across the DFAT portfolio on gender.

Focus areas within each sector has been prioritised because it is pro-poor, and will improve the lives and opportunities of women and girls, particularly those in rural areas. Gender focus within each pillar that should be reflected in program EOPOs include:

- In health, the goal of our investment is tackling the key constraints to maternal and young children’s health, including access to family planning, care during pregnancy, safe and supportive births, and infant care (including for women and children with disabilities);
- In water, our investment focuses on maintaining access to improved rural water systems. Women and girls traditionally have the primary responsibility for water collection and , at a rural community level, operations and maintenance. Broken systems have a disproportionate impact on women and girls as alternative water collection can take several hours a day;
- In basic education, where school enrolment is near gender parity, our investment focuses on improved literacy and numeracy which will give both girls and boys equal opportunity to a quality education; including by helping implement the GoTL’s new school curriculum which is gender-sensitive and includes scripted lesson plans which actively promote the equal role of women in all aspects of society, including those with disabilities;
- In social protection our investment focuses on improving and increasing the impact of *Bolsa da Mae* because it is targeted at poor, single, female-headed households;
- In nutrition our interventions will target women who are often primary decision-makers on children’s diet and who will benefit from improved information, services and decision-making; and
- In disability our assistance targets all men and women, and aims to relieve the burden on women, who are often the main carers and forgo education and employment opportunities as a consequence of their role as carers.
- In all Ministries, our support will encourage and model equal opportunity in all recruitment processes.

Table 3 below shows key Gender Strategy and Action Plan areas to illustrate how we are approaching gender across the program and provides stimulus for ideas for cross sectoral learning:

Table 3: Summary of current key gender interventions

Empowering women and girls (and intervention examples)	DFAT funded program	GoTL Counterpart (where relevant)
Participation in community decision-making (e.g. choices for community infrastructure benefit women) and importance of community leadership as a foundation for future leadership in other spheres	The National Village Development Program – Support Program	Ministry of State, Ministry of State for Women, Ministry Social Solidarity, DPOs
Eliminating violence against women (e.g. accessible services, legal protection, awareness and advocacy)	Nabilan through The Asia Foundation	Ministry of State for Women, Ministry Social Solidarity, DPOs
Access to quality maternal and infant services (e.g. information on family planning, pregnancy, birth, infant, nutrition is being delivered)	Pillar 1 of the ATLPHD	MoH, DPOs
National targets and monitoring for gender equality (e.g. monitoring of pro-poor programs that benefit women)	Governance for Development program	Ministry of Finance (working with UN Women), Prime Minister’s Office
Hygiene and sanitation (e.g. access to hygienic toilets, promoting hand washing with soap)	WaterAid (funded by ANCP and CS WASH fund) and Pillar 1 and 2 of the ATLPHD	MoH and Public Works
Improving public sector policies and opportunities for women (e.g. women on selection panels for all recruitments)	Governance for Development	Civil Service Commission
Access to quality education (e.g. the new GoTL curriculum educates boys and girls about empowering women and girls and schools model this principle: future school leadership and teachers development programs will need to model this principle)	ATLPHD Pillar 3	Ministry of Education
Social protection (e.g. better targeting and expansion of <i>Bolsa da Mae</i>)	ATLPHD Pillar 4	Ministry of Social Solidarity
Access to livelihoods for rural women through agriculture and private sector (e.g. will target women as beneficiaries to maximise livelihoods)	TOMAK (new DFAT rural livelihoods program) and Market Development Facility	Ministry Agriculture and Fisheries Private Sector
Water access is sustained (e.g. recognising that poor investments in operations and maintenance has a disproportionate impact on women and girls)	Pillar 2 of the ATLPHD	Ministry of Public Works and NGOs

Linkages should also be made with the Australia funded Timor-Leste policing program, implemented through the Australian Federal Police working with the Timor-Leste National Police (PNTL).

General functions of the contractor, Gender Equality Lead (Adviser) and Embassy team are set out in Annex 3 and 4.

4.3 Supporting disability-inclusive development

Why Australia will support disability-inclusive development

People with disabilities are especially disadvantaged in Timor-Leste, in particular disabled women and people living in rural areas. Australia's support will help them to overcome barriers to accessing services and will enable people with disabilities' organisations to participate in policy decisions.

There are a range of strengths within the disability sector in Timor-Leste on which Australia can build. The GoTL has shown an increasing commitment to disability inclusion. A *National Policy for Inclusion and Promotion of the Rights of People with Disabilities* was approved in 2012. This is supported by a *National Action Plan for People with Disabilities 2014-2018* which outlines specific actions across ministries. This policy level commitment is critical. However progress toward implementation of commitments has been limited to date and there are risks this will be further delayed for commitments that have funding implications because of increased fiscal austerity.

What and how Australia will support disability

Goal: People living with disabilities benefit from improved opportunities and access to services.

Investment level: An estimated \$0.5 million each year for vertical activities and advisory assistance (does not include activities that support disability within Pillars).

Current partners: ADTL as the peak body in the disability sector, RHTO as the lead people with disabilities' organisation, GoTL through sector Ministries; Christian Blind Mission (Australia) will provide expert advice across the program.

Directed by the **Pillar 4 Lead**, supported by specialist disability inclusion expertise, contracted under the ATLPHD.

Vertical investments: Australia will support disability inclusive development through two¹⁴¹ Timor-Leste civil society organisations to raise awareness, advocate and provide practical support to policy makers to enhance services for people with disabilities.

- **Supporting local advocacy and awareness raising** - Australia will continue to support ADTL as the peak body in the disability sector and RHTO as the lead people with disabilities' organisation to foster a coordinated approach to disability services and advocacy efforts toward realising the rights of people with disability in Timor-Leste. This will include encouraging a gender sensitive municipal presence and outreach to improve access and service delivery;
- **Strengthening the voice and leadership of people with disability** - In addition to supporting national people with disabilities' organisations, the program will also identify informal approaches to building leadership and advisory capacity of people with disability and to encouraging participation; and

¹⁴¹ ADTL, the peak body for disability organisations, and Ra'es Hadomi Timor Oan (RHTO), a National People with Disabilities Organisation are currently being supported.

- **Improving the evidence base** – We work with people with a disability to gather information about the experiences of people with disability accessing services and participating in the community and economy, and provide support to undertake surveys on access to services and community attitudes towards people with disability to inform other activities and policy work with GoTL. We will work to consolidate evidence collected, identify gaps and support additional small scale research activities where needed. Evidence will be shared with DPOs to inform advocacy efforts and with stakeholders to inform programming. The contractor will track outcomes of all the activities under each ATLPHD to establish baselines and will track improvements in policies and service delivery for people living with a disability.

Horizontal investments: The Timor-Leste Disability Strategy and Action plan¹⁴² will set the framework for deciding on concrete action and targets for sector programs to support disability-inclusive development. The ATLPHD contractor will have responsibility for supporting the Embassy team to:

- 1) Make high quality investments in the ATLPHD Pillars (health, water, education, nutrition, gender equality, social protection) that support disability-inclusive development, where there are opportunities;
- 2) Provide high quality advice to the cross-cutting Embassy team to implement the Disability Strategy and Action Plan; and
- 3) Design and implement any new disability-inclusive development stand-alone activities.

The ATLPHD contractor will engage specialist disability advisory support (through CBM) to undertake technical tasks, under the direction and management of the **Pillar 4 Lead**. This advisory support function will be required to work across all the Pillars of the ATLPHD and other selected DFAT-funded programs. Priorities will be determined with Embassy Senior Management annually and documented in the Disability Strategy and Action Plan.

For example, the current sector priorities for disability support across the DFAT portfolios are:

- **Gender:** Violence Against Women is a risk and too frequent reality for women and girls with disability who can be particularly vulnerable.¹⁴³ The Nabilan program have developed a baseline to better understand violence in Timor-Leste, including for women and girls with a disability, and will give particular attention to developing strategies to prevent violence against women and girls with disability and support women and girls who are experiencing violence;
- **Water:** People with a disability face significant barriers to accessing safe water and sanitation, despite the fact it is a basic human right. Australia’s water investment has already taken significant steps to incorporate disability inclusive design principles into the program and its technical advice and standards, which will continue to be strengthened. Lessons learned through this program will be documented and shared with wider Australian aid programs;
- **The National Village Development Program (PNDS):** With support from RHTO, PNDS has taken initial steps toward disability inclusion, both through the community planning process and the accessibility of its infrastructure designs, and is collecting disaggregated data. Australia will encourage PNDS to focus on small scale pilot projects which trial disability inclusive strategies to generate lessons, and then scale these up;

¹⁴² Timor-Leste Disability Strategy available on www.dfat.gov.au.

¹⁴³ Astbury and Walji (2013) *Triple Jeopardy: Gender-based violence and human rights violations experienced by women with disabilities in Cambodia*.

- **Australia Awards:** Will target an award each year for a person with a disability (for undergraduate, masters or PHD) and provide additional support, including additional pre-testing English language coaching, so pre-qualified applicants are better positioned to succeed;
- **Basic education:** The GoTL's draft policy on Inclusive Education, once approved, is expected to include training for teachers on students with disabilities and will be implemented as part of the MoE's teacher development programs which Pillar 3 of this program is supporting;
- **Health:** Australia will incorporate disability inclusive approaches with support of a disability adviser. A particular focus will be exploring options to expand rehabilitation services (in scope and geographical reach) and to increase health workforce understanding and inclusive practice, as well as diagnosis of disability and referral pathways. A recent study has helped to identify knowledge, attitudes and practices of health workers towards mothers with a disability so the MoH and the MSS can change policies, guidelines, training and management interventions;
- **Rural development:** Road infrastructure which is accessible for people with disability will facilitate increased access to services such as health and education and access to markets. Initial steps toward improving access to road rehabilitation work for people with disabilities will be encouraged and expanded. Ensuring that the needs of people with disabilities are considered carefully in the inception phase of TOMAK, Australia's new agricultural development program, will also be an important priority; and
- **Governance:** Australia will advocate for inclusion of appropriate disability (i.e based on the UN Washington Group) questions into the 2020 Census and for appropriate training of census collectors on asking questions related to disability. Australia will also engage in policy dialogue as appropriate around commitments made by GoTL ministries in their Disability Action Plans.

General functions of the contractor, disability advisory assistance and Embassy team are set out in Annexes 3 and 4. Where grants or contracts are already in place at June 2016 to support disability-inclusive investments, they will be novated (see Annex 5).

4.4 Social Protection

Why Australia will support social protection

Timor-Leste's *Bolsa da Mae* program has the potential to significantly reduce poverty, in particular for women and girls. MSS previously received assistance to improve its social protection systems through the World Bank, funded by Australia. In 2015, MSS requested Australia to directly support Timor-Leste to improve its *Bolsa da Mae* program for poor households. As *Bolsa da Mae* is a conditional cash transfer program with social protection payments linked to households accessing education and health services, this partnership can support these linkages with education and health in terms of both demand and supply.

What Australia will support in social protection

Goal: Poor households benefit from an improving social protection system

Investment level: AU\$0.3 million each year

Current partner: MSS

Directed by a **Social Protection Lead** under the **Pillar 4 Lead** of the ATLPHD.

Vertical investment: Australia will provide advisory support to the Ministry of Social Solidarity to improve its implementation of its *Bolsa da Mae* program. World Bank analysis from 2014 demonstrates that there is significant scope to reduce the poverty rate, particularly for single female households, if relatively modest increases in GoTL funding are allocated and systems to distribute the transfers are improved.

If additional funding becomes available to the ATLPHD, this program will explore further support based on the principles in Section C4.

Horizontal: *Bolsa da Mae* is a conditional cash transfer program where recipients are required to attend school and use health clinic services in order to access this program, and therefore the linkages with public services are critical. Without supply of adequate and accessible public services this program will not be as effective in reducing poverty. This program will promote these linkages to assist the GoTL to improve the impact of all its programs on human development.

The ATLPHD contractor will have responsibility for supporting the Embassy team to:

- 1) Provide high quality advice to the GoTL on social protection; and
- 2) Improve the linkages (to accessible and inclusive health and education) with social protection where there are opportunities.

The ATLPHD contractor will provide advisory assistance - situated within the MSS - to undertake these tasks. Priorities will be determined with the Minister for Social Solidarity on an annual basis.

General functions of the contractor, Social Protection Lead (Adviser) and Embassy team are set out in Section C3 and Annexes 3 and 4. Where grants or contracts are already in place at June 2016 to support social protection investments, they will be novated (see Annex 5).

Pillar 4 - Tools for measuring progress towards goals:

The program will use separate reporting and GoTL statistics, such as the National Census and the Demographic and Health Survey where it can to monitor Timor-Leste's progress towards goals. The Portfolio Monitoring and Evaluation Service Provider (section D2) will have a role in parallel monitoring of ATLPHD contributions towards this goal on cross-cutting issues.

It is acknowledged that there are a large number of **external risks** that will impact on the Goal and EOPOs, with core responsibility being with the GoTL and Timorese leaders. Major assumptions that will impact on this program contributing towards its cross-cutting goals include:

- Political economy and leadership of the GoTL to reduce poverty; and
- Sufficient future GoTL budget allocations to both social protection and health and education services and improvements in their management systems.

C7 Activity level

The contractor shall undertake a design for each new activity. The choice of partner for implementation of any new activities will be determined during the design phase for each activity and depend on the policies and capacity of government and other local organisations. Activities may be delivered directly with government, selected multilateral or specialist development agencies, local or international CSOs, or the private sector.

The type of aid activities include, but are not limited to:

- Grants to government, CSOs, international and multilateral organisations;¹⁴⁴
- Tenders and/or innovative partnerships with the private sector;
- Use of technical assistance, local personnel and volunteers;
- Applied research; and
- Twinning arrangements with overseas institutions that perform similar functions.

The activity level design is required to establish the objective and how the EOPO will be achieved. Where TA is used, it should be clear if the objective is:

- Capacity substitution;
- Capacity supplementation;
- Facilitation to support change in priority areas; and
- A combination of the above.

It is expected that a mix of these TA objectives will be required to be employed at different times. Annex 2 sets out a summary of how TA can be used to achieve capacity substitution, supplementation and facilitation.

In line with the *Strategic Partnership Agreement on Development*, funding for this program will be on-budget and activities will be coordinated in line with the GoTL's planning, budget and monitoring cycles. All activities are subject to assessment of the relevant organisational capacity, including an assessment of their financial management and audit systems.

C8 Budget

The indicative program budget is AU\$120 million over five years with the option of a AU\$120 million five year extension. In addition, up to AU\$20 million for the Eliminating Violence against Women Program will complement this investment and contribute to common objectives.¹⁴⁵

Table 4 below shows the indicative activity budget against each Pillar. Actual allocations are subject to annual Australia Government aid allocations to Timor-Leste, decided in May each year.

¹⁴⁴ Any grants must undergo assessment of fiduciary risk – see Annex 6 Risk Matrix for more details.

¹⁴⁵ Currently up to \$20 million is allocated over 4 years (2014-2018), but could be extended in future years if effective.

Table 2: Indicative budget 2016-17 to 2020-21

	2016-17 \$Millions	2017-18 \$Millions	2018-19 \$Millions	2019-20 \$Millions	2020-21 \$Millions
Pillar 1 – Health (includes budget for Pillar Lead)	8.5	8.5	8.5	8.5	8.5
Pillar 2 – Water (includes budget for Pillar Lead)	3.5	3.5	3.5	3.5	3.5
Pillar 3 – Education (includes budget for Pillar Lead)	3.0	3.0	3.0	3.0	3.0
Pillar 4 - Cross-cutting (Nutrition, Gender Equality, Disability and Social Protection) (includes budget for Pillar lead)	3.0	3.0	3.0	3.0	3.0
Unallocated Activities	3.0	3.0	3.0	3.0	3.0
Total Activity Budget	21.0	21.0	21.0	21.0	21.0

In this table, AU\$15 million is unallocated and is expected to be allocated in future years subject to annual Australian budget process and in accordance with the governance mechanisms at Section D1. This includes management of funds relating to human development that may be awarded through various DFAT competitive funds processes, such as the Innovation Exchange, Gender Equity Fund and other future DFAT internal fund processes. This budget includes program funds for Contractor administration of DAP funding of an around \$240,000 each year.

In year four of implementation (by early 2020 at latest), the Embassy, in consultation with GoTL, shall decide, subject to program effectiveness, contractor performance and available budget, whether to seek approval to exercise the option to extend the contract for another five years.

Part D: Implementation Arrangements

D1 Governance structures

The GoTL has requested that donors use the Government's governance structures for overseeing donor programs. Donor set up Program Steering Committees have tended to be heavily donor centric in Timor-Leste, and have not always been effective in achieving Government to Government decision-making.¹⁴⁶

The strategic directions for this partnership as a whole will be decided on an annual basis through the **Annual Development Talks** between the Government of Australia and Timor-Leste. In the event that Annual Development Talks do not occur on time, strategic directions may be discussed with the Minister for Coordination of Social Affairs and other relevant coordinating and sector Ministries that have responsibility for aid coordination.

The program will use existing GoTL **Ministry-level governance structures** for making decisions to ensure that the Program is GoTL led at the Pillar level and activity level:

Pillar	Ministry	Chair
Pillar 1 Health	Ministry of Health - Council of Director meeting	Chaired by Minister
Pillar 2 Water	Ministry of Public Works, Transport and Communications (Directorate for Water and Sanitation- DGAS) - DG and Directors meeting.	Chaired by Minister, Vice Minister or Director-General
Pillar 3 Education	Ministry of Education Management Meeting	Chaired by Minister
Pillar 4 Multi-sector	As required with the relevant Ministry responsible	

As these meetings exist for the purposes of the GoTL, Australia will request to be invited in by the Chair on an annual basis to discuss the achievements and lessons to date, future strategic directions and work plan for the relevant Pillar. Topics could include:

- Advice from the GoTL on the strategic direction for Australia's investments in the sector including new priorities;
- A review of results and progress towards end of program outcomes; where objectives are not being met, decisions could be made on changes to direction, approach or delivery arrangements;
- The Annual Plan;
- Budget allocations and expenditure: this should also include information on GoTL budget allocations and expenditures in line with the principle of mutual accountability and obligations;¹⁴⁷
- A review of pilots and decisions on scale up and resourcing; and

¹⁴⁶ The DFAT GfD investment design, for example, included a high level policy dialogue on governance, but this mechanism has not had sufficient interest from GoTL to operationalise decisions reached in that forum.

¹⁴⁷ Foreign Minister Julie Bishop, *The New Aid Paradigm*, 2014

- Agreeing to new activities (noting that this can also be agreed with the relevant Ministry out of session).

The MoH and MoPWTC, through the BESIK program, hold management meetings (normally six-monthly) which are co-chaired by Director-Generals from MoPWTC and MoH. There is an option for these management meetings continuing under GoTL leadership on a biannual basis through this program combining Pillar 1 and 2 to facilitate cross-ministry coordination and engagement on areas of shared responsibility under GoTL's laws and policies. If useful the MoE and other Ministries (such as central or coordinating Ministries) could also be invited. This meeting would follow the same agenda (as set out above) and may at some point replace the single Ministry mechanisms; if it proves effective. After 12 months, DFAT, GoTL and the implementing contractor will review and make changes to governance arrangements to maximise effectiveness.

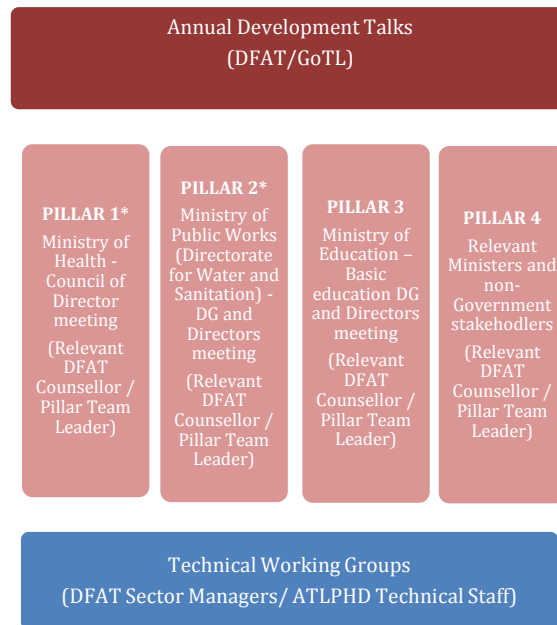
For Pillar 4 where there is not a dedicated GoTL oversight body, the Embassy and contractor will consult with relevant government and non-government stakeholders on an annual basis to inform annual plans as set out in Section C6 (Pillar 4).

The GoTL uses Technical Working Groups to discuss and agree on policy and program issues. These can be internal to Ministries or cross-Ministerial. These mechanisms may be utilised at the focus area and activity level as appropriate by the GoTL.

The Office of the Minister for Coordination of Social Affairs (MECAS) will work in partnership with the Embassy on Program oversight and M&E.

The Governance structures between DFAT and GoTL are set out below in Figure 2.

Figure 2: ATLPHD Governance Structures



*Pillars 1 and 2 may be combined into a single management meeting co-chaired by both Ministries

Annual plans: The ATLPHD Contractor will be responsible for developing an overall program annual plan and budget including cross sectoral/common focus issues and for each Pillar in consultation with the DFAT sector manager and the GoTL. These plans will be approved by DFAT and endorsed by the GoTL Ministry-level governance structures. The ATLPHD Contractor will be required to demonstrate via the Annual Plans that administrative costs are minimised; management processes (including procurement procedures) are designed to maximise cost effectiveness; commercial risks are managed sensibly; and funds are allocated based on evidence

of results to ensure the greatest possible impact and cross sectoral learning and opportunities for integrated programming are realised.

D2 Monitoring and evaluation

The primary responsibility for program oversight sits with the Embassy Senior Management team who will draw on monitoring and evaluation support from an independent service provider - the Portfolio Monitoring and Evaluation Services Provider (PMESP). The PMESP will be independent and will not have a role in the implementation of activities.¹⁴⁸ The draft functions of the PMESP across the portfolio are set out in section D3. Roles between the ATLPHD and PMESP will be refined during the first year of implementation.

A detailed M&E plan, program theories and performance information are required to be refined or developed collaboratively by the ATLPHD contractor and PMESP at the program and Pillar level in coordination with MECAS. Where existing M&E plans and program theories are in place through existing programs, these should be built on and evolved, not redeveloped. This will provide a framework for six-monthly M&E reporting which will be aligned to PMESP templates that will be used across the Timor-Leste portfolio to streamline reporting so it can be used for better decision making by DFAT and the GoTL, working with MECAS.

Baseline information also exists in many of the sectors, which has either been developed by the GoTL through databases and specific studies and surveys by GoTL and donors. These existing baselines are referenced throughout this design document and should be utilised and not duplicated by the ATLPHD. Where baseline data does not exist, it will be developed by the PMESP to support the ATLPHD.

Review and redesign: The ATLPHD will need to evolve in response to the changing environment and different opportunities in Timor-Leste. Consequently, the program will employ a six-monthly process of review and redesign to ensure that it is responding effectively to the changing context. This is a whole of program process, where consideration is given to relevance and utility of work areas, progress towards EOPOs, quality and impact of relationships, changes and development in DFAT and its ability to work within the Timor-Leste context and finally changes in that context itself. It will be an opportunity to consider the ways in which the program needs to adjust to remain relevant and on track to achieve end of program outcomes. It is the time for different teams in ATLPHD to step out of the detail of work areas and consider the whole reform environment.

The review and redesign process will involve the management teams of both the ATLPHD Contractor and DFAT, will be attended by at least two people from the PMESP (see section D3) and MECAS, and may draw on expert Timorese (from GoTL or civil society) as appropriate. It will usually be conducted as a two day workshop, will draw heavily on monitoring and evaluation information and be sequenced to occur at appropriate points in the Timor-Leste Government's budget process and this Program's annual cycle. The ATLPHD contractor will be responsible for facilitating and supporting the review.

D3 Stakeholder roles and responsibilities

There are three partners that have a critical role in managing delivery of ATLPHD: GoTL, DFAT via the Dili Embassy, the ATLPHD Contractor, with the support of the PMESP. Other stakeholders will play key coordination or consultation roles.

¹⁴⁸ Contractors and sub-contractors that have a function in implementing investments in the Timor-Leste portfolio will be excluded from bidding for the PMESP.

GoTL

GoTL's role will include:

- Set the strategic and operational directions of the partnership;
- Participate in the processes at the national and ministerial level that govern ATLPHD and determine its strategic direction and work program;
- Review outcomes and recommend relevant changes to activities using evidence generated from the ATLPHD activities and research to inform GoTL decisions where useful; and
- Contribute the resources and leadership required to meet their Strategic Development Plan and targets that the ATLPHD is supporting.

Embassy

The Embassy's role will include:

- Lead policy dialogue with the GoTL and other partners;
- Setting strategic directions with the GoTL through the various governance structures;
- Management of the ATLPHD and PMESP;
- Taking partnership effectiveness, results and using M&E to make decisions and negotiate changes to programs where the program is sub-optimal;
- Approving the ATLPHD Contractor Annual Plans in consultation with GoTL, and performance management of the ATLPHD Contractor via Performance Assessments;
- Sharing lessons, analysis and information and ensuring coherence with other DFAT portfolios (e.g. with DFAT supported programs such as Nabilan and GfD), other DFAT funded country programs and other donor investments within the human development portfolio; and
- Managing for contextual risks, as well as Australian Government corporate policy guidelines such as Work Health and Safety, Environmental Protection and Fraud Control and Anti-Corruption Plan.

Annex 4 includes further information on the role of the Embassy team. The performance of the Embassy staff responsible for this program will be measured against how they deliver at the program level as well as each sector. This will ensure that managers have an incentive to manage for common development benefits across the program.

ATLPHD Contractor

The **ATLPHD contractor** will operate from a central office in Dili. The primary function of the contractor is to provide strategic and technical advice to manage the flexible, opportunistic and responsive deployment of resources in support of ATLPHD's work program.

The ATLPHD contractor will be led by an internationally recruited ATLPHD Team Leader and supported by an Operations Manager (Deputy), with Pillars 1, 2, 3 and 4 being headed by a Pillar Lead. These positions will be responsible for the overall management and implementation of the program, managing the inputs of the operational staff and technical specialists in each Pillar. It is envisaged that the contractor representative will play a high level strategic role as well as providing quality assurance and trouble shooting. Annex 3 sets out functions of key contractor personnel as a guide– the contractor will have scope through the tender process to make refinements or suggest alternative arrangements that might be more effective and better value for money.

The ATLPHD contractor will be accountable for the following functions:

Strategy, policy and activity implementation

- Support DFAT to play the lead role in policy dialogue across all activity sectors;

- Strategically manage the whole program and each Pillar to achieve the program's EOPOs;
- Take over implementation of existing activities that are within the scope of the program;
- Plan and implement agreed activities in health, water, education, nutrition, gender, disability and social protection (and on cross cutting investments in nutrition, gender, disability-inclusion and social protection as integrated approaches across the programs);
- Ensure there are cross-pillar learning and communications systems in place for analysis, knowledge to policy, information-sharing, , and policy dialogue;
- Collaborate closely with other DFAT and donor programs to ensure maximum efficiency and effectiveness; and
- Support the partnership governance mechanisms in Section D1 (as required).

Operational and corporate services for the ATLPHD

- Recruitment and management of human resources;
- Grant and activity management as well as organisational capacity development for local grantees (as appropriate);
- Finance and budget management;
- Logistics and fleet management;
- Audit;
- Information technology;
- Internal and external communications strategy for sharing results and learnings;
- Public affairs;
- Provision of pooled technical advisers;
- Operational policies and guidelines, including internal processes for activity design;
- Systems, policies and checklists to manage risk and safeguards; and
- Provision of other operational and corporate services to support the Australian aid program, including:
 - overall administration and management of the Direct Aid Program (estimated to be \$240,000 a year based on 2015/16 budget)¹⁴⁹
 - translation and interpretation services
 - provision of defined services including possible provision of cars, IT, office space and equipment to the PMESP contract¹⁵⁰
 - provision of accessible meeting rooms and conference facilities to support aid program implementation
 - public affairs events as required related to aid programs, including organising receptions
 - other recruitment and administrative management as requested by DFAT: this will initially include administrative management and logistics support for the Director, PNDSSP in accordance with the novation schedule at Annex 5.¹⁵¹

Monitoring and evaluation

- Work collaboratively with the PMESP and GoTL (through MECAS and relevant Ministries) to develop, implement, and use a Monitoring and Evaluation Plan for program improvement, learning, and reporting;
- Participate constructively in discussions to refine the program logic and develop a fully operational investment M&E Plan;
- Comply with reporting protocols and reporting requirements on activities as defined in the M&E Plan:
 - Make staff available for training, and design of M&E processes and tools;

¹⁴⁹ Decisions on funding are made by the Embassy.

¹⁵⁰ Expected to be between two - four people, with a mix of long-term and short-term inputs.

¹⁵¹ The Contractor will not be responsible for the performance management of the Director PNDSSP

- Define and implement appropriate staff incentive regimes to support effective M&E and its use in decision-making;
- Provide appropriate logistical support to ensure effective M&E;
- Collaborate with all external evaluation/review and research processes as required;
- Routinely engage with the PMESP to review and discuss performance information and risks;
- Provide back-of-house operations and logistics support to PMESP i.e. vehicles, office, etc.; and
- Constructively provide performance feedback to the PMESP to improve its utility.

Portfolio Monitoring and Evaluation Service Provider

The PMESP will be designed, tendered and contracted separately to this program. Under direction from the Embassy Senior Management Team, the PMESP may have the following functions:

- Facilitate the definition of a clear program logic, and credible, lean monitoring and evaluation arrangements, for all priority investments –including for the ATLPHD. This will include design or quality assurance of data collection/analysis/reporting processes, tools and formats;
- Assist the Embassy Team to scope and coordinate external reviews and evaluations as needed; and
- Design and implement an AIP M&E system, which collates investment level M&E, complements it with additional strategic level M&E e.g. country context analysis, and supports Embassy Management to meet its reporting requirements and provide strategic oversight to the country portfolio.

The PMESP and the ATLPHD are expected to maintain a cooperative and trust-based working relationship to craft plausible program theories and a strategic approach to planning and M&E. The performance of the contractor will be assessed by DFAT, not the PMESP. A constructive working relationship with the PMESP will be one of the criteria that contractor performance is assessed on and vice versa.

DFAT reserves the right to move back to a more traditional M&E approach within the ATLPHD contractor at its discretion.

Other Stakeholders

The program is required to collaborate with other donors and the following Australian funded-programs (noting that relevant stakeholders may change during implementation), for example:

- DFAT's Nabilan: Ending Violence Against Women Program will complement the ATLPHD. Nabilan is Australia's flagship investment to empower women and girls and is being delivered through a AU\$20 million partnership with TAF. This investment is funded separately to the ATLPHD but will contribute to Pillar 4's goal. The two programs must be closely coordinated, and share analysis and learning, and may work together on implementing activities;
- DFAT's AU\$62 million Governance for Development (GfD) Program provides advisory services and budget support to government institutions to improve service delivery and public financial management. This investment has the potential to address constraints and provide support to enhance the achievement of ATLPHD's EOPOs. The ATLPHD Contractor will need to collaborate with GfD;
- DFAT is funding TAF to Support Good Public Policy (SGPP) which aims to develop capacities and mechanisms for good public policy generation and implementation that result in policies that more accurately reflect community needs. TAF is seeking to support initiatives that guide effective public policy through evidence based research while working with a broad range of civil society partners to strengthen policy advocacy in Timor-Leste and promote engagement between civil society and government actors, for example on information and demand for better services in the human development sector;

- Australian Federal Police supports the Timor-Leste Police Force through the Timor-Leste Policing Support Program; and
- DFAT funded Australian NGOs that are funded through the Australian NGO Cooperation program with a focus on NGOs that work in these sectors that can undertake complementary roles i.e. Water Aid.

D4 Procurement

The ATLPHD contractor will be selected by **open international tender**. This contract will be for a five year period, from June 2016 until June 2021, with the option for a further five years subject to program effectiveness, continued relevance, contractor performance and available funding.

As noted above DFAT may decide to add in other existing DFAT investments to this program that contribute to AIP Objective 2 in the ATLPHD contract during next the five years if it is assessed to be an effective and efficient delivery mechanism. Any additional activities/Pillars shall be subject to negotiation with the ATLPHD Contractor.

D5 Transition and novation

This design aims for a smooth handover of activities from existing partners. For this reason, the ATLPHD contractor will be required to novate a number of personnel and activity agreements, specified by DFAT. The criteria for determining which activities and technical advisers should be novated has been agreed on a case by case basis with the GoTL using the following criteria:

- Alignment with the strategic directions set out in this design;
- Whether current activities are effective and considered critical to the GoTL; and
- Performance assessments of grantees and technical assistance drawing on M&E reports that support the “success of TA”.

Following an initial period of six months the continuation of any novated or DFAT-specified personnel will be subject to performance assessments by the ATLPHD contractor. The continuation of any novated activity agreements beyond their existing end dates shall be subject to performance and approval through the Annual Planning process. Prior to these decision points, the ATLPHD will be responsible for quality assurance and performance management of the novated personnel and activities and DFAT-specified personnel, but shall not be held accountable for poor performance. Annex 5 sets out a schedule for novation.

Contracts for delivery of Australia’s human development investments are scheduled to end on 30 June 2016 (BESIK) and 31 July 2016 (PLSF). The ATLPHD is expected to be mobilised by 15 June 2016. This allows six weeks for a complete handover, with the expectation that BESIK will be completed first, then PLSF. Novations from GfD and DFAT are also expected to be completed within this six week period.

D6 Risk Management¹⁵²

This program, in line with Australia’s policy, encourages innovation and engagement with risk. Key risks in delivering the overall program follow.

Contextual

Timor-Leste is a new country with developing governance institutions. The state’s declining revenues and the need to focus expenditure on the highest priorities needs to be actively managed by the GoTL. The success of this partnership, which aims to enhance human development, is dependent on GoTL and the Timorese people managing this process.

¹⁵² This section adopts the categorisation used in DFAT Risk Management for Aid Investments Better Practice Guide.

By this program working flexibly and responsively to support the GoTL, with increasing austerity and without public sector reform, there is a risk partner Ministries increasingly seek funds for essential goods and services that normally governments fund with their own resources (i.e. basic medicines, text books, maintenance). Through this partnership and other DFAT investments in the governance portfolio, activities can seek to help the GoTL make more effective and efficient allocations of its own resources so priorities can be self-funded.

The PMESP will provide oversight monitoring resources to inform the contractor, DFAT and GoTL so that risks can be managed and the program theory of change and activity design can be altered accordingly.

Programmatic

This program has high sustainability risks. For example, deterioration in governance, weak management and fiscal austerity risks EOPOs being sustained beyond the life of the program: for example, trained doctors have no equipment or drugs supplied by GoTL. The program seeks to mitigate against this risk by close adherence to the program principles that inform the basis of the selection of investments in Section C4 and inform review and redesign. Activities that are no longer effective due to changes in the governance environment will be halted, and alternative activities will be designed. This may mean service delivery substitution is at times more appropriate than capacity development. The governance arrangements also provide flexibility to amend priorities.

An assessment of child protection and safeguards (displacement, resettlement and environmental) are included in Annex 6.

Institutional (corporate and business process)

By moving to a single program and contract there are risks with transition from existing programs to the new ATLPHD contractor, that management and implementation become too bureaucratic, siloed within Pillars, and learning and review are not factored into timely decision-making.

These risks will be managed through the following strategies.

- Requesting contractors (in their bid) to demonstrate how they will ensure efficient and effective decision-making, while managing implementation risks.
- Novating key advisers from existing programs to ensure a smooth transition and continuity of relationships.
- Establishing clear functions and accountabilities for Contractor and Embassy teams based on Annex 3 and 4.
- The contractor will be required to show in their bid how they will create an explicit knowledge, learning and communication function, and create internal program incentives for Pillar teams to innovate and share lessons, activities and technical assistance across the program.
- The separate PMESP will have a role in assessing how the contractor is using learnings, evaluations and analysis information, and highlighting any problems to DFAT.
- A six-monthly process of review and redesign.
- Within six months from mobilisation, DFAT will undertake a systems and process review to ensure the ATLPHD contractor is fulfilling its corporate and operational commitments made in the tender and inception plan.

DFAT has a zero tolerance approach to fraud and corruption. The program will assess whether grants for a particular activity is the most effective and efficient delivery mechanism in line with DFAT's Grant Guidelines. The risk of fraud will be managed by:

- Requiring the contractor to assess the recipient's system before a grant is provided. The level of the assessment of GoTL will need to be proportional and relevant to the scope of the proposed grant
- Ensuring the contractor has parallel assessment, reporting and audit processes to ensure are used for their proper purpose
- DFAT making the final decision on any large grants (over AU\$250,000) informed by the contractor's assessments and strategic decision-making processes including GoTL
- The contractors system will be subject to a review by DFAT to ensure compliance with the DFAT fraud and corruption policy six months into implementation.

The overall risk assessment is that this program is high risk. This program has a similar risk profile to all Australian aid activities in Timor-Leste.

Risk management strategies will be put in place to manage these and other risks as set out in Annex 6.

Annex 1: Traditional vs. Iterative, Adaptive Approaches

At the Pillar and activity level this program will take iterative adaptive approaches as set out in the table.

'Traditional' donor approaches	Iterative, Adaptive approach
Project design takes a 'blue-print' or top-down approach.	Project design focuses on decision-making process and simple, clear governance arrangements. Many things are unknown at the start.
Problem defined by elites, or central bureaucrats only. Or change process driven solely by donors or NGOs.	Problems defined by communities, or responding to problems identified by local implementers. National and local-level political support is crucial. Both technical and political solutions needed.
Detailed pre-planning of specific objectives, outputs, and budgets.	Phasing, or rolling plans with beneficiaries. Short, rapid cycles of planning – action – reflection. Within the clear vision of the goals. Ensures ownership. Learning activities must be built into workplans (focus on informal learning, keep formal learning to a minimum).
Implement as closely to the workplan as possible.	A large degree of flexibility in any planning, methods, and human resources. Allow for experimentation.
Time-bound, short-term projects.	Long time frames – 10 to 20 year timeframes are more realistic to allow for sustainable change.
Fast-paced implementation.	Going at the pace of local implementers. Start small and expand (piloting).
Experts, making a few short visits each year.	Daily, ongoing support to build local capacities, and not simply experts 'brought in'.
M&E: outputs and outcomes identified and set from the outset. Assumption that change occurs in a linear fashion.	Outputs and outcomes are set throughout the program. Incremental improvement in an iterative fashion. Embracing learning by doing, that feeds into ongoing planning – action – reflection.
Traditional TA – main doers of the project.	Emphasise on-the-job training, support in solving daily problems. Quality of interventions by facilitators in facilitation of problem-solving, technical advice, and training is crucial.
Project-specific governance arrangements, such as Special Project Units, Steering Committees.	Voluntary creation of bodies, or use of existing governance arrangements, such as Council of Directors
Government officers responsible to central Ministry.	Government officers responsible to central Ministry and communities

Annex 2: Approaches to Capacity Development

Throughout this design document, we have adopted the terminology used by the Australian Government,¹⁵³ which recognises that adviser support to capacity development can occur along a continuum – capacity substitution, supplementation, or facilitation to enable roles.

Capacity Substitution: Each activity in the program may include an element of capacity substitution. This is largely because in a young country, donor support has been criticised for having too much focus on building capacity for long term and in the process, failing to help the Government of Timor-Leste deliver services in the short term.¹⁵⁴ It also acts as an opportunity to learn about what capacity building is needed, and builds credibility and relationships with GoTL counterparts, and may be required when systems such as drug distribution or facility maintenance can't keep pace with human resource capacity-building. Capacity substitution may include targeted/one-off provision/supplementation of equipment, buildings, refurbishments, facilities, vehicles and other supplies regarded as necessary for organisations to achieve their objectives and for competencies and capabilities to be utilised.

Capacity Supplementation: Capacity supplementation is a more 'traditional' approach to capacity development. The intent is to provide expert advice to a counterpart in a defined area of specialisation not available locally. Examples include just-in-time policy analysis, systems design, external training, study tours, and on the job technical advice. Where this support is provided by an in-country advisor, he/she may hold an in-line or off-line, and short or long term. The distinction between what advisers are expected to deliver, and what they are expected to assist counterparts deliver, will be agreed clearly in their terms of reference.

Capacity Facilitation: There is a strong emphasis on facilitation and coaching for building capacity in the new health program. Coaching is a process that enables and facilitates learning. It helps people to learn rather than teaches them. It is aimed at developing self-awareness and 'self' motivation and responsibility. Through coaching, people and teams develop their own answers to their own issues. A coach is a sounding board, a facilitator, an awareness raiser and a non directive counsellor.

Technical advisers can provide coaching to facilitate a greater degree of local problem solving at the level closest to the delivery point. ODI has presented a practical application of this in a rural water project in Tanzania,¹⁵⁵ where councillors participated in a 'coaching programme' to better understand the rules governing their roles and responsibilities. The councillors were presented with problems and asked to find solutions, which resulted in an increased understanding of the regulations and their responsibilities. A problem-solving mentality was developed and the feeling of achievement in reaching a solution appears to have had a legacy in establishing a team spirit. For advisers, this means taking on more of a facilitation rather than purely an advisory role.

The research from ODI also stresses the need for facilitating adaption by learning. This means moving towards a more experimental approach, where the exact course and outputs are unpredictable. This means the position description and activities for advisers will not be known from the commencement of each package. Tight feedback loops that allow implementers to feel that progress is being made and a tool with which to continuously correct the course of the programme is integral. Also, soft skills, such as managerial talent and relationship-building skills are integral to effective facilitation and coaching.

¹⁵³ As set out in the *Use of Advisers in the Australian Aid Program – Operational Policy: Adviser Planning, Selection and Performance Management*.

¹⁵⁴ *Reforming the Approach to Technical Assistance in Timor-Leste: Review of current practice and options for reform*.

¹⁵⁵ *Unblocking Results: Using Aid to Address Governance Constraints in Public Service Delivery*.

Annex 3: Functions of ATLPHD Contractor

This Annex sets out draft functions of the key specified ATLPHD personnel. DFAT will consider alternative functions for positions where the bidder has suggestions for maximising effectiveness.

Contractor Representative

- High level strategic guidance for the ATLPHD and DFAT management team, drawing on international best practice
- Support for program quality and coherence
- Trouble shooting

Team Leader

- Leadership and strategic direction to deliver program coherence, program goals and EOPOs, in line with the program principles
- Excellent relationships with GoTL, Embassy and other stakeholders
- Overall responsibility for management, implementation and reporting on outcomes
- Budget and risk management
- Ensuring there are systems in place, and being used, for whole program analysis, design, knowledge to policy, information-sharing, policy dialogue and review and redesign underpinned by a sound understanding of the political economy and a willingness to engage in innovation and risk
- Support to the partnership governance mechanisms in Section D1 (as required)
- Linkages to other DFAT programs to achieve AIP objectives
- M&E, linking with PMESP, and actioning any M&E recommendations
- Championing best practice in Gender awareness and programming.

Operations Manager (Deputy)

Establishing and implementing corporate services for the ATLPHD, including but not limited to:

- Recruitment and management of human resources, including standing offers of specialists that can be used at short notice
- Finance and budget management, including grant and activity management as well as organisational capacity development for local grantees (as appropriate)
- Logistics and fleet management
- Audit
- Operational policies and guidelines
- Information technology
- Communications
- Public affairs

- Systems to manage risk and safeguards
- Other operational and corporate services.

Pillar Leads (Pillars 1, 2, 3, 4)

- Lead and manage all activities and partnerships within the Pillar to deliver on goal/s and EOPOs
- Provide strategic advice on planning, managing and implementing activities- ensuring that activities are joined up and that there is a feedback loop to the relevant Ministry on pilots and programs
- Coordination with other Pillars and other DFAT programs as relevant.
- Design and redesign activities within the Pillar
- Contribute to reporting and budgeting for Pillar activities
- Dialogue with the Ministry and other sector partners and stakeholders on policies and systems reform
- Contribute to recruitment and performance management of personnel working within the Pillar

These Pillar lead positions may be located within the relevant Ministries. DFAT anticipates these will be full-time long-term Dili-based positions, however is willing to consider other arrangements. The Pillar Lead for Pillar 2 Water will novate from BESIK (Annex 5).

Pillar 4

Functions of the Pillar 4 Lead and Gender Equality Lead (Adviser)

- Overall strategic management of Pillar 4
- Strategic advice to DFAT on the selection and design of stand-alone (vertical) gender equality investments and advice on gender equality within sector (horizontal) investments, including to implement the Gender Strategy and Action Plan
- Undertake strategic policy dialogue with GoTL to advance gender empowerment, drawing on evidence from the sector programs: engage with CSOs within Timor-Leste as relevant
- Support national gender staff within the DFAT programs in all portfolios to achieve specific gender outcomes
- Support activity level design and implementation of stand-alone initiatives that will advance gender equality and social inclusion delivered through the ATLPHD Pillars (health, nutrition, water and education)
- Support Pillars 1, 2 and 3 Pillar Leads to fulfil their requirement to integrate gender equality within their work
- Reviews and evaluations, as requested by Embassy and ATLPHD contractor
- Provide support for gender in M&E across all Pillars in order to collect data on outcomes that are disaggregated by gender (as relevant).

Functions of the Nutrition Lead (Adviser)

- Strategic advice to DFAT and key GoTL stakeholders in line with the principles on achieving a 10% percent reduction in stunting in pilot sucos.
- Oversee all vertical and horizontal interventions in this Pillar.
- Priorities for technical sectoral support will be determined on an annual basis and agreed by Embassy Senior management Team
 - In 2016/17, priority support will be for the agriculture sector, working with the DFAT agriculture (TOMAK) program.

The position is full-time Dili-based. The existing DFAT Nutrition Specialist, contracted through PLSF, will novate to become the Nutrition Lead (Annex 5). This position may be co-located within the Embassy office and the President's office.

Functions of Disability Advisory Support

- Strategic advice to DFAT on implementing the Timor-Leste Disability Strategy and Action plan.
- Support national staff within the DFAT programs in all portfolios to achieve specific disability-inclusive outcomes.
- Support CSOs and DPOs to undertake policy dialogue with GoTL to advance disability inclusive development.
- Targeted support for stand-alone initiatives that will advance disability-inclusion delivered through the ATLPHD Pillars (health, nutrition, water and education)
- Reviews and evaluations, as requested by the Embassy and ATLPHD
- Support Pillar Leads fulfil their requirement to integrate disability-inclusion within their work
- Provide support for disability-inclusion in M&E across all Pillars in order to collect data on outcomes that are disaggregated by disability and disability-specific indicators (as relevant).

This advisory support will be provided by CBM on a short-term inputs basis.

Function of Social Protection Lead to the Ministry of Social Solidarity (Adviser)

- Advise MSS on improving the administration, targeting and reach of *Bolsa da Mae* to improve its effectiveness for the poorest Timorese.
- Advice on social protection across the DFAT portfolio.

This position will be based in MSS. The current MSS Adviser on Social Protection will novate (Annex 5).

Annex 4: Embassy Team Functions

Function of the DFAT Counsellor – program level

- Lead policy dialogue with Government and partners to inform strategic directions of Australia’s support to Timor-Leste in Human Development
- Political economy analysis to inform choices, directions and risk management for the human development portfolio; linking with DFAT (Canberra) as required for advice
- Leadership on policy directions, learning and using M&E to inform programming
- Overall performance management and implementation of the portfolio
- Oversight of the ATLPHD’s performance and management of risks, drawing on advice from the PMESP
- Program coherence and linkages between human development portfolio and other DFAT investments, particularly with central agency programs
- Other stakeholder dialogue and relationships.

Member of the Embassy Senior Management Team

Function of the Embassy Sector Lead Manager/Team

(The Embassy will advise the contractor on mobilisation which Embassy manager Pillar Leads report to for health, water, education, nutrition, gender equality, disability and social protection)

- Lead policy dialogue with Government, private sector, other donors and CSOs (as relevant) at sector level
- Program strategy and results for relevant Pillar/s
- Political economy analysis to inform choices, directions and risk management within sector
- Establish annual activity priorities through dedicated governance mechanism
- Program briefing
- Budget management
- Program monitoring and annual quality assessments
- Linkages with other DFAT investments and DFAT Canberra, including drawing on sectoral specialists, technical advice and learnings from global research and other programs.

Note that one Embassy Manager will have overall responsibility for the contract management of the ATLPHD, reporting to the DFAT Counsellor for Human Development.

Annex 5: Novation table¹⁵⁶

To ensure continuity and a smooth transition of effective activities, a number of personnel (Part A) and grant agreements (Part B) will move to the ATLPHD program and contractor. Budgets for advisers are approximate and actuals will be based on DFAT's Adviser Remuneration Framework as it applies in Timor-Leste.

Part A: Personnel for novation

Pillar	Position in ATLPHD	Approx. budget AUD(million) for time period of novation only	Existing position	Existing contractor	Time period to novate for
Pillar 1- Health	Focus Area 4- Transport infrastructure and facilities management	\$0.8	Lead transport adviser and mechanic team	PLSF	To June 2018 (existing contract period)
Pillar 2- Water	Water Pillar Lead	\$0.3	Current Besik Team Leader	Besik	New contract for 12 months to 30 June 2017
Pillar 1- Health	Focus area 3 Sanitation and Hygiene Improvement Program Manager	\$0.3	Current Besik Sanitation and Hygiene Improvement Program Manager to the MoH	Besik	New contract for 12 months to 30 June 2017
Pillar 3- Education	Focus Area 1 National Adviser on Basic Education to MoE	\$0.02	Current National Adviser and Specialist on Basic Education	PLSF	To 31 December 2016 (existing contract period)
Pillar 3- Education	Focus Area 1 International Adviser on Basic Education to MoE	\$0.15	Current International Adviser Basic Education	PLSF	To 31 December 2016 (existing contract period)
Pillar 4- Nutrition	Nutrition Lead (Adviser)	\$0.3	DFAT Senior Nutrition Adviser	PLSF	To July 2017 (existing contract period)
Pillar 4- Nutrition	Pilot Municipality	TBC	Pilot Municipality Coordinator	PLSF	To December 2016.

¹⁵⁶ This table will be updated in 2016.

	Coordinator				
Pillar 4- Social Protection	Social Protection Lead (Adviser) to the MSS	\$0.3	Social Protection Adviser	GFD	New contract for 12 months to 30 June 2017
All program	PFM Adviser	\$0.3	PFM Adviser across program	GFD	New contract for 12 months to 30 June 2017
Other corporate-	Director PNDSSP	\$0.5	Director PNDSSP	PLSF	To October 2017 (existing contract period)

Part B: Grants/contracts for services that will novate

Pillar	Focus area and activity	Approx. budget \$(million) for time period of novation only	Purpose	Existing contractor	Time period grant ends
Pillar 1- Health	Focus Area 1- Doctor capacity development	\$3.5 (estimate for 2 years)	Contract with Royal Australasian College of Surgeons (RACs)	PLSF administered (Contract with DFAT)	To June 2018
Pillar 1- Health	Focus Areas 1 and 2 Health sector worker capacity development and demand activities	\$8.4	Grant agreements with NGOs (Marie Stopes International, Catalpa and Health Alliance International)	DFAT	To June 2018
Pillar 2- Water	Focus area 1 O&M pilots	<i>TBC in 2016</i>	Any O&M contracts with NGOs/or private sector essential to pilot activities	Besik	<i>TBC in 2016</i>
Pillar 3- Education	Focus Area 1 Teacher quality	No budget implications as funds prepaid for 2016 year	Grant to Catholic Institute for Teacher Education (Baucau)	DFAT	Management would novate
Pillar 3- Education	Focus area 1 Teacher quality	<i>TBC in 2016</i>	Grant to Alola Foundation	PLSF	<i>TBC in 2016</i>
Pillar 3- Education	Focus Area 1 Teacher	\$0.35	Grant to UNESCO National Commission Grant	PLSF	December 2016

	quality				
Pillar 4- Nutrition	Stand-alone activity	\$0.2	Grant for President's Awards (staff and costs)	PLSF administered (Contracts and MOU with DFAT)	June 2017
Pillar 4- Nutrition	Nutrition multi-sector pilot design and information technology expertise	<i>TBC in 2016</i>	Grant to Catalpa	Grant agreement with DFAT)	<i>TBC in 2016</i>
Pillar 4- Disability	Stand-alone activity	<i>TBC in 2016</i>	Grants agreements with ADTL and RHTO	PLSF administered (grant agreement with DFAT)	<i>TBC in 2016</i>
Pillar 4- Disability	Advisory assistance	TBC	Grant Agreement with CBM	DFAT (Canberra)	TBC

Upon mobilisation, the new contractor shall inspect PLSF assets and based on this assessment shall notify PLSF of all assets that the new contractor will transfer for use of the Program.

Annex 6: ATLPHD Investment Design Risk Matrix

Programmatic risks (event, source and impact)						
<p>Effectiveness and results: ATLPHD are unable to achieve results in some Pillars with Ministries due to limited focus on service delivery outcomes by the Ministry due to other (political) priorities for the Ministry.</p>	Major	Likely	High	<p>EPOOs, activities and partners could be changed if opportunities for reform and policy engagement are limited.</p> <p>Likely to lead to less funds being provided to support activities in the Ministry or an exit from that sector/Pillar.</p>	Embassy-Counsellor ATLPHD	Moderate
<p>Program coherence: Program fails to operate strategically, innovatively and as a whole and is siloed within the ATLPHD with limited program wide benefits.</p>	Major	Unlikely	Moderate	<p>The contractor and lead personnel will be selected on the basis of demonstrated capacity to deliver strategically and manage complex programs.</p> <p>DFAT CVB has advised that there are contractors that have delivered complex (and larger) programs in PNG which has some similar state characteristics.</p> <p>To encourage innovation across the Pillars, the contractor will be required to create internal program incentives for Pillar teams to innovate and will be assessed as part of tender assessment criteria. The contract basis of payments will reflect this.</p>	DFAT (CVB) Embassy-Counsellor ATLPHD	Moderate

<p>Program leadership: ATLPHD contractor does not recruit appropriately skilled personnel at the Team lead or Pillar lead level and/or Advisory level with the right mix of policy and management skills required to implement the program.</p>	Major	Unlikely	Moderate	<p>The tender is a competitive process and DFAT reserves the right to reject personnel on the tender bid and in recruitment processes and request that the contractors seek more appropriate personnel.</p> <p>In the Request for Tender there will be flexibility for bidders to propose “alternative management arrangements” to ensure they can recruit high quality personnel that provide these skills based on market availability.</p>	DFAT (CVB) Embassy-Counsellor	Moderate
<p>Sustainability: Deterioration in governance, weak management and fiscal austerity risks EOPOs being sustained beyond the life of the program: for example, trained doctors have no equipment or drugs and/or are not being allocated to placements in Health facilities outside Dili.</p>	Moderate	Likely	High	<p>The program principles prioritise selection of activities based on a political economy assessment, affordability and priority for GoTL which should mitigate this risk to the extent possible in a new and developing state context.</p> <p>Activities that are not effective will be stopped.</p>	Embassy-Counsellor ATLPHD	High
<p>Flexibility: GoTL Ministries with reduced resourcing seek to use the flexibility of the ATLPHD as a source of funding for goods and services that it should be funding itself (fungibility risk).</p>	Major	Likely	High	<p>As funds are limited and comparatively small for each Pillar, there is limited scope for funding ad hoc requests without reducing other activities. Choices may need to be negotiated with the GoTL through the governance mechanism.</p> <p>Policy dialogue and judgement will be required at the political level to mitigate this risk.</p>	Embassy-Counsellor ATLPHD	Moderate
<p>M&E: Separate PMESP arrangement (if not managed well by the Embassy and without the right personnel) could overcomplicate the M&E process by becoming overly technically focused and distract Embassy staff and ATLPHD personnel from core tasks of political-economy analysis, building</p>	Moderate	Possible	High	<p>The PMESP will be oversights by the Embassy Senior Management team, who will ensure the work of the PMESP is not overly onerous for the ATLPHD, is practical and useful for decision-making and program implementation and is working supportively and collaboratively with the implementing partners.</p>	Embassy (Senior Management team)	Moderate

relationships and program delivery.				There will be scope for reversion to traditional M&E in the contract.		
<p>Child protection: Selected personnel will sometimes be directly providing services in the Health Pillar, for example a doctor teaching in the paediatrics area of the hospital will undertake clinical procedures as a means of saving lives and on-the-job skills transfer, and will have contact with people including children in day to day work.</p> <p>In the other sectors, contracted personnel will visit schools and communities with GoTL officials and partners to implement programs and monitor effectiveness, but will not have a direct service delivery role.</p>	Major	Rare	Moderate	The embassy will undertake a review and audit of contractor systems including the execution of DFAT’s child protection policy and procedures. The policy is required to include police checks, and will require that contracted personnel and funded partner’s personnel do not operate alone in service delivery and capacity development situations.	Embassy-Counsellor ATLPHD	Low
<p>Safeguards “do no harm” (displacement, resettlement and environmental):</p> <p>Risk of a infrastructure activity doing harm as a result of poor design or environmental assessment.</p>	Minor	Negligible	Low	<p>The Contractor Program Operational Manual will have policies and checklist for safeguards in place which will be applied to all activities before implementation. This policy and its application will be reviewed by DFAT six months after mobilisation.</p> <p>No new large scale infrastructure is planned to be funded by this program.</p> <p>GoTL may seek assistance from this program for design assurance of small rural water systems, however these would be maximum of US\$100,000 (per system) funded by GoTL (through PDID) which would not involve any</p>	ATLPHD Embassy-Counsellor Embassy contract manager	Low

				<p>displacement or resettlement. It is acknowledged that Timor-Leste's Decree Law 05/2011 on Environmental Licensing implements a system of environmental impact assessment and licensing proportional to the size of the investment. Although the law exists, due to poor procurement (50% of GoTL contracts are single sourced without due process) and poor supervision and compliance with its laws, advisers can refer to the law and seek to assist officials to implement it, but ultimately have no control.</p> <p>The program will support GoTL with O&M on existing water systems, and possibly health facilities. While the risks of environmental impacts from O&M are rare, DFAT's environmental guidelines are required to be used by the contractor to guarantee safeguards are in place. The contract will have an early review point to review and audit contractor systems which will include reviewing its execution of DFAT's environmental guidelines and checklists during O&M.</p>		
Institutional (event, source and impact)						
Program Management: The single program and contractor model is too bureaucratic with unsupportive corporate systems and guidelines, adversely affecting performance, achievement of outcomes and ability to be responsive to GoTL.	Major	Unlikely	Moderate	The Embassy and ATLPHD, with support from the independent PMESP have a mandate to monitor effectiveness, and the contractors will be accountable for making prompt changes to arrangements and personnel where they are not working.	Embassy-Counsellor ATLPHD	Low

				<p>The contractor representative is accountable for monitoring this and quarterly performance discussions with six-monthly performance reviews linked to performance payments will create financial incentives for the contractor to fix problems and build on and replicate success.</p> <p>Six monthly review and redesign workshops will support active management.</p> <p>Review of contractors systems will be conducted after six months by DFAT.</p> <p>DFAT's investment design section will support the Embassy in implementation and share lessons with other country programs.</p>		
Transition: Potential loss of existing experienced Advisers from existing programs due to lack of certainty which halts activities and relationships with partners	Major	Unlikely	Moderate	Early advice on novation of key essential advisers to the ATLPHD is being given to ensure a smooth transition and continuity of activities.	Embassy with existing contractors (BESIK and PLSF) and new ATLPHD contractor	Low
DFAT human resources: Insufficient Embassy staff and/or capacity of posted officers to provide strategic oversight and maintain substantive relationships and policy dialogue with GoTL.	Moderate	Possible	High	DFAT Canberra to monitor and advocate for high quality and experienced Embassy staff to match the high risk profile of the program. Sufficient numbers of staff are also required to be maintained to ensure there is time to properly oversee the contractor and undertake policy dialogue with GoTL. Engagement with the DFAT Thematic advisors,	DFAT AS Embassy (HOM)	Moderate

				<p>the Contractor Representative and additional technical advice if needed. Support from the PMESP to enable evidence based discussions with GoTL.</p> <p>This risk is to be monitored and assessed by HOM and DFAT Canberra.</p>		
<p>DFAT budget resources: Further Australian Government budget cuts and changes in priorities and focus of the aid program</p>	Major	Possible	High	<p>The design allows for resourcing to change and incorporates flexibility to respond quickly to Australian and GoTL priorities and levels. There is scope to contract, expand or exit a sector.</p>	Embassy - Counsellor	Moderate
<p>Fraud and fiduciary: Potential fraud risk involving delivery GoTL, partners or private sector.</p>	Major	Likely	High	<p>Before allocating resources as a grant, the program will assess that a grant is the most effective and efficient delivery mechanism in line with DFAT's 'Grant Guidelines'. Robust Operational Guidelines that meet DFAT requirements will be developed and upheld by the contractor. The contractor will support organisations to manage funds and meet reporting requirements. Tasking systems will be developed and include details about the role of the embassy with the level of the assessment of systems proportional and relevant to the scope of the proposed grant.</p> <p>After 6 months of implementation the contractor's fraud and fiduciary risk guidelines and systems will be subject to a review by DFAT to ensure compliance with the fraud and corruption policy</p>	<p>Embassy- Counsellor</p> <p>ATLPHD</p>	Moderate

Risk Matrix Key

Likelihood/Impact	Negligible	Minor	Moderate	Major	Severe
Almost certain	Moderate	Moderate	High	Very High	Very High
Likely	Moderate	Moderate	High	High	Very High
Possible	Low	Moderate	High	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Moderate	Moderate	High