



Governance
for Development

GfD Annual Report

May 2020 to April 2021

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Abbreviations and Acronyms

AA	Autonomous Agency
ABS	Australian Bureau of Statistics
AACTL	Autoridade da Aviação Civil de Timor-Leste
ADB	Asian Development Bank
ANATL	Air Navigation Administration Timor-Leste
ANS	Air Navigation Services
ASA	Air Services Agreement
BAS	Business Activity Survey
BNCTL	Banco Nacional de Comércio de Timor-Leste
CSC	Civil Service Commission
CIGC	Integrated Crisis Management Centre
CoM	Council of Ministers
CSO	Civil Society Organisation
DC	Desired Change
DFAT	Department of Foreign Affairs and Trade
DBFTL	Dalan Ba Futuru Timor-Leste
EOPO	End of Program Outcome
ERC	Economic Recovery Commission
ERP	Economic Recovery Plan
FM	Fundasaun Mahein
FMIS	Financial Management Information System
GDP	Gross Domestic Product
GDS	General Directorate of Statistics
GESI	Gender and Social Inclusion
GfD	Governance for Development
GoTL	Government of Timor-Leste
GRB	Gender Responsive Budgeting
GRF	Global Reporting Format
GSB	General State Budget
ICAO	International Civil Aviation Organisation
ICT	Information and Communications Technology
IFC	International Finance Corporation
IMO	Immediate Outcome
IMR	Investment Monitoring Report
INO	Intermediate Outcome
JSMP	Judicial System Monitoring Program
KEQ	Key Evaluation Question
KDA'I	Kdadalak Institute of Public Policy
KIF	Kaebauk Investimentu no Finanzas
LES	Locally Engaged Staff
LM	Line Ministry
LTA	Long Term Adviser
MCAE	Ministry / Minister for Coordination of Economic Affairs
M&E	Monitoring and Evaluation
MoF	Ministry / Minister of Finance
MRLAP	Ministry / Minister of Legislative Reform and Parliamentary Affairs
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
OPM	Office of the Prime Minister
PAF	Performance Assessment Framework
PARTISIPA	Partnership to Strengthen Village Development and Municipal Administration
PBA	Program Budgeting Adviser
PBB	Program Based Budgeting
PCM	Presidency of the Council of Ministers
PEA	Political Economy Analysis
PF	Performance Framework
PFM	Public Financial Management

PHD	Partnership for Human Development
PLG	Policy Leaders Group
PMIS	Personnel Management Information System
R&R	Review and Reflection
SAT	Strategic Advisory Team
SSC	Story of Significant Change
SEFOPE	Secretary of State for Vocational Training and Employment
SEII	Secretary of State for Equality and Inclusion
SERVE	Serviço de Registo e Verificação Empresarial
SoE	State(s) of Emergency
SOP	Standard Operating Procedure
SQ	Sub-Question
STA	Short Term Adviser
TAF	The Asia Foundation
UPMA	Planning, Monitoring and Evaluation Unit
WEE	Women's Economic Empowerment
WTO	World Trade Organisation
ZEESM	Special Zone of Social Market Economy of Timor-Leste in Oecusse Municipality

Executive Summary

Context

Governance for Development (GfD) is an eight-year, A\$72 million governance Program which commenced through an interim program in 2013 and will end in June 2021. The Program is working towards two End-of-Program Outcomes (EOPOs): Government of Timor-Leste (GoTL) makes evidence-based decisions and policy, and GoTL improves implementation of policy and delivery of services. The Program works through three areas of reform: Public Financial Management (PFM), public administration, and economic development. The Program underwent an independent Program Review in late 2019, a number of recommendations from which have been implemented across this reporting period. The current contract with Cardno will end on 30 June 2021, and the design of a successor program is close to completion. A transition phase of six - twelve months from 1 July will ensure a smooth transition and no loss of momentum between GfD and its successor program.

The Program delivers against the EOPOs through a range of modalities, the two predominant ones being placement of advisers in central Government entities (35 long term advisers at the end of this reporting period), supplemented by targeted short-term advisory inputs (ten short term advisers engaged during the reporting period), and the funding of grant partners to deliver specific pieces of work or to contribute to specific aspects of GfD's Theory of Change (eight grant partners across the reporting period). GfD's activities are locally led, responsive to GoTL priorities, flexible and adaptive to changing contexts. GfD also creates ways for civil society organisations to engage with GoTL in GfD's three work areas, including through targeted financial support to non-Government partners.

GfD is managed through a 'one team' approach across Cardno and the Embassy, with the two organisations working closely to ensure that the Program's activities are fit-for-purpose, technically feasible and politically possible.

The period May 2020 to April 2021 was particularly challenging for many reasons, although the country saw greater political stability than in the previous 12 month period. The establishment of a new FRETILIN/ PLP/ KHUNTO/ PD alliance led to political alignment between the Prime Minister and the President. This facilitated in general the passage of legislation, and importantly enabled the filling of all ministerial positions which had been vacant since the Eighth Constitutional Government's inception in June 2018. The Government restructure in May 2020 was followed by the appointment of a number of new Ministers including, importantly for GfD, in the Ministry of Finance (MoF), the office of the Minister for the Coordination of Economic Affairs (MCAE) and the office of the Presidency of the Council of Ministers (PCM). Further, following the establishment of the new political alliance not only was the 2020 General state Budget (GSB) approved in October after 10 months of duodecimal budget allocations, but the 2021 GSB was approved in December 2020 – the first time in several years that the GSB was approved before the start of the new financial year.

COVID-19 continued to impact significantly on the country and its economy, and the work of GfD. Gross Domestic Product (GDP), which had been predicted to increase by 4.6 percent in 2020¹ actually contracted by seven percent – the largest decline since independence². Successive monthly States of Emergency (SoE) were in place throughout the reporting period, with varying levels of associated restrictions, including strict regulations on international travel. After a year of containing the virus in quarantine facilities, the first cases in the community were reported in February 2021 in border areas, and in early March the first case was reported in Dili, leading to the imposition of 'sanitary fences' around Dili and a number of Municipalities, and a lockdown in Dili. Devastating floods on Easter Sunday, 4th April, further exacerbated the challenges facing the country, and following a subsequent temporary lifting of the lockdown restrictions to enable flood recovery efforts, community transmission emerged and case numbers increased significantly.

¹ World Bank Group. 2019. Timor-Leste Economic Report, October 2019 : Unleashing the Private Sector. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/32818> License: CC BY 3.0 IGO.

² World Bank Group. 2021. Timor-Leste Economic Report, May 2021 : Charting a New Path. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35720> License: CC BY 3.0 IGO.

COVID-19 impacted significantly on GfD's program and operations. All international Long Term Advisers (LTAs) were relocated to Australia when the pandemic first emerged, and returned between September 2020 and January 2021. National staff worked from home for a number of months, returning to their offices between June and August 2020. Work from home arrangements were then reintroduced from 8th March 2021. These arrangements were still in place at the end of the reporting period. International Short Term Advisers (STAs) were unable to travel to Timor-Leste throughout the reporting period, and the work of international grant partners was also severely disrupted by the inability to travel. GfD activities pivoted to support the development and implementation of the Economic Recovery Plan (ERP), and the development of Information and Communications Technology (ICT) solutions to facilitate remote working arrangements for GoTL. GfD's Program Continuity Plan and Business Continuity Plan were updated with the resurgence of the virus in early 2021, setting out GfD's response to COVID-19, both operationally and programmatically.

Overall achievements

Although COVID-19 impacted on the achievement of some Desired Changes (DCs), progress towards **EOPO 1** is assessed as being 'on track'. GfD economic advisers in the Ministry for Legislative Reform and Parliamentary Affairs (MRLAP) and the Office of the Prime Minister (OPM), as well as grant partner Monash University, provided significant evidence and analysis to inform the ERP. Grant partners The Asia Foundation (TAF) and Oxfam conducted research and assessments of the economic and social impacts of COVID-19 on a range of different groups, and in particular those that were vulnerable, and made this information available to decision-makers to inform GoTL's response to COVID-19. In PFM, the Dalan Ba Futuru Timor-Leste (DBFTL) management information system was used by all entities other than the Special Zone of Social Market Economy of Timor-Leste in Oecusse Municipality (ZEESM) in the preparation of the 2021 budget, and the DBFTL dashboard was used by the Budget Review Committee to inform budget deliberations. The Council of Ministers (CoM) approved a strategy for the establishment of a Unique ID system for all Timorese citizens and residents, informed by significant input from GfD advisers.

EOPO 2 was assessed at the end of October 2020 as experiencing 'some delays', largely due to the 2020 budget impasse, and the impact of COVID-19 on Government service delivery. However, by April 2021 there were a number of examples of improvements to the implementation of policy. For example,

- The 2021 budget was developed on the basis of Program Based Budgeting (PBB) for all entities other than ZEESM, and reflective of COVID-19 ERP priorities
- The second round of merit-based promotion for general career regime civil servants was completed successfully
- Quick wins were implemented in the Serviço de Registo e Verificação Empresarial (SERVE) to improve business licensing processes, and revised workflows were developed and implemented for both manual and email business registration.

There was, however, less progress than anticipated with respect to the implementation of some priorities, and in particular two pieces of Civil Service Commission (CSC) legislation that have been awaiting approval by the CoM for some time.

As at October 2020, progress in relation to **Gender and Social Inclusion (GESI)** was rated as having 'some delay'. However, by April 2021 progress against GESI DCs was largely on track, although lagging slightly in the area of disability. GESI is mainstreamed across all of GfD's work areas and through its Monitoring and Evaluation (M&E) system as well as its operational practices, including in its risk register in Annex Two. A GfD GESI Strategy and Action Plan was approved by the Embassy in November 2020, complemented by a Civic Engagement Strategy. Progress in relation to GESI was evidenced through:

- Increased understanding about Women's Economic Empowerment (WEE) by GfD economic advisers, following an in-house training program
- A renewed focus on inclusion in CSC priorities, policies and practices, and a higher percentage of women than men being promoted in the recent merit-based promotion round
- Ongoing improvements to Gender Responsive Budgeting (GRB) and reporting, improved use of the Gender Marker, and increased budget allocations to programs noted as 'principal' in relation to gender

- Provision of GESI-related findings from GfD grant partner research on the impact of COVID-19 and Government response to those developing the ERP
- The GESI-responsiveness of GfD's internal policies and practices.

Disappointingly, work planned on social statistics by the Australian Bureau of Statistics (ABS) did not progress as a result of COVID-19 travel restrictions. Progression of recommendations from a series of focus groups on disability in the civil service workforce has been delayed and will be picked up under the GfD Transition Program.

GfD's workstreams:

GfD's **PFM workstream remained 'on track' throughout the reporting period**, with ongoing progress in the implementation of GoTL's Budgetary Governance Reform Roadmap (BGRR). While there have been delays in some elements, and in particular the development of a Medium Term Plan and Expenditure Framework, the progress of legislative reforms, the implementation of PBB and GRB, and progress in terms of the timeliness and quality of reporting, have all continued to meet or exceed expectations.

In spite of the challenges of COVID-19, political uncertainty and a budgetary impasse during the first half of 2020, the 2020 GSB was passed in October 2020, and the 2021 GSB passed in December – the first time in four years that the GSB has been passed before the start of the financial year.

Key achievements during the reporting period included:

- Development of 2021 GSB using PBB classification structures for all entities with the exception of ZEESM, and inclusive of funds for all ERP priorities, and development of initial COVID-19 budget and 2021 COVID-19/Flood Rectification Budget based on PBB classification structure
- Updates to key pieces of PFM legislation, including Budget and Financial Management Law and a revised Decree Law on planning, budgeting, monitoring and evaluation, drafted and awaiting final approval
- Transitional activities underway to ensure MoF is equipped to take over responsibility for annual planning and budgeting
- Guidelines and templates developed to facilitate the development of Line Ministry (LM) and Autonomous Agency (AA) budgets, using a PBB approach
- Improved use of the Gender Marker, and an increase in budget for those programs noted as 'principal'
- Increased understanding of and interest in GRB and use of DBFTL by key decision makers such as the Budget Review Committee.

Progress on updating the BGRR has been delayed, largely as a result of the transition of annual planning and budgeting from the Unit for Planning, Monitoring and Evaluation (UPMA) within OPM to MoF. While UPMA has been keen to progress this, MoF has been focused on other priorities, including COVID-19 and the flood, and has not as yet engaged fully in the process. The review and update is now anticipated in the second half of 2021.

GfD's **public administration workstream has made 'less progress than expected'**, with lockdowns, remote work arrangements, and delays to the passage of legislation continuing to impact on progress of some important reforms. Two pieces of legislation are still awaiting CoM and parliamentary approval: workforce planning, and individual performance assessment. The establishment of the 3rd Mandate in mid-2020 also led to delays as the new Commissioners were selected, and new priorities determined. The interconnection between the Personnel and Financial Management Information Systems (PMIS and FMIS) in the CSC and MoF respectively, continued to experience delays, in part as a result of changes to the Government's organic structure. GfD was, however, instrumental in the establishment of technology to enable remote work arrangements for civil servants, and in the development of an open source, in-house online testing system for civil service promotions.

Progress of e-governance reforms in TIC Timor also slowed significantly as a result of remote working arrangements. The advisers were, however, able to pivot their work to other ICT priorities, including the establishment of a COVID-19 dashboard and app, and the development of a strategy to establish a Unique ID for all residents of Timor-Leste.

MRLAP was disbanded in mid-2020 as part of the new organic structure of the Government, and GfD's legal adviser there was appointed to PCM, where she has been active in streamlining policy and legislative development processes, as well as supporting the legislative backbone of successive SoE.

Although the Public Administration Reform program was approved by the CoM in early 2020, many elements require legislative changes for the reforms to progress. Political differences mean that much of the legislation is still in abeyance, including in relation to changes to the competencies of the CSC. Some priorities have, however, progressed with GfD support such as the Unique ID system, and business licensing reforms.

In spite of delays in some areas, GfD contributed to a number of public administration achievements:

- Determination of priorities for the 3rd CSC Mandate
- Completion of second round of civil service general career regime promotion
- Improvements to the CSCs disciplinary processes
- Strengthened ICT systems, including remote access, and development of an in-house testing system for civil servant promotions (the latter aims to reduce reliance on ICT vendors)
- Development of a strategy to implement a Unique ID system across Timor-Leste
- Development of a COVID-19 dashboard to ensure dissemination of reliable information on COVID-19
- Development and approval process of COVID-19 SoE laws.

There has been less progress than anticipated in relation to a number of **economic policy** DCs, with COVID-19 impacting the workstream and leading to a major pivot. However, although some DCs were not achieved, GfD's COVID-19 economic response activities had a big impact, including in the development of the ERP and associated budget, and therefore **the workstream is assessed as being 'on track'**. GfD advisers and grant partners contributed evidence and analysis to inform the ERP, including on the socio-economic impacts of COVID-19 and on the impact of the Government's initial COVID-19 response package in relation to low-income households.

Reforms continued to progress with respect to the **Business Enabling Environment (BEE)**, through legislative reforms such as the Law on Voluntary Arbitration and improvements to business registration and licensing. However financial sector reforms in the Banco Nacional de Comércio de Timor-Leste (BNCTL) and Kaebauk Investimentu no Finansas (KIF), largely led by GfD's multilateral grant partners, were not fully implemented, in part as a result of COVID-related travel restrictions.

Key achievements included:

- Reflection of GfD adviser and grant partner contributions in the ERP
- Completion of research on socio-economic impacts of COVID-19, and GoTL's economic stimulus measures, through grant partners TAF and Oxfam, to inform planning and decision making
- Completion of other research studies including on the Business Activity Survey (BAS), the informal economy, the economics of agriculture, and the economics of the youth bulge
- Approval of the Law on Voluntary Arbitration, and accession to the New Work Convention on Arbitration
- Significant progress towards World Trade Organization (WTO) accession, with considerable economic and legal inputs from GfD advisers
- Further streamlining of processes for registering businesses and obtaining licenses
- Development of a simple Access database to facilitate data management within SERVE.

There was '**less progress than expected**' in **aviation**, largely impeded by an inability of international advisers and consultants to undertake missions to Timor-Leste, as well as by COVID-19 related pressures on the GfD's main aviation counterpart – the Autoridade da Aviação Civil de Timor-Leste (AACTL). The International Civil Aviation Organisation (ICAO) audit was delayed. Work has, however, continued on supporting AACTL to progress key pieces of legislation, manuals and documents for Air Navigation Services (ANS) and preparatory work for the establishment of an AACTL document management system.

Key achievements in the period included:

- Passage of key legislations – the ratification of the Australia-Timor-Leste Air Services Agreement (ASA) and progression of ASAs with a number of other countries, the approval of a Ministerial Diploma to establish a National Aviation Security and Facilitation Committee, and the approval of legislation ensuring a proportion of airport charges will transfer from Air Navigation Administration Timor-Leste (ANATL) to AACTL
- Development and implementation of COVID-19 aviation safety protocols and provision of strategic advice in relation to post-COVID recovery, including both economic and safety aspects
- Publication of the Aeronautical Information Publication and other ANS documents.

Capacity building – a key objective for this reporting period – was hampered due to international travel restrictions. Once travel restrictions have eased, GfD intends to focus its efforts on building much needed capacity of AACTL staff to enable it to fulfil its mandate as an independent regulator and to ensure it achieves a satisfactory ICAO audit result.

Progress in relation to supporting **Other Voices** was rated as ‘**on track**’ despite significant COVID-19 related challenges, which derailed some grant partners’ planned activities, particularly due to travel restrictions to Municipalities. COVID-19 opened up new and significant avenues for both research, and for advocacy for civil society, and there were a number of examples of Civil Society Organisation (CSO) advocacy influencing Government policy and legislation. Highlights from the period include:

- Oxfam’s research which assessed the impact of COVID-19 on women in agriculture and informal sector workers, providing evidence to decision makers
- TAF’s bi-monthly COVID-19 pulse surveys, which replaced the Tatoli! public perception survey and collected time-series data on public perceptions of COVID-19 and the Government’s response
- The development of an infographic on the Inclusive Policy Making Cycle
- Finalisation and operationalisation of a civic engagement strategy.

How GfD works

GfD has continued to engage effectively with a range of partners, often taking a leadership role in coordination. Critical partners include GoTL, grant partners, other Australian Government-funded programs/implementing partners, other development partners, and CSOs. GfD’s coordination with other donors and development partners is essential, particularly in relation to PFM reforms, where there is a risk of diverging views compromising GoTL’s ability to make coordinated, targeted progress. Other areas in which GfD pays particular attention to coordination include ICT, aviation, and economic development more broadly (including in particular the economic impact of COVID-19).

Close engagement and trusted relationships with GoTL counterparts are at the core of GfD’s success. The Program develops strong relationships with Government counterparts and focuses on locally-led issues that are identified by GoTL stakeholders. Strong partnerships lead to a deep understanding of context, which in turn enables informed and targeted support. GfD’s engagement with GoTL partners is both formal and informal. Formal Review and Reflection (R&R) workshops provide a forum for GoTL counterparts to outline their priorities, and the areas in which they would benefit from GfD support. No R&R workshop was held in the period due to COVID-19, but one is planned during the Transition Program if COVID-19 restrictions allow. In addition to these formal engagement mechanisms, informal engagement with counterparts enables discussion of emerging priorities and troubleshooting of issues. Regular meetings between the Embassy, GfD Management, and GoTL counterparts provide opportunities to discuss changing priorities and needs. These informal discussions were supplemented in mid-2020 by a series of formal Political Economy Analysis (PEA) workshops, which will be repeated in mid-2021.

The GfD Independent Review that was published in early 2020 included a number of recommendations, which were addressed in a Department of Foreign Affairs and Trade (DFAT) Management Response. Progress was made on the majority during the reporting period, with a few delayed because of COVID-19. Structured PEAs were conducted, and a Strategic Advisory Team (SAT) established to provide advice on program strategy to the Embassy and GfD Management. Two key studies have, however, been delayed: on the impact of GfD support on the CSC and broader public service performance, and on Barriers to Service Delivery (the latter in collaboration with the Partnership for Human Development (PHD) and Partnership to

Strengthen Village Development and Municipal Administration (PARTISIPA) programs). These studies will be undertaken in the second half of 2021.

Recommendations

Program-wide

A number of recommendations relevant to the remainder of this period and the Transition Program were included in the December Six-Monthly Update, the Embassy's Investment Monitoring Report (IMR) and in the GfD Completion Report. These are considered comprehensive and therefore no additional program-wide recommendations have been included in this report. They can be found in Chapter Four of the main report. The following recommendations are new recommendations relevant to each workstream.

Public Financial Management

- Continue to build collaboration across GfD's workstreams, and in particular economic development and PFM, including through dialogue across the SAT.
- Continue dialogue with MoF in relation to possible GfD advisory support for the transition of annual program-based planning and budgeting to MoF.
- Continue to provide GRB advisory support through UPMA, focused on building the capacity of MoF and Secretary of State for Equality and Inclusion (SEII) to take the lead on this in the future.
- Continue dialogue with PHD and PARTISIPA and the Embassy in relation to barriers to service delivery and how to reduce them, including through PFM reform.

Public Administration

- Continue to build on the momentum afforded by pandemic restrictions to increase efficiencies through extended use of ICT.
- Continue to base GfD's engagement in relation to public administration reform on a sound PEA, informed by input from the SAT Public Administration Adviser.

Economic Development (Economic Policy, and Business Enabling)

- Continue to undertake regular formal and informal PEAs to underpin GfD's priorities in relation to economic development, and invest in building and maintaining relationships with key economic players across the political spectrum.
- Continue to build collaboration across GfD's workstreams, and in particular economic development and PFM, including through dialogue across the SAT.

Economic Development (Aviation)

- Continue to engage international advisers and consultants to support AACTL to become, and be capable of sustaining itself as, a competent autonomous regulator.
- Support AACTL to identify and exploit potential streams of revenue, and to seek cost-effective ways of performing their oversight functions.
- Focus GfD's efforts during the Transition Program primarily on capacity development, and identify alternative means of providing this capacity building support should COVID-19 travel restrictions continue to limit the ability of advisers to travel to Timor-Leste.
- Discuss the opportunities to pay more attention to gender and social inclusion in trainings and in legislation and policies with civil aviation advisers.

Other Voices

- Anticipate risks and mitigation actions in relation to the Presidential and Parliamentary elections in the coming two years, and their possible impact on the ability of CSOs and grant partners to engage in the policy making process.
- Work closely with grant partners to ensure their programs and proposed activities for the Transition Program are fully harmonised with GfD's Theory of Change objectives, that reports are fit-for-purpose and that they are accompanied by an effective approach to disseminating research findings.

Working in Partnership

- Continue to provide the GfD team with the resources required to engage effectively through remote means, and actively seek opportunities to engage regularly with counterparts even when face-to-face meetings are not possible.
- Develop a 'return to office' strategy that recognises the protection afforded by COVID-19 vaccinations, while continuing to take account of health and safety risks associated with the pandemic.
- Continue to identify areas for collaboration with other Australian Government-funded programs where programs intersect in their scope and interest.

Relevance, efficiency and sustainability

- Undertake an assessment of the impact of GfD support in public administration and the overall performance of the civil service.
- Strengthen the role of the SAT, to focus not only on strategic advice to the Embassy and GfD Management, but also technical leadership and mentoring to the advisers within each workstream.
- Continue to hold annual formal PEAs for each workstream, complemented by regular discussions of changes to the political environment and their implications for GfD.



Presentation organised by GfD on the Unique ID system, attended by Embassy staff. *Photo credit: GfD*

1 Introduction

1.1 Overview

The Governance for Development Program (GfD) is an eight year, A\$72 million governance Program which commenced through an interim Program in 2013 and will end on 30 June 2021. GfD supports evidence-based decision-making in the Government of Timor-Leste (GoTL) to improve the systems, policies and laws that underpin economic development and strengthened service delivery. GfD is working towards two End-Of-Program Outcomes (EOPOs):

- GoTL makes evidence-based decisions and policy
- GoTL improves implementation of policy and delivery of services

The Program achieves this through three areas of reform:

- Public Financial Management (PFM)
- Public administration
- Economic development (including economic policy, business enabling environment, and aviation)

A fourth focus area of strengthening 'other' voices to influence public policy cuts across the three reform areas.

The Program underwent a Program Review in late 2019, a number of recommendations from which have been implemented across this reporting period. The current contract will come to an end on 30 June 2021, and the design of a successor Program is close to completion. A transition phase of six - twelve months from 1 July 2021 will ensure a smooth transition and no loss of momentum between GfD and its successor Program.

1.2 Context

The period May 2020 to April 2021 was particularly challenging on a number of fronts, although the country saw greater political stability than in the previous 12-month period. The shifting of political affiliations and establishment of a new FRETILIN/ PLP/ KHUNTU/ PD alliance led to political alignment between the Prime Minister and the President. This facilitated in general the passage of legislation, and importantly enabled the filling of all ministerial positions which had been vacant since the Eighth Constitutional Government's inception in June 2018. The Government restructure in May 2020 was followed by the appointment of a number of new Ministers including, importantly for GfD, in the Ministry of Finance (MoF), the office of the Minister for the Coordination of Economic Affairs (MCAE) and the office of the Presidency of the Council of Ministers (PCM). Further, following the establishment of the new political alliance not only was the 2020 General State Budget (GSB) approved in October after 10 months of duodecimal budget allocations, but the 2021 GSB was approved in December 2020 – the first time in several years that the GSB was approved before the start of the new financial year.

COVID-19, however, continued to impact significantly on the country and its economy, and the work of GfD. Successive monthly States of Emergency (SoE) were in place throughout the reporting period, with varying levels of associated restrictions, including strict regulations on international travel. After a year of containing the virus in quarantine facilities, the first cases in the community were reported in February 2021 in border areas, and in early March the first case was reported in Dili, leading to the imposition of 'sanitary fences' around Dili and a number of Municipalities, and a lockdown in Dili. Devastating floods on Easter Sunday, 4 April, further exacerbated the challenges facing the country, and following a temporary

GfD at a glance:

8 grant partners



9 GoTL entities supported



10.3 operational and management staff
(78 percent national, 51 percent women)



35 long-term advisers

(91 percent national, 46 percent women)



10 short-term advisory inputs



883 officials trained

(36 percent women)

lifting of the lockdown restrictions to enable flood recovery efforts, community transmission emerged, and case numbers increased significantly. As at the end of the reporting period, lockdown restrictions have been reimposed in Dili and sanitary fences remain, with daily reported case numbers regularly exceeding 100.

As a result of COVID-19 and the associated SoE restrictions, Gross Domestic Product (GDP), which had been predicted to increase by 4.6 percent in 2020³ actually contracted by seven percent – the largest decline since independence⁴. Those working in the informal sector were particularly vulnerable to the economic shock. In May and June 2020 the Government provided an immediate support response, including a one-off US\$ 200 household payment, and in August 2020 finalised an Economic Recovery Plan (ERP) which included both further immediate support, as well as longer term economic recovery measures. A Rectification Budget and Law were approved in April 2021 to reallocate funds to cover the cost of both the re-emerging pandemic, as well as recovery from the April floods. The final 2021 GSB stands at US\$ 2.2 billion – the highest budget ever approved. This includes withdrawals of US\$ 547.9 million from the Petroleum Fund, which is in excess of the estimated sustainable withdrawals, but may be necessary to alleviate the negative impacts of the dual disasters³.

COVID-19 also impacted significantly on GfD's Program and operations. All international Long Term Advisers (LTAs) were relocated to Australia when the pandemic first emerged, and returned across the period of September 2020 to January 2021. National staff worked from home for a number of months, returning to their offices between June and August 2020. Work from home arrangements were then reintroduced from 8th March. These arrangements were still in place at the end of the reporting period. International Short Term Advisers (STAs) were unable to travel to Timor-Leste throughout the reporting period, and the work of international grant partners was also severely disrupted by the inability to travel. Programmatically, the focus of both advisers and a number of grant partners shifted to providing analysis to support the development of the ERP, and to ensuring that the ERP was appropriately budgeted for in the 2021 GSB. GfD also supported Information and Communications Technology (ICT) solutions to facilitate remote working arrangements for GoTL, as well as the dissemination of verified information in relation to COVID-19. GfD's Program Continuity Plan and Business Continuity Plan were updated with the resurgence of the virus in early 2021, setting out GfD's response to COVID-19, both operationally and programmatically.

The GfD Program was intended to end in June 2021, with a new program starting on 1 July. COVID-related delays meant that the design and procurement process will not be completed to meet this deadline. Cardno will therefore enter into a transition contract with the Department of Foreign Affairs and Trade (DFAT) to continue with 'business as usual' for a period of six to twelve months. This will, however, be a separate contract, and all program completion activities for the current program need to be completed by 30 June.

1.3 Purpose and structure of report

This report details GfD achievements and progress against anticipated outcomes during the period 1 May 2020 to 30 April 2021, building on the Six Month Progress Update that was submitted in December 2020.

The report provides an overview of Program performance, risks and risk mitigation, and Program-wide recommendations, before providing more detailed responses to GfD's eight Key Evaluation Questions (KEQs) and related Sub Questions (SQs), a table of which is provided in Annex One. Progress against each of the KEQs has been given a rating as follows:

³ World Bank Group. 2019. Timor-Leste Economic Report, October 2019 : Unleashing the Private Sector. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/32818> License: CC BY 3.0 IGO.

⁴ World Bank Group. 2021. Timor-Leste Economic Report, May 2021 : Charting a New Path. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35720> License: CC BY 3.0 IGO.



behind schedule



less progress than expected



on track

Under each SQ, which is mapped against GfD's EOPOs, Immediate Outcomes (IMOs) and Intermediate Outcomes (INOs), and the GfD Theory of Change (ToC) principles (see Annex Two), ratings are provided against each of the 20/21 Financial Year's Desired Changes (DCs) as indicated in the table to the right:

Desired Change progress ratings	
	Achieved as at 30 April or likely to be achieved by 30 June 2021
	Partly achieved as at 30 April or likely to be partially achieved by 30 June 2021
	Not achieved as at 30 April and unlikely to be achieved by 30 June 2021

Evidence for the assertions in these chapters is keyed as follows:

Evidence Source Key

A = Adviser report	G = Grant partner report
E = Event participant attendance and feedback	M = Media and publication review
I = Key informant interviews or stakeholder feedback	S = Story of Significant Change (SSC)
C = Contractor	P = Program Continuity Plan

The recommendations provided in the report, both at a workstream and whole-of-Program level, are largely intended to provide guidance to the successor program to GfD. However, some are also applicable to the Transition Program that will be in place from 1 July. The report also notes progress against the Management Recommendations from the GfD Program Review (see Annex Three).

A final section describes Program resourcing throughout the reporting period and is signified as follows:

National male adviser	International male adviser	Grant partner
National female adviser	International female adviser	

2 Summary of Program Performance

2.1 Performance against EOPOs

GfD continued to make good progress in relation to **EOPO 1**. Progress was assessed in the Six Month Progress Update as being 'on track', and this assessment still holds. Indeed, COVID-19 presented significant opportunities for GfD to influence the development of policy and legislation through the provision of research and analysis. GfD economic advisers in the Ministry for Legislative Reform and Parliamentary Affairs (MRLAP) and the Office of the Prime Minister (OPM), as well as grant partner Monash University, provided significant evidence and analysis to inform the ERP. Grant partners The Asia Foundation (TAF) and Oxfam conducted research and assessments of the economic and social impacts of COVID-19 on a range of different groups, and in particular those that were vulnerable, and made this information available to decision-makers to inform both the ERP and future decisions in relation to the country's response to COVID-19.

Examples of achievements include:

- Initial COVID-19 stimulus package and subsequent COVID-19 ERP informed by evidence from GfD advisers and GfD grant partners (Monash University, Oxfam, TAF)
- Dalan Ba Futuru (DBFTL) management information system used by all entities other than ZEESM in the preparation of the 2021 budget, and DBFTL dashboard used by the Budget Review Committee to inform budget deliberations
- Autoridade da Aviação de Civil Timor-Leste (AACTL) COVID-19 safety arrangements (AACTL Guidance Document COVID-19) developed on the basis of information from GfD's Strategic Aviation Adviser on the impacts of COVID-19 on the global aviation sector and International Civil Aviation Organisation (ICAO) priorities for COVID-safe recovery
- Passage of the Voluntary Arbitration Decree Law, and approval by National Parliament of accession to the New York Convention on Arbitration, significantly influenced by advocacy from GfD advisers and grant partners
- Preparation of the 2021 budget informed by 2019 GDP as a result of 38 percent improvement in timeliness of production of key economic statistics over the past two years
- Increase in engagement with civil society in the development of policy and laws, for example Technical Working Group of Economic Activity Licensing, and establishment of Agriculture Coalition that presented a submission to the Parliamentary Women's Caucus on the 2021 agriculture budget
- Approval by the Council of Ministers (CoM) of a strategy for the establishment of a Unique Identification (Unique ID) system for all Timorese citizens and residents, with significant input from GfD advisers
- Ratification of Air Service Agreement (ASA) between Timor-Leste and Australia, supported by GfD's advisory support.

A Story of Significant Change (SSC) was submitted during the reporting period to demonstrate 'instances of evidence being made available for decision-makers' (Performance Assessment Framework (PAF) target #21), and a further SSC was submitted to 'demonstrate instances of inclusive policy development' (PAF target #16), both of which received a rating of 'highly significant'. A third SSC demonstrating progress against the Australian Government's new Partnership for Recovery – COVID-19 Development Response Plan Performance Framework (PF) on 'Examples of policy and technical advice on stimulus measures and longer-term economic recovery' was submitted at the end of April 2021 and will be evaluated soon.

EOPO 2 was assessed in December 2020 as experiencing some delays, largely due to the 2020 budget impasse, and the impact of COVID-19 on Government service delivery. However, by April 2021 there were a number of examples of improvements to the implementation of policy. For example:

- 2021 budget was developed on the basis of Program Based Budgeting (PBB) for all entities other than the Special Zone of Social Market Economy of Timor-Leste in Oecusse Municipality (ZEESM), and reflective of COVID-19 ERP priorities
- Roll-out of the flagship short term response in the ERP, the Cesta Basica, was almost completed (albeit with some delays)
- Second round of merit-based promotion for general career regime civil servants was completed
- A number of Human Resource Management competencies were delegated from the Civil Service Commission (CSC) to Line Ministries (e.g. recruitment of staff in Ministry of Health (MoH))
- AACTL COVID-19 Guidance Document was published and is under implementation
- The number of pending civil service disciplinary cases reduced as a result of systematic approach and timely decision-making
- Quick wins were implemented in the Serviço de Registo e Verificação Empresarial (SERVE) to improve business licensing processes
- Revised workflows were developed for both manual and email business registration, and training provided to more than 60 SERVE business registration staff
- Efficiencies were implemented to streamline policy development and approval process in PCM
- AACTL launched a new website (including the updated Aeronautical Information Publication), a new email address, and a Flight Approval Management System
- An online ticketing system was established which enabled CSC to interact remotely with the public, civil servants and other institutions

There was, however, less progress than anticipated with respect to the implementation of some priorities, and in particular two pieces of CSC legislation that have been awaiting approval by the CoM for some time. Draft Decree Laws on workforce planning, and on individual performance assessment, are included in the CoM 2021 legislative calendar, but the ongoing impact of COVID-19, and more recently the floods, has continued to consume the focus of CoM and push back the progress of these and other legislative approvals. Further, while significant improvements have been made to the budgeting process and the alignment of ministry budgets with program requirements through the introduction of PBB, this has yet to translate into tangible improvements to service delivery, particularly at the municipal level. A next step in the PFM agenda of either the GfD Transition Program, or its successor, will be to engage increasingly with MoF around financial flows, and to work closely with other Australian-funded programs such as the Partnership to Strengthen Village Development and Municipal Administration (PARTISIPA) and Partnership for Human Development (PHD), as well as MoF, to identify and resolve blockages to budget funds being available when and where they are needed.

One SSC was submitted to demonstrate 'PAF Target 20b: instances of improved policy implementation', on the implementation of Gender Responsive Budgeting (GRB). The SSC received a rating of 'highly significant'. A further PF SSC on 'Examples of strengthened governance systems' was submitted at the end of April 2021 and will be evaluated soon.

2.2 GfD COVID-19 response

COVID-19 impacted significantly on both GfD's operations, and its program during the reporting period. However, the Program was well positioned to provide timely support to GoTL as it determined its immediate and longer-term response to the pandemic, with national advisers already positioned in key economic, planning and budgeting entities. These advisers were well placed to continue to advise GoTL even while international staff were withdrawn from the country and remote working arrangements were in place. A number of GfD's grant partners were also able to build on their established relationships with key stakeholders within GoTL, and strong networks with civil society organisations, to quickly pivot to the provision of economic analysis and advice in relation to the ERP (Monash) and the collection and synthesis of input from the community to inform Government decision-making (Oxfam and TAF). The seamless transition to remote working arrangements and refocusing of some work priorities demonstrated the strength of GfD's national advisory team. It also highlighted the Program's partnerships with well-respected grant partners, and the benefits of having a strong local staffing footprint, with reliance on international advisers being reserved for key strategic inputs where specific skills and experience are required that cannot be recruited locally. Further, GfD was able to capitalise on the fact that it straddles both the economic and PFM workstreams, to support not only the development of the ERP, but also its inclusion in the 2021 GSB.

GfD's trusted advisers at multiple points of strategic importance have been able to influence not only early decision-making and policy development, but also legislative development and operationalisation, with GoTL promptly developing a package of economic stimulus measures, and continuing to engage with both GfD advisers and grant partners on evidence to support decision-making in relation to Timor-Leste's longer-term economic recovery. This contribution to GoTL's handling of such an unprecedented humanitarian and economic threat is a strong counterbalance to delays in terms of GfD's originally planned objectives during the period.

GfD was also instrumental in facilitating the use of technology across GoTL in response to COVID-19. The Program's ICT advisers from different counterpart agencies worked collaboratively to identify and support implementation of ICT solutions to facilitate remote working across Government. Further, GfD supported the establishment of a 'COVID-19 dashboard'⁵, available through web-based and mobile phone apps, that provides verified information and resources in relation to the COVID-19 situation in Timor-Leste.

⁵ <https://covid19.gov.tl/en>

2.3 Gender and Social Inclusion

Gender and Social Inclusion (GESI) is mainstreamed across all of GfD's work areas and through its Monitoring and Evaluation (M&E) system as well as its operational practices, including in its risk register in Annex Four. The Program also has a supplementary cross-cutting focus on inclusion of alternative ('other') voices in policy-making, and in particular the voice of vulnerable and disadvantaged groups. As at October progress was rated as having 'some delay', however, by April progress against DCs was on track, although in the area of disability, progress is lagging slightly, due to pending activities in a number of workstreams.

The Program has finalised a GESI Strategy and Action Plan, building on the 2015 GfD Gender Strategy and Practice Note and Action Plan. The GESI Strategy was approved by the Embassy in November as a living document. A Civic Engagement Strategy and Action Plan to complement the GESI document was also approved. Implementation of both strategies is progressing, and progress and supporting evidence are being monitored on a bi-monthly basis.

A gender review of GfD policies and practices concluded that they were gender sensitive, particularly in relation to HR and M&E. A number of minor revisions will be implemented under the Transition Program, e.g. the inclusion of a number of additional gender-responsive SQs in the MELP and revision of some data collection tools to enable retrieval of gender and disability disaggregated data.

A training session on Women's Economic Empowerment (WEE) for GfD's economic advisers built the advisers' knowledge and understanding of the importance of, and ways to increase, the economic independence of women. Consideration will be given under the Transition Program to extending this training to GfD's economic agency counterparts.

The Program has continued to support the CSC towards establishing more gender-sensitive and socially inclusive human resource management policies and practices and to raise awareness of the importance of ensuring promotion opportunities are accessible to all, including people with disabilities and women. Five percent of the third promotion round questions conducted in this period were related to GESI as a result of GfD's support, and the CSC provided additional assistance and support to people with disabilities and pregnant and nursing women to be able to sit the test. In addition, inclusion is reflected as one of the key functions in the ToR of every Manager in the proposed CSC Secretariat Organic Structure. And three outcomes and six priorities included in the CSC 3rd Mandate regulation reflect and prioritise inclusion. As a result of increasingly gender sensitive and inclusive priorities there was a relatively higher percentage of women (2.1 percent) promoted to senior management positions than men (0.9 percent). This could in part be ascribed to the increased percentage of women receiving a promotion of their grade through the recent merit-based promotion round, thereby increasing eligibility to be promoted to a senior management position – 13.0 percent of female applicants and 11.8 percent of male applicants received promotions. There have, however, been delays in relation to some other GESI initiatives in the CSC, including a Commission-wide GESI capacity assessment, and progression of recommendations from last year's focus groups on people with disabilities in the CSC workforce. These will be progressed under the Transition Program.

GfD continued to support GoTL to further embed GRB as an integral part of PBB, to increase transparency of budget allocations related to gender equality and women's empowerment. All Line Ministries (LMs) and Autonomous Agencies (AAs) applied the Gender Marker correctly in 2021 budget and programs (as opposed to 11 institutions under the previous reporting period) according to the definition and criteria for each marker. Thus, the amount of state budget generated by Gender Marker this year is correct, with the exception of ZEESM, which has yet to fully implement PBB and GRB reforms. Data in DBFTL, the Government's planning, budgeting and monitoring Management Information System, indicates an increase in GSB allocations to the 16 programs considered 'principal' for gender from three per cent to five per cent. The development of a Memorandum of Understanding is currently underway to transition leadership of GRB from the Unit for Planning, Monitoring and Evaluation (UPMA) within OPM to MoF and the Secretary of State for Equality and Inclusion (SEII), but UPMA will continue oversight of the process during this budget preparation cycle to ensure that momentum is not lost.

GfD grant partners continued to demonstrate their commitment to gender and inclusion, however, some support in relation to GESI stalled due to COVID-19. Over the past 12 months the Australian Bureau of Statistics (ABS) has used virtual methods to deliver capability development support to the General Directorate of Statistics (GDS). While the virtual support has been effective in maintaining existing relationships within the statistical office and providing support for existing statistical processes, it was not possible to progress the establishment of a steering group to progress gender statistics across GoTL through virtual means.

The Judicial Training Centre considered Judicial System Monitoring Program (JSMP)'s recommendation to include gender based violence and domestic violence in their training programs, and continued providing legal training and advice to different organisations for people with disabilities⁶ in January 2021. Gender and Inclusion also continued to be a significant focus of the Oxfam Hadalan grant, with reports published on the effects of COVID-19 on Women in Agriculture⁷ (including women with disabilities, widowed women and older women) and on the Informal Sector⁸. The latter survey included a version of the Washington Group Questions on disability to indicate differences between informal sector workers with and without a disability. And TAF, through its Emerging Leaders For Public Policy in Timor-Leste (LEAP) project, collected gender- and disability- disaggregated data on the impacts of COVID-19 on the population in its bi-monthly COVID-19 pulse surveys, as well as in its evaluation of the household impact of the GoTL 'Uma Ka'in' payment. Subsequently, adjustments were made to some of GoTL's responses to the ongoing pandemic crisis, such as a change in mechanisms of distribution of support from head of household (Uma Ka'in) to individual (Cesta Basica), ensuring that vulnerable groups such as women in shelters and members of the LGBTI community accessed the support.

3 Risk and mitigation

While COVID-19 presented both risks and opportunities to the Program, it has been the key cause of delays in implementation. Working from home arrangements impeded work with GoTL counterparts, and travel restrictions made missions and 'on the ground' capacity building by international STAs, international grant partners, and contractors impossible. Floods in April 2021 also impacted significantly on the Program, devastating the houses of a number of advisers and impacting significantly on counterparts and their work.

Risks reported in the previous report pertaining to loss of momentum on key reforms due to political instability and lack of State Budget were resolved during the reporting period, with a rearrangement of the Government coalition and subsequent passing of the 2020 and 2021 GSB. Detailed and updated risks and mitigation measures are included in the updated risk register in Annex Four, but some key measures include:

- Keeping abreast of the evolving COVID-19 outbreak and epidemiological situation to enable quick remedial action in case of worsening health or security risks
- Regular (at minimum annual) formal Political Economy Analyses (PEAs), as recommended by the Independent GfD Review
- Increased support provided by Strategic Advisory Team (SAT) to provide impartial and independent advice on GfD's strategy, as well as technical leadership and support to advisers in each workstream
- Ongoing regular formal and informal engagement with GoTL counterparts
- Maintenance of flexibility to enable the Program to adapt or refocus its approach where necessary in response to COVID-19 related risks, political risks or any other emerging risks.

In relation to managing COVID-19 related risks, GfD implements a Business Continuity Plan and Program Continuity Plan that addresses both the risks (operational and programmatic respectively) and mitigation strategies set out in the Risk Matrix. The Business Continuity Plan includes a phased approach to working from home arrangements based on numbers of COVID-19 cases and types of transmission. Despite challenges, GfD has continued to successfully manage remote working arrangements with advisers, GoTL counterparts and

⁶ Including AHMDTL, ADTL, RHTO, Misaun Lepira Timor-Leste and CBRN

⁷ <https://asia.oxfam.org/latest/policy-paper/report-women-agriculture-timor-leste>

⁸ <https://asia.oxfam.org/latest/policy-paper/report-informal-sector-timor-leste-midst-covid-19>

grant partners, and anticipates working towards a steady return to office on the basis of assurance of full vaccination status. As at end April, over 56 percent of the GfD team in country had received their first vaccine shot with more planning to receive it in coming days.

4 Program-wide management recommendations

GfD's previous Annual Report (2019/20) and latest Six-Monthly Report (December 2020), included strategic recommendations that impact at a whole-of-Program level as follows:

- Leverage Program strengths to support GoTL to make sound decisions in relation to the COVID-19 response and planning towards the recovery phase.
- Continue to implement GfD Review recommendations in line with DFAT's Management Response (noting that the originally-agreed timeframes will be modified as required as a result of COVID-19, as agreed at the next Aid Management Meeting).
- Position GfD and the Embassy for a smooth transition to a successor program.

These Program-wide recommendations have been implemented. A separate tracker has been developed to monitor progress against the GfD Independent Program Review recommendations, included in Annex Three. Recommendations pertaining to particular workstreams are included in subsequent chapters responding to each KEQ. A number of other recommendations relevant to the remainder of this period and the Transition Program were included in the previous Six-Monthly Update, the Embassy's Investment Monitoring Report (IMR) and in the Program Completion Report. These recommendations and current status are as set out in the table below. These are considered comprehensive and therefore no additional Program-wide recommendations have been included in this Report.

Recommendation	Source	Status
1) Improve coordination with PHD, with a view to improving links with GfD's reforms to central systems with line ministries and to strengthen impact on service delivery.	2019 Review MR	Slow progress due to COVID-19, Barriers to Service Delivery Study with PHD and PARTISIPA on-hold, with ongoing discussions on alternative ways of progressing
2) Implement the Private Sector Development Review (PSDR) recommendations.	2019 Review MR	Ongoing, but slowed due to COVID-19
3) Support GoTL to implement PFM recommendations and priorities flowing from the OECD's 2018 review and update of GoTL's Budgetary Governance Roadmap.	2019 Review MR	Ongoing, although some elements delayed due to COVID-19 and transition of annual planning and budgeting to MoF
4) Identify opportunities for engaging the MoF, particularly on PFM reforms.	2020 Annual Report	Ongoing – initial meetings held with DG planning and budgeting
5) Implement recommendations from DFAT's management response to the 2020 independent review of GfD. This includes the design of a follow-on a follow-on program, and a fresh look at Timor-Leste's development challenges. Implementation may require adjusting in light of COVID-19. Progress on implementation will be reported to the Timor-Leste Aid Management Meeting.	2020 Annual Report	Ongoing, but some delays due to COVID-19. Refer to Management Response Tracker in Annex Three.
6) Respond to COVID-19, both in terms of Program strategy and activities. This includes pivoting GfD resources in support of economic recovery activities and the work of GoTL's ERC. Also look at options for GfD to complement major new economic recovery projects, such as	2020 Annual Report	Ongoing – significant GfD inputs into ERP in August 2020

redevelopment of Dili International Airport and the submarine cable project.		
7) Ensure GfD is ready for the Transition Program running from 2021 to 2022, including continuity of support to GoTL and activities with grant partners.	2021 6 month update, 2021 IMR	Ongoing – regular discussions with grant partners and counterparts, and contracting of advisers and grant partners is underway
8) Engage with UPMA in relation to its role vis-à-vis MoF and anticipated resource requirements. Advocate for adequate resources to be applied to annual planning as it transitions to MoF.	2021 6 month update, 2021 IMR	Ongoing – through regular management meetings with UPMA Coordinator
9) Provide additional resources to GoTL (primarily in UPMA) to support both the technical and content/implementation elements of DBFTL (program budgeting tool), including with line ministries.	2021 6 month update, 2021 IMR	Draft ToR developed – under discussion with UPMA
10) Invest in building a strong relationship with the new CSC mandate, and ensure that ongoing GfD support reflects the priorities identified in the new mandate.	2021 6 month update, 2021 IMR	Ongoing – through regular management meetings CSC President and Commissioners
11) Continue to hold regular GfD roundtable discussions on inclusive policy development, focused on relevant topics and potentially involving stakeholders outside GfD.	2021 6 month update, 2021 IMR	Ongoing – initial round tables held on inclusive policy, Unique ID, and the budget cycle
12) Continue to hold annual formal PEAs, complemented by ad hoc discussions when needed. GfD to facilitate a PEA on the Unique ID Project to inform support to TIC Timor during the GfD Transition Program.	2021 6 month update, 2021 IMR	Ongoing – first round held in August 2020 and subsequent round planned for August 2021
13) Continue to implement, monitor and evaluate GfD GESI and civic engagement strategies and action plans and monitor implementation across all GfD workstreams.	2021 6 month update, 2021 IMR	Ongoing – review meetings held bi-monthly
14) Continue to identify strategic linkages between the three different workstreams needs to be identified and capitalised on, to avoid silos and maximise opportunities for synergies.	2021 Completion Report	Ongoing – to be strengthened through regular meetings with all SAT

5 Public Financial Management



Grant with OECD



12 long-term advisers – UPMA



1 SAT adviser – GfD



2 short term advisers – UPMA



5.1 To what extent did GfD contribute to improved budgetary governance? (KEQ1)

The overall progress rating for the PFM work area remains **‘on track’**, with ongoing progress in the implementation of GoTL’s Budgetary Governance Reform Roadmap (BGRR). While there have been delays in some elements, and in particular the development of a Medium Term Plan and Expenditure Framework, the progress of legislative reforms, the implementation of PBB and GRB, and progress in terms of the timeliness and quality of reporting, have all continued to meet or exceed expectations.

In spite of the challenges of COVID-19, political uncertainty and a budgetary impasse during the first half of 2020, the 2020 budget was passed in October 2020, and the 2021 budget passed in December – the first time in four years that the budget has been passed before the start of the financial year. Both of these outcomes were achieved with significant support from GfD.

Key activities during the reporting period included:

- Support for the development of program structure of the COVID-19 budget for the Integrated Crisis Management Centre (CIGC), including development of indicators, targets, reports, etc.
- Supported development of the 2021 COVID-19/Flood Rectification Budget
- Provision of training to Government officials and Government members, including from all Municipalities, on preparing the 2021 GSB, and support to Government institutions to develop or revise their program structure, as well as to cost and integrate the ERP in the 2021 budget
- Support for preparation and submission to Parliament of quarterly and annual performance reports, using DBFTL
- Preparation of national indicators to align with Government priorities, Strategic Development Plan and Strategic Development goals
- Preparation of legislative revisions, including updates to the Budget and Financial Management Law (13/2009) and to UPMA Decree Law 22/2015⁹
- Development of DBFTL monitoring module
- Provision of training to members of Government, political parties, Civil Society Organisations (CSOs), and members of Parliament on DBFTL
- Support to Government entities to correctly apply the gender marker in preparation of 2021 GSB
- Gender analysis of the 2021 Government Annual Action Plan which was included in the Pasta Verde and used by SEII at the Budget Review Committee.

Impact of COVID-19

The budget preparation and reporting cycle continued in spite of COVID-19 working from home arrangements and the impact of the SoE. GfD advisers were integrally involved in the planning, monitoring and evaluation of the COVID-19 fund, in collaboration with the CIGC, including establishment of a program classification framework, indicators and monitoring mechanisms, and entry of data into DBFTL. Further, GfD PFM advisers worked in close collaboration with the Economic Recovery Commission (ERC) to ensure coordination between economic recovery planning and 2021 budget preparation, ensuring that ‘budget followed strategy’ and that LM and AA 2021 budgets reflect the priorities in the COVID-19 ERP. Further, the

⁹ Also referred to as the revision of ‘Decree-Law No.22 /2015 of 8 July on Planning, Budgeting, Monitoring and Evaluation’ or ‘UPMA Law’.

GfD team was integral to the preparation of the Rectification Budget in early 2021 through which funds were reallocated to ensure that adequate Government support was available to address the dual disasters of COVID-19 and the Easter floods.

SQ 1.1 To what extent are relevant PFM laws and policies in place to support the improved budgetary governance system? (EOPO1, INO1)

With political alignment between the President and the Prime Minister and appointment of a Finance Minister in mid-2020, there has been significant progress in relation to several pieces of key PFM legislative reform. The 2021 GSB Law was passed in January 2021, which specified the adoption of PBB.^(M,A) Updates to the Budget and Financial Management Law have been approved by the CoM and are now in National Parliament awaiting discussion, with a high likelihood of this being passed before 30 June.^(M,A) The Medium Term Policy Framework is in progress, and expected to be submitted to the CoM in June, following review of a draft by GfD's grant partner, the Organisation for Economic Cooperation and Development (OECD).^(A)

Desired Changes 2020/21 (SQ1.1)	
Updates to Budgetary Governance Roadmap ready to submit to the Council of Ministers (CoM)	●
Budget and Financial Management Law (13/2009) updated to reflect program budgeting and medium-term budget outlooks	●
2021 General State Budget (GSB) Law includes program-based budgeting, instead of input-based budgeting	●
Medium-Term Policy Framework ready to submit to the CoM	●

Progress on updating the BGRR has been slower, largely as a result of the transition of annual planning and budgeting from UPMA to MoF. While UPMA has been keen to progress this, MoF has been focused on other priorities, including COVID-19 and the flood, and has not as yet engaged fully in the process. The review and update is now anticipated in the second half of 2021.^(A,G)

Following approval of the new Organic Law for MoF in mid-2020, updates to the UPMA Decree Law 22/2015 have been drafted, and are currently under review by legal advisers in OPM. They are expected to be presented to the CoM in coming weeks. The updates outline UPMA's new role in medium term planning, and M&E.

SQ 1.2 To what extent is there improved government leadership, management and coordination on PFM? (INO7, INO3)

Preparation of the 2022 budget will see a shift in ownership of the annual planning and budgeting process from UPMA to MoF, as determined in the new MoF Organic Law. UPMA has been working closely with MoF to ensure a smooth transition, with a number of UPMA team members working several days a week within MoF to transfer skills and build capacity, knowledge and understanding. MoF training on DBFTL is underway.^(A) The transition is still, however, recognised as a significant risk for PFM reforms that have been in progress over the past five years. More broadly, OECD is working with UPMA to develop a training package on PBB and the BGRR (including SDGs, SDP and GRB), which OECD will deliver through a 'train-the-trainer' approach, with a view to UPMA then providing the training to LMs and AAs.^(A,G)

Desired Changes 2020/21 (SQ1.2)	
Technical PFM working group established and coordinating implementation of the Budgetary Governance Roadmap	●
Transitional training plan developed for both decision makers and technical staff to pass annual planning and program budgeting skills to MoF with minimal loss of momentum	●

The groundwork has been finalised for the establishment of a Technical PFM working group. Establishment is now awaiting a decision by the Minister of Finance, with the expectation that this will be in place by late June.^(A)

OECD is also preparing a paper for UPMA on the possible roles of a Fiscal Reform Committee. UPMA will share this in due course with the Prime Minister and Minister of Finance, to inform identification of priorities for the Committee.^(G)

More generally, OECD commented on how the events of the past year demonstrate the extent to which leadership of the planning and budgeting process has improved in Timor-Leste:

“Two budgets were prepared and passed despite working remotely – a testament of ability of PBAs and the team leaders. Starting a new Modus Operandi to coordinate such remote coordination – it would take 2 years to progress these types of reforms. It says something about the resilience of GfD/UPMA”.^(G)

Further, GfD’s ability to bring together the two workstreams of PFM and economic development assured collaboration between the planning and budgeting functions, and greatly facilitated the development and implementation of GoTL’s economic response to the pandemic.

SQ 1.3 To what extent are improved PFM systems and processes being developed and implemented? (EOPO2, INO5)

Preparation of the 2021 budget demonstrated significant progress, with all GoTL entities with the exception of ZEESM basing their budgets on a PBB classification structure and entering data into DBFTL.^(A) Further, ‘budget followed strategy’, with 2021 LM and AA budgets reflecting the priorities of the ERP.^(A) This was facilitated by guidelines and simple instructions developed by GfD advisers to support entities in their budget preparation, and ongoing capacity building of LM and AA officials.^(A) The establishment of PBB classification structures facilitated the development and management of the COVID-19 Fund budget in 2020, and the preparation of the Rectification Budget in early 2021.^(A)

With the implementation of the new MoF Organic Law and transfer of annual planning and budgeting to MoF, UPMA will focus its role on medium term planning, budgeting, and M&E. A capacity assessment should have been undertaken to inform the development of an M&E framework for Government entities, however this has been delayed due to other priorities.^(A) Similarly, the development of materials to support medium term sectoral planning has been delayed as UPMA has focused on the transition of its current functions to MoF, and additional challenges and work associated with the pandemic and flood.^(A)

A significant achievement for GfD will be the transfer of several Program Budgeting Advisers (PBAs) to the UPMA payroll as of 1 July. Inclusion of at least three advisers in the GoTL payroll will assure sustainability and demonstrates Government ownership of the reform processes that have to date been supported by GfD. As at the end of the reporting period, it was still to be determined if the remaining three PBAs will also be taken on by the Government, potentially in MoF.

Desired Changes 2020/21 (SQ1.3)	
Monitoring and Evaluation (M&E) Capacity Assessment undertaken to inform the development of an M&E framework for government entities on roles and responsibilities and reporting requirements	●
Program Budgeting guidelines developed and being used by key line ministries	●
Simple Program Budgeting instructions developed to enable Line Ministries (LMs) to budget ERP measures	●
National standards, official guidelines, templates, and training materials developed for medium-term sectoral planning	●
2021 budget is based on program budget classifications for all GoTL entities and Municipalities except ZEESM	●
Six Program Budgeting Advisers (PBAs) in UPMA transferred to the GoTL payroll	●

SQ 1.4 To what extent are PFM policies, systems and processes more gender-responsive and socially inclusive? (INO5, INO6, Promotion of gender equality and inclusion)

Implementation of GRB has continued to progress. Budget Book 2 of 2021 includes a detailed budget description which outlines the Government’s commitment to implementing gender policy agreements. Women’s organisations such as Rede Feto noted this as a significant improvement during the 2021 budget preparation.^(A)

Not only are all LMs and AAs with the exception of ZEESM now using the Gender Marker, but they are using it

Desired Changes 2020/21 (SQ1.4)	
Improved gender statement for 2021 General State Budget is included in 2021 Budget Book 2 and used in 2021 budget	●
Annual and quarterly government performance reports reflect expected results mentioned in the gender statement in Budget Book 2	●
Significant progress in the implementation of the GRB policy note	●
Improvement in Gender Markers application by LMs	●

correctly, and making more appropriate use of the tags ‘principal’ and ‘significant’. Further, there has been an

increase recorded in DBFTL from three percent to five percent of GSB in allocations to the 16 programs considered ‘principal’.^(A) The Government has continued to progress actions in the GRB policy note, and in particular actions under Phase 3 related to ‘Parliamentary Engagement in Budgeting’.^(A)

PAF#20b – Instances of improved policy and implementation	Rating
Key Government of Timor-Leste Institutions demonstrate effective implementation of Gender Responsive Budgeting	Highly Significant

As a result of improved use of the markers, LMs and AAs now have ready access to the information required to report on gender outcomes in their quarterly report. A gender analysis of the 2021 first quarterly report is currently underway.^(A)

Further, there is increased interest among key stakeholders in relation to GRB. National Parliament has received training on GRB, and for the first time in preparation of the 2021 budget undertook an independent review of the GRB aspects of the GSB. SEII have also re-engaged, and are keen to take ownership of GRB as roles and responsibilities for annual planning and budgeting shift. A Memorandum of Understanding is currently under development to define the respective roles of UPMA, SEII and MoF under the changing arrangements.^(A)

SSC August 2020: Key GoTL Institutions demonstrate effective implementation of Gender Responsive Budgeting (PAF#20b Instances of improved policy and implementation)

Timor-Leste, as State Party to international treaties on gender equality, has established mechanisms for implementing gender mainstreaming in Government programs and aspires to gender equality in its Strategic Development Plan (SDP); however, the Government of Timor-Leste did not allocate sufficient budget for implementing gender mainstreaming in government programs, and monitoring results.

Governance for Development (GfD) not only supported preparation and endorsement of a Gender Responsive Budgeting (GRB) policy note, but also the development of tools to facilitate GRB, including gender markers and gender indicators, and the integration of these into government planning and the Financial Management Information System (FMIS). Since 2017, GfD has supported government entities to implement these GRB tools, and in preparing the 2020 budget all entities included gender markers. Eleven of these also developed relevant gender-focused targets and indicators. GfD also provided training to relevant Parliamentary Commissions (C and F) as well as the Secretary of State for Equality and Inclusion (SEII) to build their understanding of the concepts and importance of gender mainstreaming and GRB.

Not only is GRB now an integral element of the government’s planning and budgeting process, with nearly 40% of program funds identified as having some gender-related component, but the government now also includes analysis of gender programming and budgeting in its annual and quarterly reports. Further, government entities have a better understanding of and commitment to the importance of addressing gender in their planning and budgeting.

SQ 1.5 To what extent is budgetary and performance information accessible to decision makers, civil society and other stakeholders? (INO1, IMO1)

GfD advisers have continued to advocate for and support budget transparency, and accessibility of information to both decision makers and civil society. Ongoing improvements have been made to DBFTL, including the development of a monitoring module. Development of the evaluation module is on hold pending lifting of lockdown restrictions.^(A)

Desired Changes 2020/21 (SQ1.5)	
DBFTL monitoring and evaluation modules are finalised and in use by Line Ministries	●
Training delivered to key CSOs on use of DBFTL	●
CSOs and other non-government stakeholders have greater access to information on budget and program performance	●

Shifts in responsibility for planning and budgeting and pending associated updates to the UPMA Decree Law have led to delays in making DBFTL publicly available. A roundtable discussion on the planning and

budgeting cycle was held with CSOs in early 2021, but accessibility to DBFTL and further associated training will not take place until the updates to the 'UPMA law' have been approved in coming months.^(A,E)

On the positive side, understanding and use of DBFTL, including by the Budget Review Committee, has increased significantly. Further, discussions are progressing in relation to an interface between DBFTL and MoF's Financial Management Information System (FMIS). Technical work is progressing well, but reaching institutional agreement on the interface may still take some time.^(A)

SQ 1.6 What evidence is there that the improved budgetary governance system has contributed to improved service delivery outcomes (including gender and social inclusion programs)? (EOPO2, INO5, IMO5)

PFM reforms have the potential to contribute to improved service delivery in two ways: improved budgeting, based on a robust program classification system, ensures that adequate funds are distributed appropriately to support service delivery priorities. And mechanisms for financial flows then ensure that the funds are actually

available where they are required for disbursement to support service delivery. GfD's focus to date has been on the former – establishing robust planning and budgeting systems to ensure that allocations are appropriate to meet service delivery and other Government priorities. This was most clearly evidenced in the collaborative work between UPMA, the ERC and LMs/AAs to ensure that the priorities of the ERP were reflected in the 2021 GSB (see SSC below). The extent to which these allocations are executed will be evidenced in subsequent quarterly and annual reports.

GfD will continue to focus on consolidating planning and budgeting processes throughout the Transition Program. A focus on engagement with MoF to improve financial flows to LMs and Municipalities may be a priority consideration under the design of a subsequent governance program.

PF Target S8 – Examples of strengthened governance systems (including in emergency preparedness and response)	Rating
2021 budget allocations reflect the priorities of the Economic Recovery Plan and are based on programs and sub-programs including outcomes and outputs	TBD

SSC (May 2021): 2021 budget allocations reflect the priorities of the Economic Recovery Plan and are based on programs and sub-programs including outcomes and outputs

When COVID-19 hit Timor-Leste, immediate action was needed to mitigate the brunt of socio-economic impacts affecting the population and in particular vulnerable groups in society. An initial economic stimulus package was quickly developed and budgeted by the Government of Timor-Leste (GoTL) – allowing for quick implementation and subsequent mitigation of the worst of the immediate economic impacts. Soon after, an Economic Recovery Commission (ERC) was established to analyse and identify measures needed to simultaneously address ongoing short-term issues and plan for longer-term economic recovery, culminating in a national Economic Recovery Plan (ERP) with measures to be implemented across three years. With GfD support the plan was costed and budgeted within a short timeframe to assure adequate funding within the 2021 General State Budget (GSB) to support implementation.

5.2 Lessons learned and recommendations

The successful establishment of the COVID-19 budget, followed by the finalisation and approval of both the 2020 and 2021 budgets, incorporating ERP priorities, demonstrated a number of key points:

- The value of a program budgeting approach, and of DBFTL as a tool to support this. PBB provided the flexibility and structure to budget rapidly for a COVID-19 response. The systems that were in place, including DBFTL, enabled UPMA to quickly and effectively support the planning and budgeting process.
- The importance of leadership in progressing planning and budgeting reforms. Strong leadership of the CIGC enabled the rapid development of the COVID-19 budget, and subsequent development of and budgeting for the ERP. Further, coordination and good relationships are key, particularly when facing stringent time constraints.

- The value of GfD's ability to work across multiple workstreams, and in particular PFM and economic development. This was a significant factor in ensuring that the ERP was reflected in the 2021 GSB. The process highlighted the importance of close cooperation across the Program's workstreams.
- The time required to implement and embed PFM reform. The 2021 budget is based on principles of PBB and reflects a program classification structure, but there is still a long way to go for LMs and AAs to fully understand PBB and how to establish appropriate programs, activities, targets and indicators.

Recommendation: Continue to build collaboration across GfD's workstreams, and in particular economic development and PFM, including through dialogue across the SAT.

While the PFM reform implementation has already shown results, the biggest challenge will be to sustain those reforms in the long run. In particular, the transition of annual planning and budgeting to MoF continues to present a significant risk to the momentum behind the PFM reforms that are underway, including GRB.

Recommendation: Continue dialogue with MoF in relation to possible GfD advisory support for the transition of annual program-based planning and budgeting to MoF.

Recommendation: Continue to provide GRB advisory support through UPMA, focused on building the capacity of MoF and SEII to take the lead on this in the future.

The impact of the PFM reform at the municipal level still needs to be strengthened. Further, while the development of appropriate budgets is a critical first step in improving service delivery at the municipal level, it will only be when this is coupled with improvements in financial flows and increased financial management capacity in the Municipalities that significant improvements will be seen in the delivery of critical Government services.

Recommendation: Continue dialogue with PHD, PARTISIPA and the Embassy in relation to barriers to service delivery and how to reduce them, including through PFM reform.

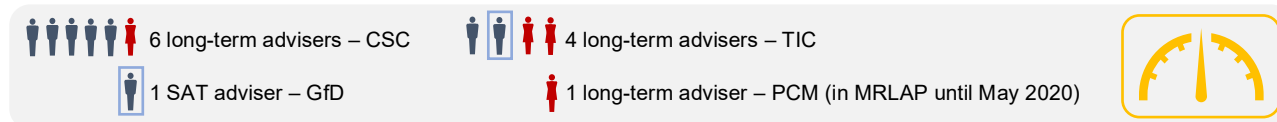


UPMA presents the Timor-Leste Budget Cycle to Embassy and other Australian-funded programs. Photo credit: GfD



GfD Gender-Responsive Budgeting adviser at UPMA, Flora Brytes presenting Timor-Leste's Gender Responsive Budgeting via Zoom, at the Network of Women Parliamentarians of PALOP and Timor-Leste High-Level Dialogue. Photo credit: Flora Brytes

6 Public Administration



6.1 To what extent did GfD contribute to improved public administration? (KEQ2)

The overall progress rating for the public administration work continues to be **‘less progress than expected’**.

COVID-19 has had a significant impact on GfD’s public administration work, with lockdowns, remote work arrangements, and delays to the passage of legislation continuing to impact on progress of some important reforms. Most notable is the implementation of two pieces of legislation that are still awaiting CoM and parliamentary approval: workforce planning, and individual performance assessment. The end of the 2nd CSC Mandate in May 2020 and establishment of the 3rd Mandate in September 2020 also led to delays as the new Commissioners were selected, and new priorities determined. Progress of e-governance reforms in TIC Timor also slowed significantly as a result of COVID-19 and remote working arrangements, although the advisers were able to pivot their work to other ICT priorities in response to the pandemic.

MRLAP was disbanded in mid-2020 as part of the organic restructure of the Government, and GfD’s legal adviser there was appointed to PCM, where she has been active in streamlining policy and legislative development processes, as well as supporting the legislative backbone of successive SoE.

Although the Public Administration Reform program was approved by the CoM in early 2020, many elements of it require legislative changes for the reforms to progress. Political differences around many of these, including the competencies of the CSC, mean that much of the legislation is still in abeyance. Some priorities have, however, progressed with GfD support such as the Unique ID, and business licensing reforms.

In spite of significant delays in some areas, a number of activities were implemented:

- Development of priorities for the 3rd CSC Mandate
- Completion of second civil service general career regime promotion round
- Improvements to the CSCs disciplinary processes
- Strengthened ICT systems, including remote access, and development of an in-house testing system for civil servant promotions (the latter aims to reduce reliance on ICT vendors)
- Development of a strategy to implement a Unique ID system across Timor-Leste
- Development of a COVID-19 dashboard to ensure dissemination of reliable information on COVID-19
- Development and approval process of COVID-19 SoE laws.

Impact of COVID-19

COVID-19 significantly impacted GfD’s public administration work. An ongoing heavy agenda for the CoM as it grappled with the ongoing pandemic and the increased case numbers led to continuing delays in the passage of workforce planning and on individual performance assessment legislation. The third round of general career regime promotions has also been delayed, and progress of pilots of special career regime promotion in health and education ministries has all but halted. However, GfD has taken the opportunity to progress some important ICT innovations, and in particular in relation to remote working arrangements. Through GfD support, GoTL is now using Jitsi, an open source video-conferencing platform, including for important meetings such as CoM. SIGAPNET, the CSC’s PMIS, is now accessible remotely by almost all CSC workers who have access to the internet. Further, GfD has supported the introduction of an online ‘ticketing’ system to enable LMs and other organisations to lodge enquiries with the CSC without the need to physically access the office.

The e-governance assessment process envisaged to take place this year was postponed because of the challenges of municipal travel, and of holding face-to-face meetings. GfD instead shifted its resources to

establish a web- and phone-based app that provides verified, accurate and up to date information to the public and decision-makers on a wide range of COVID-19 issues.

GfD's legal adviser in PCM has been heavily involved in the developed of legislation to support the Government's rolling SoE.

SQ 2.1 To what extent has GfD supported evidence-based and inclusively developed public administration law and policy? (EOPO1, INO2)

Workforce planning and individual performance assessment legislation was drafted during the previous reporting period for presentation to the CoM. However, these two pieces of legislation have not progressed through the approval process. A heavy legislative CoM agenda, compounded by COVID-19 and the floods, as well as political differences of opinion about the role of the CSC, meant that although both items are on the CoM's legislative agenda for 2021, it is not certain when they will be considered.

Desired Changes 2020/21 (SQ2.1)

Decree Law on workforce planning approved by CoM and promulgated	●
Decree Law on performance management and subsidiary regulations approved by CoM and promulgated	●
E-governance baseline assessment completed and used to inform subsequent e-governance strategy	●
Strategic Plan for Unique ID finalised and approved by CoM	●

Progress on establishment of the e-governance baseline was also severely hampered by COVID-19. The assessment process has, however, been established and the concept note was approved by the Prime Minister. An assessment survey was piloted with ten institutions (of which nine had responded by the end of the reporting period) and the full assessment is now planned for September 2021. The inability to progress the e-governance assessment did, however, mean that resources could be diverted to support the development of a strategic plan for the Unique ID system. This was finalised with significant support from GfD, and will be presented to the CoM in late May 2021.

There has also been significant progress with broader public administration and legislative reform, supported by GfD's legal adviser in PCM. In March 2021, the CoM authorised the Government to develop a General Basis for Public Administration Organisation, which aims to improve the management and functioning of public services through the integration of a set of initiatives relating to legislative and administrative reforms. The CoM has also approved an authorisation law proposal to amend the Civil Procedure Code, which will grant greater flexibility during the preparatory phases of hearings and trials, accelerating procedures and reducing the number of civil cases in the Courts.

SQ 2.2 To what extent is there improved leadership, management and coordination on public administration? (INO3, INO7)

The 3rd Mandate of the CSC was established in mid-2020, with the new Commissioners appointed in September. GfD advisers facilitated a series of workshops with the new Commissioners through which they developed the priorities for the new Mandate. The 3rd

Desired Changes 2020/21 (SQ2.2)

Key priorities of CSC 3rd Mandate are determined and communicated across key stakeholders	●
Program to improve local capacity to produce policy in Line Ministries is developed	●

Mandate's Priority Program Document was approved by the CSC in January 2021, and formed the basis of the CSC 2021 budget submission. A functional analysis of the CSC Secretariat organic structure has been conducted but has yet to be approved due to the lockdown. ToR for CSC Secretariat management positions have been submitted for review and are awaiting approval, following which the merit-based selection process will commence.

Progress was made on a program to strengthen the capacity of LMs to draft policy: a Legal Unit and an Administrative Reform Unit were established in PCM, and a sample policy paper developed. However, COVID-19 restrictions mean that this has been on hold since early in 2021. There have, however, been significant improvements in management and performance within PCM. Additional resources have been allocated, and coordination and work relations have improved significantly, both within PCM and with LMs,

which in turn have contributed to improved legal interventions in various areas of public administration and governance. The approval by the CoM of the Government's legislative plan for 2021 is one example of improvements to GoTL's approach to legislative development and approval.

SQ 2.3 To what extent have improved systems and tools been developed to effectively support public administration? (INO5)

The implementation of remote work arrangements as a result of COVID-19 was a catalyst to digitise and make systems available remotely to CSC staff. So far, 26,000 civil servants have been given remote access to SIGAPNET, the CSC PMIS, and the system has been accessed remotely more than 58,000 times since it was made available. The system had been accessed by 7,311 civil servants, including those working in Municipalities, by the end of April 2021. GfD also supported implementation

of an online ticketing system to enable requests to be lodged digitally with the CSC without the need for physical contact or exchange of documents. The system is being widely used, in particular by Municipalities, with over 100 online requests lodged by the end of April 2021.^(M,A)

GfD also worked with TIC to support Government institutions to use Jitsi, an open source video conferencing tool. On 29 March 2021, the CoM held its first ever virtual meeting using the Jitsi platform, facilitated by TIC. With GfD support, TIC also established a web- and phone-based app that provides verified, up to date information on COVID-19 statistics and other relevant information including research reports in relation to the impact of and GoTL response to COVID-19. In September 2020, the World Bank recognised the value of the COVID-19 dashboard, and emphasised the importance of having a single source of verified information for citizens and decision-makers.^(M,A)

The second round of merit-based promotions for general career regime civil servants was completed in November 2020, and will be repeated on an annual basis. In support of this, GfD advisers compiled Standard Operating Procedures (SOPs), which have been approved by the CSC and will be used to guide subsequent annual promotion rounds. While initial discussions have been held in relation to special career regime promotions with the Ministries of Health and Education, this work is currently on hold due to the COVID-19 lockdown.

Desired Changes 2020/21 (SQ2.3)

SIGAPNET is accessible by all civil service employees, including in Municipalities	●
SOPs for general career regime merit-based recruitment and promotions are updated	●
Merit-based promotion system is developed for special career regime civil servants in the Ministry of Health (MoH)	●
COVID-19 dashboard is operational and kept up to date	●

SQ 2.4 To what extent have public administration policies and systems been resourced and implemented across government? (INO5, INO6)

The second round of merit-based promotion for general career regime civil servants was successfully completed in late 2020: 1,061 civil servants (297 women and 764 men) were promoted out of 9,837 applicants. This represents a 13.0 percent promotion rate for female applicants, while 11.8 percent male applicants were promoted.^(A) A third round is anticipated for late 2021.

Desired Changes 2020/21 (SQ2.4)

Second round of general career regime promotion is completed using an improved process	●
Key government institutions are trained on the revised Individual Performance Management system	●
CSC has progressed delegation of competencies to direct administration (Line Ministries) and specialised administration (Autonomous Agencies) entities	●
The number of pending civil service disciplinary cases has decreased as a result of systematic approach and timely decision making	●

Implementation of the individual performance management system did not progress during the reporting period, as the legislation is still awaiting approval by the CoM. Similarly, anticipated work to implement the proposed workforce planning legislation did not progress, pending approval of the legislation. While some progress has been made on the delegation of competencies to LMs and AAs, this has slowed as a result of the COVID-19 lockdown.

GfD's support for streamlining disciplinary procedures has led to a reduction in the number of pending disciplinary cases: 273 out of 426 cases were resolved during the reporting period. These figures include pending cases from 2018-2019 and new cases registered in 2020-2021.^(A) Further, more stringent application of sanctions for disciplinary breaches is sending a clear message to civil servants about the implications of failing to follow rules and due process.^(A) For example, two civil servants were dismissed for violation of the rules during the second round of the promotion process.

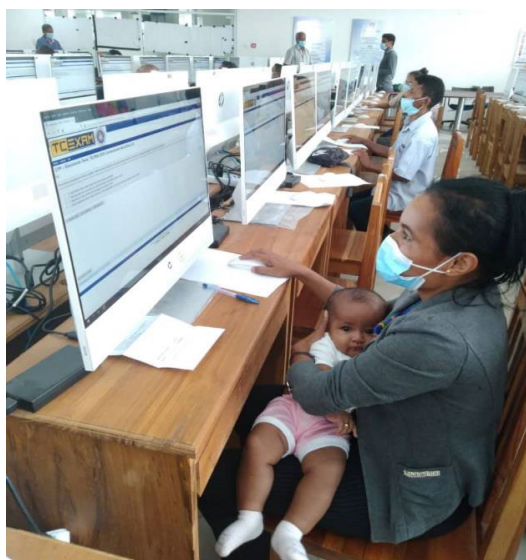
SQ 2.5 To what extent is PA practice (systems and processes) more gender-responsive and socially inclusive? (EOPO1, INO5, Promotion of gender equality and inclusion)

GfD has continued to work in partnership with the CSC to promote the principles of equity and inclusion in civil service policies and practices. One indicator of this is the increase in the number of women in senior positions in the civil service. 146 women were promoted this year (an increase of 2.1 percent over last year), compared with only 106 men (an increase of 0.9 percent over last year).

Desired Changes 2020/21 (SQ2.5)	
Increased representation of women in senior management positions in the civil service	●
Significant progress made towards implementation of key recommendations of the focus groups on people with disability in the civil service workforce	●
Civil service systems and processes are amended to reflect gender equality and inclusion considerations	●

The CSC commitment to GESI can be seen in both policy and practice. From a policy perspective:

- Five percent of test questions in the recent general career regime promotion round were on gender and inclusion
- Three outcomes and six priorities of the CSC 3rd Mandate reflect and prioritise inclusion^(A)
- Inclusion (gender mainstreaming, women's empowerment, disability, human rights and equality) is reflected as one of the key functions in the ToR of every manager in the proposed CSC Secretariat organic structure, and there will be a question on inclusion in the recruitment for all of these positions.^(A)



Civil service merit-based promotion round was inclusive. Photo credit: GfD.

The CSC's commitment to GESI was also seen in practice during the recent promotion testing. Special efforts were made to ensure accessibility by women, including those nursing infants, and people with a disability.

A concept note has been presented to the CSC President on inclusion activities for coming months, including:

- Progression of the recommendations from the focus groups on people with disabilities in the civil service workforce
- Assessment of the knowledge and understanding of CSC staff in relation to GESI.

Follow-on work on the recommendations from the disability focus groups was, however, delayed as a result of COVID-19 and the floods impacting CSC priorities.

SQ 2.6 What evidence is there that improved public administration has resulted in improved efficiency and effectiveness of the civil service and/ or government functions? (INO4)

The interconnection between the CSC PMIS and the MoF FMIS has not yet been completed, largely as a result of changes in mid-2020 to the Government's organic structure and the enormous task of data cleansing prior to the

interconnection 'going live'. However, the data cleansing process has made significant improvements to the quality of information in the PMIS. The process is ongoing, with individual information now increasingly precise.^(A) The CSC recently created a separate unit for data management, demonstrating the commitment of the 3rd Mandate to pursue high quality HRM data.^(A)

Desired Changes 2020/21 (SQ2.6)

Reduced number of 'ghost' or non-existing workers in the Personnel Management Information System (PMIS) as a result of data cleansing and improved data quality	●
Assessment completed of the impact of GfD's support on the CSC and civil service more broadly	●
Assessment completed, in partnership with Partnership for Human Development (PHD) and PARTISIPA programs, on Barriers to Service Delivery	●

Two studies were anticipated to have been completed during the reporting period: on the impact of GfD's support to the civil service, and on Barriers to Service Delivery (the latter in collaboration with the PHD and PARTISIPA programs). A procurement process was undertaken for the former, but the study was put on hold as a result of COVID-19 travel restrictions and domestic lockdowns. It is now planned for completion during the GfD Transition Program. The latter was also postponed due to COVID-19. Discussions will resume once the new PARTISIPA program, the new PHD health program, and the GfD Transition Program are in place after 30 June 2021.

6.2 Lessons learned and recommendations

While progress on some public administration activities was significantly delayed as a result of COVID-19, the pandemic restrictions also provided a catalyst for making increased use of ICT to streamline work processes.

Recommendation: *Continue to build on the momentum afforded by pandemic restrictions to increase efficiencies through extended use of ICT.*

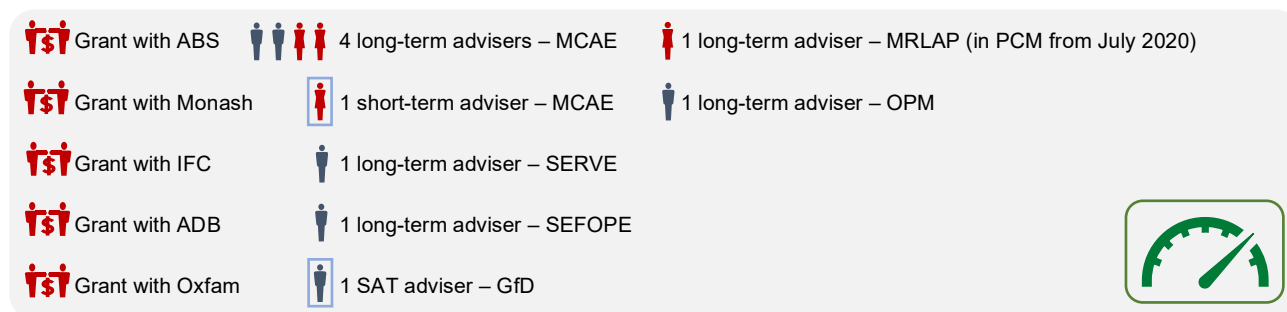
Political tensions and ideological differences between key CSC and political stakeholders have continued to impact on the passage of legislation associated with the Public Administration Reform program, which in turn has delayed progress of some of GfD's anticipated work.

Recommendation: *Continue to base GfD's engagement in relation to public administration reform on a sound PEA, informed by input from the SAT Public Administration Adviser.*



First remote CoM meeting held using Jitsi. *Photo credit: TIC Timor.*

7 Economic Development – Economic Policy and Business Enabling Environment



7.1 To what extent did GfD support development and implementation of evidence-based economic policy (KEQ3) and to a strengthened business enabling environment (KEQ4)?

There has been less progress than anticipated in relation to a number of economic policy DCs, with COVID-19 impacting the workstream and leading to a major pivot. However, although some DCs were not achieved, GfD's COVID-19 economic response activities had a big impact, including in the development of the ERP and associated budget. Progress in the workstream has therefore been rated as being **'on track'**. GfD advisers and grant partners contributed evidence and analysis to inform the ERP, including on the socio-economic impacts of COVID-19 and on the impact evaluation of the Government's initial COVID-19 response package on low-income households.

Reforms continued to progress with respect to the Business Enabling Environment (BEE), through legislative reforms such as the Law on Voluntary Arbitration and improvements to business registration and licensing. However financial sector reforms, largely led by GfD's multilateral grant partners, were not fully implemented, in part as a result of COVID-related travel restrictions.

Key activities included:

- Provision of advice to key government decision makers on economic recovery approaches and support for the development, preparation and implementation of the ERP
- Completion of research on socio-economic impacts of COVID-19, and GoTL's economic stimulus measures, through grant partners TAF and Oxfam, to inform planning and decision making
- Completion of other research studies including on the Business Activity Survey (BAS), the informal economy, the economics of agriculture, and the economics of the youth bulge
- Ongoing economic and legal support for progression towards World Trade Organization (WTO) accession
- Further streamlining of processes for registering businesses and obtaining licenses
- Development of a simple Access database, independent from SIGTAS Tax Authority system, to facilitate data management within SERVE.

Impact of COVID-19

COVID-19 significantly impacted GfD's economic work, with a pivot towards analysis of the impact of COVID-19 and GoTL's response on various segments of the community, and towards advice on development and implementation of the ERP.

In SERVE, the introduction of sanitary fences and lockdowns was a catalyst for the introduction of electronic processes for lodging business registration applications, with the support of the GfD adviser.

Some economic development activities were significantly delayed as a result of COVID-19 travel restrictions. The Asian Development Bank (ADB) was unable to finalise its work with the Banco Nacional de Comércio de Timor-Leste (BNCTL) to strengthen its corporate governance systems, and ABS was unable to progress work in relation to gender statistics. Other ABS support for GDS had to be delivered remotely, with ABS advisers unable to travel to Timor-Leste.

SQ 3.1 To what extent did GfD contribute to economic evidence, data and advice being accessible and used by decision makers? (INO1)

GfD contributed significantly to the development of the ERP. Economic advice was provided through an embedded adviser in OPM, and Monash University was specifically requested by the Chair of the ERC to provide economic briefs to inform the ERP. GfD grant partners TAF and Oxfam also pivoted their work to provide research and analysis to inform ERC decisions: TAF conducted research on the social and economic impacts of COVID-19 and community perceptions of the Government's response, and submitted the findings from the first of a series of COVID-19 focused pulse surveys to the ERC. Oxfam likewise conducted surveys on the specific socio-economic impacts of the pandemic and associated Government responses, focussing more specifically on the informal sector, and on rural women, the results of which were made available to the ERC. Oxfam also supported establishment of the CSO COVID-19 Impact Information Centre to advocate for short term measures to be inclusive of the most vulnerable groups affected by COVID-19, and to prioritise the use of local produce. GfD advisers working within UPMA worked with the ERC and LMs to ensure that the priorities of the ERP were reflected in the 2021 GSB. GfD's adviser in OPM, Monash University, TAF's country representative and GfD advisers in UPMA were all cited in the ERP as contributors.

Through its grant partnership with GfD, Monash University has continued to produce high quality, Timor-Leste specific research, presented through reports and blog posts. During the reporting period Monash produced:

- A time series analysis of BAS data in collaboration with ABS and GDS. This is available on the Monash University website, and will be added to the GDS website once associated capacity building is complete
- A report on the economics of agriculture, which has been widely disseminated across GoTL and other development partners.

A report on the economics of the Timor-Leste 'Youth Bulge' is under development and will be completed by 30 June.

GfD's adviser in OPM provided a series of briefings to the Prime Minister and CIGC on a range of COVID-19 related issues, as well as a series of articles about the impact of the COVID-19 crisis on Timor-Leste's economy, which have been published and cited both locally and internationally, including:

- The economic consequences of the COVID-19 and the associated lockdown on the economy, particularly on the supply chain from Dili to other Municipalities and *vice versa*, price of rice, and potential social conflict
- Social and economic impacts of the lockdown and policy measures to minimise the impacts based on experiences from other countries
- Raising the issue of communication and coordination among different institutions within the government
- The COVID-19 vaccination program, including advocating for the Government to seek partners' support for the vaccination program.^(A)

Desired Changes 2020/21 (SQ3.1)	
Analysis of Business Activity Survey time series completed, co-authored between General Directorate of Statistics (GDS) and Monash University	●
2021 State Budget reflects the priorities of the ERP	●
Monash University study on youth bulge completed	●
Further improvements achieved in the timeliness and accuracy of key macro-economic and labour force statistics	●

PAF Indicator #21: Instances of evidence available for decision makers	Rating
GfD contributes evidence and advice to support development of COVID-19 economic stimulus and recovery measures	Highly Significant

PF Target ER1: Examples of policy and technical advice on stimulus measures and longer-term economic recovery	Rating
GfD's analysis and advice on economic stimulus measures is reflected in GoTL's Economic Recovery Plan	TBD

The briefings influenced a number of policy decisions, including the establishment of a special corridor to enable the transport of goods between Dili and Municipalities, and a request from GoTL to bilateral partners to support Timor-Leste's acquisition of vaccines.

In spite of the challenges of remote working and COVID-19, GDS continued to produce key macro-economic statistics in a timely manner, with 2019 GDP figures being made available in time to support preparation of the 2021 budget. Timeliness of GDP figures has improved by 38 percent over the past two years.^(G) ABS also supported improvements in the accuracy of 2019 GDP calculations by including the changes to Timor-Leste's maritime boundaries and associated revenues. Further, with ABS support the GDS team continued collecting tax data and impute prices which enabled it to continue producing monthly BAS and Consumer Price Index reports in spite of COVID-19, and ensuring that 2020 GDP data will still be able to be published in September 2021.^(G) However some other significant statistical activities, including the Population Census (supported by UNFPA), and subsequent Labour Market Survey, are facing significant delays because of COVID-related restrictions.

SSC (April 2021): GfD's analysis and advice on economic stimulus measures is reflected in GoTL's Economic Recovery Plan

After the roll-out of an initial COVID-19-related stimulus package (which was informed by Governance for Development (GfD) analysis and advice), the Government of Timor-Leste (GoTL) established an Economic Recovery Commission (ERC) to develop a more comprehensive Economic Recovery Plan (ERP) to minimise both the short and longer-term economic impacts of COVID-19. GfD advisers and grant partners contributed valuable and timely analysis and advice to inform the ERP.

The ERP was approved by the Council of Ministers and implementation began in November 2020. The plan addresses immediate food security and economic stimulus needs, as well as providing a blueprint for economic diversification and structural economic reform for long term economic recovery.

SQ 3.2 To what extent is there evidence of strengthened government commitment, leadership and co-ordination in relation to economic policy? (IMO4, INO7)

The appointment of the Minister of MCAE enabled GfD's economic advisers previously based in MRLAP to join the MCAE team, along with the appointment of a national and an international legal adviser, and a communications adviser.

The Ministry has been focused substantially on two issues since its creation: roll out of the basic food basket program (Cesta Basica) – the central initiative of the short term ERP measures, and progression of preparation for accession to the WTO. GfD advisers have been involved in both. The implementation of the Cesta Basica experienced significant delays, but as at end April 2021 was 81.6 percent complete, with an expectation that implementation will be completed by end May. GfD's advisers in UPMA supported the rectification budget that, amongst other things, reallocated funds to enable completion of the Cesta Basica roll out in 2021. Implementation progress of three other ERP short term measures, led by National Institute for Social Security has been very slow, with revisions to the Decree Law in relation to these measures expected soon.

Preparation towards WTO accession continues to progress well. The second Working Party meeting is expected to be held in July, and preparations are well underway, with significant economic and legal inputs from GfD. DFAT in Canberra have indicated their interest in providing additional support to this process.

GfD's communications adviser in MCAE has led the development and dissemination of press releases on MCAE's activities, particularly regarding the WTO accession progress and implementation of the ERP as well as the development of an SOP on the use of social media by MCAE.^(A)

Desired Changes 2020/21 (SQ3.2)

Technical Working Group for WTO is formed and meeting regularly	●
Progress made towards implementation of the ERP, through improved coordination between MCAE and key contributing institutions, including MoF and Planning, Monitoring and Evaluation Unit (UPMA)	●
Steering group established to guide the LFS	●

While funds for the Labour Force Survey were included in the Secretary of State for Vocational Training and Employment (SEFOPE) budget for 2021, delays to Population Census due to COVID-19 mean that the Survey will be delayed until 2022. The ABS will support GDS to establish a steering group for the Survey, however the uncertainty around the timing means that it has not progressed during the reporting period.^(A,G)

SQ 3.3 To what extent has GfD supported women's empowerment and social inclusion in economic development? (INO2, Promotion of gender equality and inclusion)

GfD's GESI strategy includes a strong focus on WEE, and the importance of ensuring that the needs of women and other vulnerable groups are reflected in economic policy and planning.

The research conducted by GfD's grant partners, TAF and Oxfam, on the socio-economic impact of COVID-19 and the Government's response, paid particular attention to the impact on and needs of women and other vulnerable groups, including those working in the informal sector. The researchers working with Oxfam were invited by the CIGC to present the Informal Sector research findings at a national seminar on the impact of COVID-19 on Timor-Leste's economy, and possible immediate solutions. Some recommendations were reflected in the ERP measures, for example the distribution of the Cesta Basica to all citizens, unlike the predecessor 'Uma Ka'in' payment, which was distributed at the household level and as a result disadvantaged a number of vulnerable groups. There is scope to now undertake a full gender analysis of the ERP, including both short and longer-term measures. Both the TAF and Oxfam surveys have been cited in the most recent World Bank Timor-Leste Economic Report, indicating their value and credibility.¹⁰

Work in relation to the establishment of a steering group to progress gender statistics across GoTL, stalled due to ABS' inability to visit Timor-Leste in the period.

Building the understanding of both GfD economic advisers, and of policy makers in key economic institutions, is fundamental to ensuring that the needs of women and other vulnerable groups are adequately addressed in economic policy and planning. The GfD GESI adviser coordinated a day of training on WEE for GfD's economic advisers. She is now commencing discussions about the possibility of running similar training for other government counterparts in coming months.

Desired Changes 2020/21 (SQ3.3)

Training on gender and Women's Economic Empowerment (WEE) delivered to GfD advisers and counterparts in relevant economic institutions has led to increased understanding of WEE and how to integrate it into economic policy



Needs of women, people with disabilities and other vulnerable groups (e.g. youth and LGBTIQ+) are taken into account in the development and implementation of ERP measures



SQ 4.1 To what extent is there evidence of improved leadership and coordination on business enabling environment? (INO7)

With the Minister of MRLAP being also appointed as interim Minister of MCAE, coordination of business enabling environment reforms improved significantly in early 2020. Subsequent appointment of a dedicated Minister of MCAE has ensured the continuation of the reforms. The secretariat of the Technical Working Group for Economic Licensing Reform, with technical support from the International Finance Corporation (IFC), PCM and MCAE legal advisers, concluded the drafting of amendments to Decree-Law 34/2017 on business licensing. GfD's adviser in SERVE continued to provide coordination and liaison support to the Technical Working Group. The proposal and the draft amendment are currently with the Minister of MCAE, pending the Minister's decision to submit it to the CoM for discussion.^(A)

Desired Changes 2020/21 (SQ4.1)

Technical Working Group for Economic Activities Licensing Reform continues to drive progress in relation to the development and implementation of business licensing reforms



SERVE's role as coordinating 'one-stop-shop' strengthened, supported by the appointment of SERVE focal points in key LMs, and the introduction of appropriate technology



¹⁰ World Bank Group. 2021. Timor-Leste Economic Report, May 2021 : Charting a New Path. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35720> License: CC BY 3.0 IGO.

The appointment of focal points in key LMs is in abeyance, awaiting approval of this legislation. Initial discussions have taken place between SERVE, ADB and TIC Timor regarding the development of an online system for business registration. This is expected to be progressed in coming months.

SQ 4.2 To what extent has GfD supported improved law and policy that strengthens the business enabling environment? (INO1)

Approval by National Parliament of Timor-Leste's signing of the New York Convention on Arbitration grants the recognition and enforcement of foreign arbitral awards in Timor-Leste. This was coupled with approval in early 2021 of a Decree Law on Voluntary Arbitration, which recognises arbitration as an alternative mechanism to solve disputes, and in particular commercial disputes. Both are important

incentives to intensify Timor-Leste's international trade relations and promote foreign investment. Signing of these two pieces of legislation may improve Timor-Leste's position in the World Bank Ease of Doing Business rankings. Timor-Leste has historically scored particularly poor results on the indicator 'Enforcing contracts and creating conditions for investments' and was ranked 181 out of 190 countries in the most recent rankings.¹¹

Significant progress has been made in preparations for accession to the WTO, and progress is well underway to prepare for the second Working Party Meeting, expected to be held in July 2021. While this in itself is unlikely to significantly improve Timor-Leste's economic position for the foreseeable future, the preparation process has necessitated work that will be of significant benefit to Timor-Leste's economic diversification, and in particular significantly increased collaboration and information sharing across key ministries such as Ministry of Agriculture and Fisheries and the Ministry of Tourism, Commerce and Industry. The process has also harnessed the support of a range of development partners, including Australia and New Zealand, as well as the United Nations Office for Project Services and the European Investment Fund who have signed an agreement with MCAE on cooperation in relation to WTO accession.

The draft amendment of Decree-Law 34/2017 on sectoral licensing has been submitted to the Minister of MCAE and is currently awaiting his decision to submit it to CoM. Although the documentation is in place, there may be delays given the current COVID-19 situation.

Desired Changes 2020/21 (SQ4.2)

New York Convention on Arbitration is signed by Timor-Leste	●
Significant progress made towards Timor-Leste's accession to WTO, including progress of required legislation	●
Proposed amendment to Decree Law 34/2017 on sectoral licenses to better facilitate business licensing and business registration process is approved in the CoM	●

SQ 4.3 To what extent is the business regulatory environment strengthened (laws, policies and systems being implemented)? (INO4)

GfD has continued to work with SERVE to strengthen the environment for and registering and licensing a business. The quick wins agreed to by the Technical Working Group for Economic Activities Licensing Reform have been implemented, albeit with an adjusted timeline in light of COVID-19.

COVID-19 travel restrictions were a catalyst for the introduction of email applications for business registration. Discussions are now underway with ADB, in collaboration with TIC Timor, to engage an international consultant to work with SERVE to establish a full online registration platform. In the meantime, GfD's adviser in SERVE has developed a simple electronic application system using an Access

Desired Changes 2020/21 (SQ4.3)

Action plans and quick wins from the Technical Working Group for Economic Activities Licensing Reform are implemented	●
Preparatory work completed to move towards paperless business registration and licensing	●
Revised SOPs in place for both manual and email business registration, published on SERVE's website, and training provided for new SERVE staff	●
Process map and review of key licenses in the agribusiness, tourism and health sectors is completed with a view to reducing licensing requirements for business activities in these sectors	●

¹¹ <https://www.doingbusiness.org/en/rankings>

database to record authorisations and licenses. The Access record system will be used as part of the new Business Registration workflow, and is expected to facilitate monitoring of effectiveness and efficiency of workflows.

Revised SOPs have been developed for both manual and email business registration processes. A consultative workshop took place in the period to introduce the new SOPs to over 60 SERVE staff including from Municipalities. Further training has, however, been delayed as a result of COVID-19, and the current technological constraints faced by SERVE's branches in the Municipalities.

Process maps of licensing processes in the key pilot sectors of agriculture, tourism and health have been completed and are currently being analysed by the IFC consultant who is working with SERVE on business licensing reform, in partnership with GfD's national adviser.

SQ 4.4 To what extent did GfD support financial institutions to improve accessibility to financial services? (INO4)

Significant changes were made to the corporate governance arrangements for BNCTL in early 2020, when a new Decree Law and by-laws were adopted through an Extraordinary General Assembly Meeting of the bank. It was anticipated that ADB would provide further support through international short-term advisers to review and revise all corporate governance procedures and to work with the board to develop an appropriate strategy and risk evaluation. However, COVID-19 travel restrictions meant that this was not possible. The ADB funding arrangement with GfD ended in December 2020, with unspent funds being returned to DFAT. The bank continues to function effectively under its new corporate governance arrangements, but there is still work to be done to improve governance system, processes, planning and documentation.

Desired Changes 2020/21 (SQ4.4)

BNCTL Board functioning effectively and meeting its corporate governance obligations	●
Pilot of KIF agent and mobile banking completed and full implementation underway	●

Significant progress was also made up until early 2020 on the establishment of an agent and mobile banking system for Kaebauk Investimentu no Finansas (KIF). However, following an early demonstration of the system in February 2020, progress was delayed by COVID-19, and in mid-2020 KIF announced that they had terminated the contract of the ICT provider who was developing their Core Banking System, a pre-requisite for the roll-out of the agent and mobile banking system. KIF are now in the process of procuring a new provider for the Core Banking System, but this change means that development of the agent and mobile banking system development will face delays of at least two years.

7.2 Lessons learned and recommendations

Progress of economic development is highly dependent on leadership within the Government. Progress has accelerated since the appointment of key ministers (MCAE, MoF). Further, the economic crisis brought about by the pandemic provided a catalyst for economic reforms that had thus far been difficult to progress, and in particular a focus on economic diversification. GfD's established relationships and high level of credibility with many of these key actors positioned the Program to enable strategic and timely influencing.

Recommendation: Continue to undertake regular formal and informal PEAs to underpin GfD's priorities in relation to economic development, and invest in building and maintaining relationships with key economic players across the political spectrum.



GfD National Economic Adviser, Maria da Silva, represented Timor-Leste's WTO negotiating team presenting the process of Timor-Leste's accession to WTO to Ambassadors and development partners across the world. Photo credit: GfD.

GfD's ability to work across different work areas, including PFM and economic development, enabled it to capitalise on synergies during the development of the ERP, and to ensure that the plan was adequately captured in the 2021 State Budget.

***Recommendation:** Continue to actively encourage collaboration across GfD workstreams, and in particular economic development and PFM, including through inputs from the SAT.*

8 Economic Development – Aviation



2 long-term advisers – AACTL



3 STAs – AACTL/ANATL



1 service contract – ATS



Grant with Bureau of Meteorology



8.1 To what extent did GfD contribute to supporting aviation sector development (KEQ5)?

As in the previous period, aviation has been given a separate progress rating due to its unique nature as a sub-workstream within economic development. Due to COVID-19 and the inability to bring into country the specialised international technical skills required to progress reforms in the sector, progress is still experiencing delays. Political dynamics and COVID-19 continued to hamper AACTL's ability to establish and assert itself as an independent aviation regulator. The ICAO audit has been delayed further, and there are no indications on when it will be able to take place. However, some progress has continued, and in particular with respect to supporting AACTL to progress key pieces of legislation, manuals and documents for Air Navigation Services (ANS) and preparatory work for the establishment of an AACTL document management system. Key activities included:

- Passage of key legislations – the ratification of the Australia-Timor-Leste ASA and progression of ASAs with a number of other countries, the approval of a Ministerial Diploma to establish a National Aviation Security and Facilitation Committee, and the approval of legislation ensuring a proportion of airport charges will transfer from ANATL to AACTL
- Development and implementation of COVID-19 aviation safety protocols and provision of strategic advice in relation to post-COVID recovery, including both economic and safety aspects
- Publication of the Aeronautical Information Publication and other ANS documents.

Impact of COVID-19

While COVID-19 significantly limited progress in the sector, it also underscored the importance of well-established aviation processes and procedures to maintain connectivity in times of crisis. GfD advisers provided much needed support to ensure flight approvals were provided for non-commercial flights carrying humanitarian aid from overseas, and provided strategic advice on the impact of COVID-19 on the global aviation sector and the likely path to recovery, both globally, and within Timor-Leste, including the likely new requirements in terms of COVID-safe airport and aviation protocols as required by ICAO.

The lack of 'on the ground' support from international short-term advisers and consultancy experts resulted in significant delays in capacity building, and posed substantial challenges in maintaining relationships with AACTL and ANATL. The development of documentation progressed, however, in accordance with or ahead of schedule. National advisers successfully managed GfD's relationship with AACTL, and the interface between the regulator and the international advisers who continued to work remotely.

Globally, COVID-19 has led to a significant downturn in the aviation market. All commercial international flights to and from Timor-Leste are currently suspended, and the pathway to recovery is unclear. It may be some time before former connectivity is restored, such as between Dili and Denpasar. Semi-regular charter flights continue to fly, and one unanticipated benefit has been the introduction of a Qantas flight between Darwin and Dili, currently on a charter basis, but allowable commercially under the recently-signed ASA once COVID-19 restrictions are lifted.

SQ 5.1 To what extent has there been improved laws and policies supporting aviation sector development? (EOPO1, INO2, INO4)

The most notable legislative achievement of the period was the Parliamentary ratification of the ASA with Australia. GfD's international and national advisers supported the development of the legal instrument and provided technical support and advice, from the initial development and signing of the agreement in 2017, until the ratification by the National Parliament in January 2021. The ASA will finally enter into force in May and will serve to promote a more competitive

bilateral aviation system between Australia and Timor-Leste, with the possible inclusion of third country routes.¹² ASAs with New Zealand and Royal Brunei Darussalam are 90 percent completed, and ASAs with other countries including Indonesia, China, Singapore, Qatar, United Emirates and Qatar are underway.^(A)

A National Facilitation Program, developed with significant support from GfD, has been in draft since 2018. Updating to reflect COVID-19 safety regulations, and finalisation of the draft, will be the responsibility of the National Civil Aviation Security and Facilitation Committee. The committee has been established by means of a Ministerial Diploma, but is not yet operational and it is unlikely that further progress will be achieved by June 2021.^(A)

Significant progress was made during the reporting period on the development of or updates to a significant number of ANS documents, with the support of a consultancy firm skilled in delivering training and services related to air traffic management. The most notable achievement was the completion of updates to the Aeronautical Information Publication, which can now be accessed online.^(A,M) In addition, a Flight Approval Management System was launched by the Minister of Transport and Communications, an Airspace Options paper was developed, an ANS Safety Management System Manual was developed, a Manual of Air Traffic Services is close to finalisation and all ANS Civil Aviation Safety Regulations were rewritten and are either awaiting signature or review from the Minister.^(C) The work has received positive feedback from GoTL counterparts.

While certification of Dili aerodrome is not yet complete, progress was made in the period, and GfD has continued to support AACTL to inform the ICAO regional office on the status of Timor-Leste's aerodrome certification. Progress has stalled with respect to Suai, due to a significant unresolved safety issue. In addition, as a result of GfD's advice, a Civil Aviation Regulation for economic oversight of the aviation sector, including commercial licensing, was approved.^(A) This regulation includes a section to improve access to air transport for people with disabilities. GfD was also instrumental in informing the development of strategies for economic recovery taking account of aviation's role in enabling air connectivity, through two briefing papers titled 'Preparing for Aviation Recovery in 2021' and 'Contribution of Aviation to Economic Recovery in Timor-Leste' which were provided to GfD and the Embassy in December 2020. An update will be available in late June 2021.

Desired Changes 2020/21 (SQ5.1)

Air Services Agreement (ASA) with Australia ratified and in place and other ASAs progressed by June 2021	●
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Progress is made towards development of a National Facilitation Plan, with a focus on COVID-safe reopening of Dili airport, and on strategies to attract airlines to fly to Dili	●
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Air Navigation Services documentation (manuals, legislation, processes) updated to meet ICAO standards, including Manual of Air Traffic Services (MATS), Standard Operating Procedures (SOPs) and Safety Management System (SMS)	●
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¹² <http://timor-leste.gov.tl/?p=26501&n=1&lang=en>

SQ 5.2 To what extent do aviation authorities have strengthened institutional capacity to fulfil their mandate in civil aviation regulation? (EOPO2, INO4)

Progress on strengthening institutional capacity has proven challenging in the period. Nonetheless, GfD managed to progress a number of activities with relative success. The legal establishment through a Ministerial Diploma of the National Civil Aviation Security and Facilitation Committee was a key example. However, the committee has yet to be established in practice and recognised by ICAO in order to be able to adequately fulfill its intended mandate. The Committee's first priority will be to update the Facilitation plan, based on latest ICAO Standards and Recommended Practices.

In addition, in collaboration with the Embassy, GfD supported strengthening of key institutional linkages between AACTL and key Australian counterpart agencies. A number of Letters of Agreement and Memoranda of Understanding were signed, including with the Civil Aviation Safety Authority, Air Services Australia, and Bureau of Meteorology.^(A,C) No further progress was made in relation to the development of an accident investigation Memorandum of Understanding between Australian Transport Safety Bureau during the reporting period.

Progress was also made in relation to development and implementation of a capacity development plan for AACTL and ANATL. While an overarching plan was not finalised, components of it were developed and were included in a number of manuals which were all approved (i.e. ANS Manpower Manual, ANS Licensing Manual, and ANS Training and Assessment Manual). GfD also assisted AACTL to prepare a program and budget for the period 2021-2023 which includes provisions for mandatory and recurrent training for AACTL inspectors in accordance with the approved manuals.^(C) In terms of implementation, on-the-job training developed by GfD on aerodrome certification was provided by ANATL and AACTL to Dili Airport staff in November 2020. This demonstrates significant progress in the skills, knowledge and confidence of those who provided the training.^(A)

AACTL is starting to demonstrate that it is fulfilling its role in monitoring ANATL compliance with its Safety Management System. The Safety Management System for Dili Airport was updated during the period, with GfD support, and a number of safety concerns which were identified were addressed by ANATL in December 2020 and January 2021.^(A) In addition, following a GfD-supported seminar on International Airport Certification processes, AACTL followed through with a letter to ANATL regarding the need for completion of certification requirements.^(A) There is still considerable work to be done, however, for AACTL to fully understand and undertake independent oversight of ANATL's compliance with safety, security and facilitation requirements.

The inability of ATS to travel to Timor-Leste for more than one mission significantly hampered progress on the development and operationalisation of a document management system. However, a manual on document management and control was developed, and training was provided to AACTL. This work will be progressed under the Transition Program in collaboration with TIC.^(C)

Other significant achievements during the period included the approval of legislation to strengthen AACTL's financial independence by enabling it to receive 15 percent of the airport charges collected by ANATL, and the launch of a new AACTL website, official email address, and Flight Approval Management System. Further, GfD contributed advisory support during the reporting period on the rehabilitation and improvement of Dili Airport being undertaken by ADB, IFC and Japan International Cooperation Agency in partnership with AACTL and ANATL.

Desired Changes 2020/21 (SQ5.2)

National Civil Aviation Security and Facilitation Committee established	●
Institutional linkages strengthened between AACTL and key Australian counterpart agencies (e.g. Civil Aviation Safety Authority, Air Services Australia, Bureau of Meteorology and Australian Transport Safety Bureau)	●
Capacity development plan for AACTL and ANATL staff in place and being implemented, including mandatory training/licensing	●
AACTL is monitoring ANATL compliance with implementing its Safety Management System prior to the ICAO audit and taking action in relation to instances of non-compliance	●
Document management system in place and procedures in place to ensure regular review and update cycle by AACTL/ANATL	●

SQ 5.3 To what extent is aviation policy and law being implemented to strengthen safety in civil aviation? (INO4)

Further progress on the development of the ICAO audit roadmap, establishment of a management system and its implementation has been slow in the period. The roadmap developed by GfD was updated in October 2020 and reflects the current status of actions. In addition, documents have been uploaded into the system following progress of all the relevant Protocol Questions of specific audit areas. A template enabling full cross referencing against Critical Elements and Protocol Questions in relation to the ANS audit area was achieved, and a template for similar cross referencing in other audit areas was developed. However, on-the-job training to use the template was interrupted due to COVID-19. The Chief Inspector of Aerodrome Standard and Infrastructure Directorate of AACTL has successfully passed online training courses arranged by the ICAO regional office on the implementation of the Global Reporting Format (GRF) for runway surface condition assessments and reporting.^(A)

Desired Changes 2020/21 (SQ5.3)

Roadmap developed for preparation for ICAO audit, management system in place and demonstrable progress made towards implementation	●
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Further progress on the development of the ICAO audit roadmap, establishment of a management system and its implementation has been slow in the period. The roadmap developed by GfD was updated in October 2020 and reflects the current status of actions. In addition, documents have been uploaded into the system following progress of all the relevant Protocol Questions of specific audit areas. A template enabling full cross referencing against Critical Elements and Protocol Questions in relation to the ANS audit area was achieved, and a template for similar cross referencing in other audit areas was developed. However, on-the-job training to use the template was interrupted due to COVID-19. The Chief Inspector of Aerodrome Standard and Infrastructure Directorate of AACTL has successfully passed online training courses arranged by the ICAO regional office on the implementation of the Global Reporting Format (GRF) for runway surface condition assessments and reporting.^(A)

GfD has however, made good progress in a number of other areas. GfD advisers supported Timor-Leste to comply with the new ICAO requirements on reporting runway surface conditions, by issuing a GRF Advisory Circular, assisting in the development of a GRF implementation plan, assisting the Aerodrome Standard and Infrastructure Directorate to organise a workshop on GRF, and supporting the drafting of a letter to ICAO reporting progress on GRF implementation in Timor-Leste.^(A) GfD also supported AACTL in drafting the Security and Facilitation regulation which was signed by the Minister in January 2021.^(A) The regulation includes a clause that specifically requires the incorporation of disability-appropriate standards into the terminal design.

8.2 Lessons learned and recommendations

Despite significant setbacks resulting from COVID-19, international advisers and national advisers were successful in continuing to provide support to their aviation counterparts which lead to a number of significant achievements that will assure the sector's continuation and growth, continued improvement of safety and security, and will help it to recover from the impact of COVID-19. However, AACTL's most pressing need is increased institutional capacity to enable it to fulfil its legal mandate as regulator, and progress on this front was lacking in the period. While the ICAO audit has been delayed indefinitely, AACTL and GfD need to continue working towards preparing for the audit, and to use this time to address key areas of concern to ensure a good result and guarantee the safety of Timor-Leste's civil aviation sector. Continued provision of international advisory support for both the development of legislation and policy and on the ground capacity building will remain necessary for the unforeseeable future.

Recommendation: Continue to engage international advisers and consultants to support AACTL to become, and be capable of sustaining itself as, a competent autonomous regulator.

Recommendation: Support AACTL to identify and exploit potential streams of revenue, and to seek cost-effective ways of performing their oversight functions.

Recommendation: Focus GfD's efforts during the Transition Program primarily on capacity development, and identify alternative means of providing this capacity building support should COVID-19 travel restrictions continue to limit the ability of advisers to travel to Timor-Leste

While GESI has not been a significant focus in this workstream, there are instances where GESI is relevant. The inclusion of disability-specific requirements in the Security and Facilitation Regulation is an example of this. Further, aviation is a facilitator of other activities such as tourism, where there is significant scope for gender and social inclusion, and increasing the participation of women in the workforce employed in the tourism sector.

Recommendation: Discuss the opportunities to pay more attention to gender and social inclusion in trainings and in legislation and policies with civil aviation advisers.



GfD advisers, Roberto Martins and Cesaltina Araujo, facilitating an AACTL workshop. *Photo credit: AACTL*



Australian Ambassador, Peter Roberts and Minister MNEC, Adaljiza Magno signing the ASA. *Photo credit: Australian Embassy.*

9 Other Voices



Grant with TAF



Grant with OXFAM



1 long-term adviser



Grant with FM



Grant with JSMP



9.1 To what extent did GfD support other voices to engage with the policy-making process and to advocate for improved service delivery (KEQ6)?

Significant progress was made in relation to engaging other voices in policy-making in the period despite COVID-19. This was largely due to GfD's and grant partners' ability to swiftly and adequately identify opportunities emerging out of the crisis and to pivot their activities accordingly. Grant partners noted that GfD's flexibility enabled them to continue undertaking vital work in the grant period.

Key activities in the period include:

- Launch of two Oxfam-led research pieces on COVID-19 and related socio-economic impacts on vulnerable groups
- Collection of bi-monthly public opinion data on COVID-19 through COVID-19 Pulse Surveys by TAF, including on perceptions on vaccines and the subsequent use of this data by key decision makers
- Establishment of a Civil Society Information Centre on the Impact of COVID-19 led by FONGTIL and supported by Oxfam as an important mechanism for CSOs to share factual information on COVID-19 and monitor civic space and the socio-economic impact of COVID-19
- Finalisation and implementation of GfD GESI and Civic Engagement Strategies and Action Plans
- Development of an infographic around inclusive policy-making in GoTL
- Facilitation of a series of round table discussions on a range of topics related to inclusive policy-making with both GfD advisers and CSOs, including on the policy development process, the Unique ID system, and the budget cycle.

Impact of COVID-19

In the previous reporting period, GfD worked collaboratively with grant partners to encourage them to pivot their activities in response to the evolving COVID-19 context. The COVID-related research continued during this reporting period, including through TAF's bi-monthly pulse surveys and assessment of the household-level impacts of the Uma Ka'in payment, and Oxfam's research on the socio-economic impacts on rural women, and on the informal sector.

JSMP successfully advocated for stricter sanctions for those breaking SoE regulations, including illegal entry through the borders. Following the publication of a JSMP press release in March 2021 recommending the Government to impose a stricter sanctions and punishment using relevant articles in the Penal Code, the Minister of PCM stated on television that citizens who failed to observe the COVID-19 prevention rules would be punished for non-compliance under the Penal Code.^(G)

Fundasaun Mahein (FM) shifted their focus significantly to covering security issues related to COVID-19 and the enforcement of SoE rules, and documented and publicised transgressions and violence committed by police and military agents.

SQ 6.1 To what extent has GfD supported transparency and accessibility of government information? (INO1, INO3)

A section on public access has been included in the draft updates to the UPMA Decree Law 22/2015 to enable access to budget performance information to civil society and the public at large. While the functionality of DBFTL has been adapted to allow public access, the legislative updates are still pending approval, and as yet the information is not being made available to the public.

Desired Changes 2020/21 (SQ6.1)	
Budget performance information is publicly accessible through Dalan Ba Futuru Timor-Leste (DBFTL)	●
Training delivered to key CSOs on use of DBFTL	●

Initial training on DBFTL and PBB was conducted for members of the Non-Governmental Organisation (NGO) peak body FONGTIL in September 2020.^(A) While further training was delayed pending the approval of the new law, GfD partnered with UPMA in March 2021 to facilitate a roundtable discussion attended by over 30 representatives from different CSOs, including women's organisations and Disabled People's Organisations, on the budget cycle. Eighty-eight percent of participants cited increased knowledge on the budget cycle after the roundtable.^(E) One participant from Rede Feto noted that

"The roundtable discussion was very interesting and useful for advocacy groups to directly involve in providing inputs to UPMA to facilitate and transmit the inputs to the line ministries".

Further, JSMP advocated for accountability and transparency around utilisation and expenditures of public funds earmarked for COVID-19 response and relief from natural disasters, and for the creation of an Ad Hoc Committee by National Parliament to focus on monitoring of the execution of these funds, however this advocacy has yet to result in any changes.^(G)

SQ 6.2 To what extent has GfD supported civil society organisations to effectively produce and disseminate evidence and data that is used by decision-makers? (INO1, INO2)

GfD's grant partners and affiliated CSOs produced and disseminated significant pieces of evidence for use by decision makers in the period.

Several Government organisations, such as the Secretary of State for Communications and development partners, such as World Bank cited or otherwise utilised information from TAF's COVID-19 pulse surveys. Through a GfD collaboration with PHD, TAF also undertook primary and secondary research to provide insights into the household dynamics and resource allocation of the COVID-19 response 'Uma Ka'in' payments scheme. The research was prepared as input for the Ministry of Social Solidarity and Inclusion's presentation to CoM on the success of the payment scheme.

Desired Changes 2020/21 (SQ6.2)	
Research is completed by Oxfam on the socio-economic impacts of COVID-19 on vulnerable groups (women in agriculture, informal sector) and informs implementation of Government of Timor-Leste's (GoTL's) Economic Recovery Plan (ERP)	●
The Asia Foundation (TAF) COVID-19 pulse surveys are completed bi-monthly and used by decision-makers to monitor and adjust the Government's COVID-19 response	●
JSMP recommendations incorporated in Anti-Corruption Law	●
FM and JSMP advocacy highlighting poor legislative practices heeded by decision-makers	●

In September 2020, Oxfam launched two reports on the socio-economic impacts of COVID-19 on vulnerable groups on – one on women in agriculture, in collaboration with the National University of Timor-Leste, and one on the informal sector, in collaboration with Monash University and the Mata Dalan Institute. Both were well-received by Government. In November 2020, the researchers were invited by the CIGC to present the informal sector research findings at a national seminar on the impact of COVID-19 on Timor-Leste's economy, and immediate solutions. Oxfam has since been requested by key decision makers from the Ministry of Tourism, Commerce and Industry and MCAE to continue their research on the informal sector.^(G)

JSMP and FM were both instrumental in bringing poor legislative practices to light which were acted on by relevant decision makers. JSMP successfully advocated to Parliament to observe a quorum, and to

encourage more public consultation in Parliamentary discussions. JSMP also proposed alternative conciliatory mechanisms aimed at clearing the backlog of civil cases and was pivotal in prompting the Judicial Training Centre to amend its training to tailor training programs to different categories of judicial actors and to include information on gender-based violence. ^(G) After many years of advocacy, JSMP's recommendations were incorporated into the Anti-Corruption Law. As a result, a key article on 'application of measures to reduce unjustifiable variations in criminal sentences' was maintained, and alternative content on 'omission of information' was included. ^(G)

FM contributed through its advocacy to the establishment of the COVID-19 CIGC in March 2021 and the associated Decree-Law. FM also successfully advocated to the national police command to move away from a militarised policing approach to one focused on community policing as a central pillar of Timor-Leste's policing strategy. The Organic Law for the national police is currently under revision, brought about by FM criticising the practice of 'copy-pasting' Portuguese laws that do not fit the Timorese context. ^(G)

GfD also supported JSMP to strengthen their organisation's communication skills, dissemination practices and processes through a communications training session.

SQ 6.3 To what extent has GfD supported non-government organisations to engage with the policy-making process? (INO2, INO3)

GfD grant partners and advisers supported the inclusion of civil society and private sector organisations in consultations in relation to a number of policies and legislation.

GfD advisers facilitated consultations on the Unique ID strategy with the private sector and CSOs, including a range of women's organisations and a disability association. In total 37 CSOs, 15 private enterprise entities and 22 development partners and International NGOs were consulted. ^(A)

Desired Changes 2020/21 (SQ6.3)

The private sector and CSOs, and in particular women's organisations and Disabled Peoples Organisations, are consulted in the development of policies and legislation related to HR, e-governance and Unique ID, and economic and business enabling environment	●
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Policy Leader's Group (PLG) has rebranded itself and established itself as an influential forum for policy debate	●
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Infographic on inclusive policy and legislation development process developed and disseminated to key CSO umbrella organisation and advisers involved in policy making	●
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GfD economic advisers also consulted with development partners (European Investment Fund, ADB, United Nations Office for Project Services, World Bank, USAID, Institute for Training and Technical Co-operation, and Embassies) on various forms of support for Timor-Leste's accession to the WTO and consulted with the private sector on potential investment sectors. The Technical Working Group on Economic Activity Licensing Reform includes representation from civil society and the private sector, including FONGTIL, and recently presented a proposal to amend Decree Law 34/2017 on Sectoral Licensing to the Minister of MCAE. ^(A)

In December 2020, the Policy Leaders Group (PLG) successfully transformed into Kdadalak Institute of Public Policy (KDA'I). The group legally registered as a local NGO and think tank in February 2021. KDA'I conducted 5 meetings and organised a talk show that aired on two popular television stations and drew widespread attention, as evidenced by its high viewership numbers. ^(G) TAF hopes to see KDA'I increasing its leadership of policy debate in contemporary areas of public interest in coming months. The GfD Civic Engagement adviser, in collaboration with the PCM legal adviser, developed an infographic on the Government's inclusive legislation and policy development process. Both a Tetum and an English version have been prepared, which will be launched in June 2021. It is expected that the infographic will increase both civil society and GoTL's understanding of and points of entry in the policy development cycle.

SSC (August 2020): GfD contributes to inclusive policy development to improve Timor-Leste's business registration and licencing system (PAF#16: Instances of Inclusive Policy Development)

The process of obtaining the licenses required to operate a business in Timor-Leste is time consuming, costly, and lacks transparency. A number of licenses that are 'required' in fact have no legal basis. While Serviço de Registo e Verificação Empresarial (SERVE) was established as a one stop shop to manage the process of business licensing, it has struggled to fulfill this role, with a recent inventory identifying over 60 possible license requirements, many of which are not enshrined in any legislation and not managed by SERVE. Business and Civil Society has not previously been involved in the development of relevant legislation and policy, meaning that it may not be fit-for-purpose and, does not reflect the needs of the community that needs to work within it.

GfD advisers and grant partners recommended the establishment of a working group to consider the outcomes and recommendations from the inventory process, including membership of the working group. The Technical Working Group for Economic Activity Licensing was established in October 2019, including representation from the Timor-Leste Chamber of Commerce and Industry, an East-Timorese businesswomen's association, and of Timor's NGO Forum, FONGTIL. The Working Group drafted an Action Plan for business licensing reform, along with a number of quick wins. Both were approved by the Interim Minister for the Coordination of Economic Affairs (MCAE) in January 2020, who issued a dispatch that the reforms should be implemented. While the process of implementation is not yet complete, a number of quick wins are in place to reduce the number of licenses required that have no legal basis, reduce unnecessary fees, and streamline coordination of the licensing process.

9.2 Lessons learned and recommendations

COVID-19 brought the resilience and adaptive capacity of civil society partners to quickly identify and seize opportunities to expand the reach of their voice keenly into focus, for instance in relation to advocating for economic diversification to offset COVID-19 related economic impacts. This was facilitated by GfD's flexibility in enabling grant partners to strategically and quickly pivot activities in response to the pandemic.^(G) This agility of both GfD, and CSOs, is a strength, and central to being able to respond quickly to a rapidly evolving situation.

The Government has, on the whole, responded positively to the increased input from civil society. GfD will continue to focus its efforts on supporting the voice of CSOs. Finding a balance between constructive criticism of and support for Government efforts will remain important, to ensure feedback is heeded. For CSO research to achieve impact, it needs to be directed at specific areas of policy influence, and complemented by an effective approach to disseminating research findings to outputs reach key stakeholders and decision-makers in Government and the broader development community.^(G)

Recommendation: *Anticipate risks and mitigation actions in relation to the Presidential and Parliamentary elections in the coming two years, and their possible impact on the ability of CSOs and grant partners to engage in the policy making process.*

Recommendation: *Work closely with grant partners to ensure their programs and proposed activities for the Transition Program are fully harmonised with GfD's Theory of Change objectives, that reports are fit-for-purpose and that they are accompanied by an effective approach to disseminating research findings.*

10 Working in Partnership

10.1 How strategic is GfD's engagement with partners? (KEQ7)

Grant partners

A significant proportion of GfD spending is directed through arrangements with grant partners – approximately 38 percent of activity expenditure between July 2020 and April 2021, which went to seven grant partners. In addition, contributions by ADB, IFC and World Bank were funded directly by the Embassy.

GfD's grant partners fall largely into two groups:

- Harnessing technical expertise
 - Multilaterals: ADB, IFC, World Bank, OECD
 - Universities/research institutions: Monash University
 - Australian Government Departments: ABS
- Supporting other voices to engage in policy debate and stimulate demand for good governance
 - International NGOs: Oxfam, TAF
 - National NGOs: FM, JSMP

The choice to engage with these two groups of partners, and these partners specifically, remains strategic and complements the Program's advisory support.

GfD has worked increasingly closely with its grant partners and actively sought opportunities to engage them with both other grant partners, as well as GfD's advisers, to share information and build cohesion across the Program and ensure that 'the whole is greater than the sum of its parts'.

The work of a number of grant partners was significantly impacted by COVID-19. Some, such as Oxfam, TAF and Monash University, were able to pivot their work to support evidence-based decision-making in relation to COVID-19 and the Government's response. A number, however, and in particular the multilateral grant partners, were significantly constrained by travel restrictions, and their inputs suffered as a result.

Harnessing technical expertise

In spite of not being able to travel to Timor-Leste, **Monash University** continued to produce high quality applied research that is available to inform policy and decision-making through a series of major research papers, as well as shorter think-pieces and blogs. Inputs from Monash University were explicitly sought by the Chair of the ERC to inform development of the ERP, and the contributions of Monash University are specifically acknowledged in the ERP.

ABS has continued to support GDS in the production of timely statistical data, contributing for example to a 38 percent reduction over two years in the time taken to produce GDP figures. However, travel restrictions, and shifts in resourcing within the ABS team significantly impacted on the progress of work. Work on gender and social statistics is on hold, and engagement around other areas of statistical progress has significantly slowed. Nonetheless, the model of 'Government-to-Government' support is considered to be a useful modality, and it is anticipated that engagement will increase once again as travel restrictions are lifted and the ABS technical team is able to travel to Timor-Leste.

Inputs from **OECD** were impacted by COVID-19 travel restrictions, coupled with the transfer of the annual planning and budgeting functions from UPMA to MoF. The latter has added a layer of complication to OECD's engagement with GoTL, particularly in relation to assessing progress against the BGRR and providing recommendations on potential updates. OECD has, however, continued to proactively identify alternative areas of support, including the development of an online training program on the BGRR, advice on priorities for the Fiscal Reform Commission, and a review of the draft Medium Term Planning

Framework. OECD has also continued to share information of relevance from its member countries with UPMA and GfD.^(G)

IFC advisers continued to collaborate with the GfD national adviser at SERVE in relation to business licensing, and work on mapping and reform of business licensing processes in three key sectors is underway. Progress on agent and mobile banking has, however, stalled completely as a result of KIF changing the ICT provider that was developing their Core Banking System. While this was largely beyond the control of IFC, it is disappointing that this risk was not identified and mitigated by IFC earlier in the process.

ADB's anticipated support to strengthen the corporate governance planning and operational systems of BNCTL did not progress due to the inability of international advisers to travel to Timor-Leste. As a result, unspent funds had to be returned to DFAT in December 2020.

Supporting Other Voices

Oxfam's work pivoted significantly as a result of COVID-19. In mid-2020, Oxfam undertook two research studies, in partnership with local NGO the Mata Dalan Institute to determine the differential impacts of COVID-19 and the Government's response on women in rural areas, and on the informal sector. Oxfam also supported the establishment of a 'civic space', the CSO COVID-19 Impact Information Centre, to share information about COVID-19 and the Government's response across CSOs and advocate for short term measures to be inclusive of the most vulnerable groups. Further, Oxfam supported the formation of a coalition that presented their submission on agriculture to the Women's Caucus of National Parliament during the development of the 2021 GSB.

The work of **TAF** also pivoted, with the 2020 Tatoli! Survey being re-shaped into a series of pulse surveys on community perceptions of COVID-19 and the Government's response. These surveys have provided useful time-series data to both Government decision-makers and development partners. TAF also continued to support the PLG and its evolution into KDA'I, an independently registered 'think tank'. Outputs from KDA'I have been limited during the reporting period, although there are plans for a number of additional TV talk shows in coming weeks.^(G)

FM and **JSMP** continued their advocacy and training in the areas of the security sector, and strengthening the justice sector, respectively. JSMP's work led to a number of examples of both increased community understanding, as well as influence on Government decision-making, while FM focussed on the Government's response to, and the security sector's handling of, COVID-19.^(G) GfD funding for these two NGOs will end on 30th June 2021, following a recommendation from the GfD Independent Review that their work was no longer consistent with GfD's scope of services. This decision does not in any way reflect concerns with the performance of these two grant partners. Indeed the grant partners have achieved significant results through a collaborative partnership with GfD over the years. The decision is based on strategic fit as GfD enters its transition phase and prepares for the successor governance program.

GoTL

Strong, trusting relationship with GoTL counterparts are at the core of GfD's success. Across the reporting period GfD placed advisers within nine different GoTL entities, and interacted with a number of others through grant partner arrangements.

In August 2020, GfD conducted formal PEA workshops for each GfD workstream, to analyse the dynamics of the political context associated with each stream, and the associated impact on GfD activities. These formal PEAs will be repeated in mid-2021, complemented by weekly informal discussions on the political economy between GfD management and the Embassy.

Engagement with counterparts is through a combination of formal and informal mechanisms, involving Embassy staff and the GfD team. Counterparts are involved in the selection of all advisers and contribute to their annual performance reviews. Formal GoTL feedback is usually sought through an annual R&R Workshop, held as part of the preparation of the annual report, and planning for the coming financial year. This was not possible this year due to COVID-19, the SoE and related lockdowns. Informal discussions have,

however, continued to seek feedback on both the performance of individual advisers or grant partner inputs, as well as to consider GfD support under the Transition Program. This has included regular fortnightly or monthly meetings with those counterpart entities in which a large number of GfD advisers are placed (UPMA, MCAE and CSC). It is now anticipated that an R&R workshop will be held in September 2021 if COVID-19 restrictions allow. Further, GoTL partners will be consulted extensively in the finalisation of the design for the successor program to GfD.

The extent to which GfD advisory inputs were sought, and the speed at which they were able to be mobilised, during the preparation and budgeting of the ERP, was testament to GfD's strong relationships and the relationship of trust between GfD and its counterparts.

Development Partners

GfD worked with existing development partner mechanisms whenever possible during the reporting period. This approach is important given the diversity of donors in Timor-Leste and has taken on added importance given the need to respond in a coordinated way to the health and economic impacts of COVID-19.

In the governance sector, UNDP leads sector coordination and convenes meetings quarterly, with a focus on a particular theme, however the cadence of meetings was impacted by COVID-19. The Embassy – supported by GfD – took an active role in the few meetings that took place (due to COVID-19) including sharing information and advocating for stronger donor coordination.

In the economic development and PFM sectors, the World Bank leads donor discussions. GfD continues to push actively for this group to hold more regular coordination meetings, and for increased collaboration, particularly in PFM. For PFM reforms to progress it is essential that development partners speak with one voice and lend their support to a single PFM reform roadmap, bringing together respective recommendations of OECD (funded by GfD) and Public Expenditure and Financial Accountability (PEFA) assessments (funded by the World Bank). GfD has also advocated to MoF and UPMA for the new inter-ministerial council on PFM and fiscal reform to include a development partners sub-committee, ensuring that donors report directly on their work and are accountable to the broader commission, and giving scope for development partners to have a voice at the PFM policy making table. It is unclear whether this proposal has been accepted, however establishment of such a sub-committee would be a major step forward for PFM donor harmonisation.

Development assistance in agriculture is led by the Ministry of Agriculture and Fisheries, with development partner coordination meetings being organised by DFAT and the European Union. The meetings were suspended for some time as a result of COVID-19, but since early 2021 GfD has funded Oxfam to lead the coordination of development partner meetings.

GfD's GESI advisers engaged actively with high-level advocacy partners representing women (Women's Parliamentary Caucus (GMPTL), UN Women, SEII, MSSII, PHD) and women's organisations and CSOs (Rede Feto, ALFELA, etc.). The briefing notes that the GESI advisers produced resulting from these meetings have proven useful, particularly to GfD's economic advisers.

Outside of these formal mechanisms, GfD successfully worked bilaterally with donors on an as-needs basis that usually centred around sharing information and working together on specific issues. For example, working with USAID's new Timor-Leste NGO Advocacy for Good Governance program on potential collaboration and complementary activities.

Other Australian Government Programs

Given its work with central agencies and the impact of this on the work of other Australian Government-funded programs, coordination and collaboration across DFAT-funded programs is essential. COVID-19 made this more difficult during the reporting period, and a number of collaborative initiatives that had started prior to COVID-19 were put on hold, such as the proposed study on Barriers to Service Delivery in collaboration with PHD and PARTISIPA. This piece of work is expected to re-start early in the new financial year.

GfD did, however, continue to progress collaboration on a number of issues across programs. These have included:

- An assessment of the household level social and economic impacts of the COVID-19 stimulus package in collaboration with PHD and conducted by TAF.
- Discussions with the Workforce Development Program on a possible coalition around youth unemployment. A concept paper has been developed, and work will be progressed in the new financial year.

Further collaborative approaches are anticipated under the Transition Program, in particular with PARTISIPA in relation to PFM and municipal planning and budgeting, and with PHD and PARTISIPA in relation to Barriers to Service Delivery. There is renewed interest too to progress the Aid Program's Private Sector Development Strategy, with potential collaboration between GfD, MDF and TOMAK.

GfD's Civic Engagement and GESI adviser are keen to continue exploring linkages and synergies between GfD and other Australian-funded partners in alignment with specific objectives as set out in the Civic Engagement and GESI strategies.

10.2 Lessons learned and recommendations

The increased use of remote work arrangements due to COVID-19 was initially challenging for GoTL counterparts. It has made the establishment and maintenance of strong and trusted relationship with counterparts more challenging. However, over time GfD has demonstrated its ability to continue to provide high quality advice and inputs, and counterparts have become more comfortable with engaging through remote means. Nevertheless, a strong preference remains for face-to face engagement wherever possible and there is a risk of relationships being impacted when this is not possible.

Recommendation: *Continue to provide the GfD team with the resources required to engage effectively through remote means, and actively seek opportunities to engage regularly with counterparts, including through remote means when face-to-face meetings are not possible.*

Recommendation: *Develop a 'return to office' strategy that recognises the protection afforded by COVID-19 vaccinations, while continuing to take account of health and safety risks associated with the pandemic.*

Recommendation: *Continue to identify areas for collaboration with other Australian Government-funded programs where programs intersect in their scope and interest.*

11 Relevance, efficiency and sustainability

11.1 Is GfD using the right approach to maximise the long-term impact of the Program? (KEQ 8)

GfD's approach is underpinned by a philosophy of Thinking and Working Politically – building strong relationships with Government counterparts, monitoring and reviewing the political, economic and social context on an ongoing basis, and adapting inputs to reflect this changing context. There is a level of flexibility inherent in the Program's annual planning and budgeting that enables the Program to respond to emerging demands and opportunities, always driven by the priorities of GoTL. The Program delivers through a range of modalities, including short term and long term national and international advisory support, engagement of grant partners, financial support for capacity building and study tours, and other modalities that are deemed fit-for-purpose. Across the reporting period

- Approximately 61 percent of the Cardno-managed activity budget was spent on direct advisory support, or advisory support through a consultancy organisation that supported GfD's aviation work, and 38 percent on grant partners. A small percentage of activity costs were spent on other activities such as high quality translations.
- 31 out of 35 long term advisers were national Timorese staff (91 percent) as at 30th April, with three international LTAs. These were complemented by a suite of STAs to provide specific technical expertise, particularly in the aviation sector.

SQ 8.1 To what extent is GfD working in the most relevant reform areas to improve and sustain economic development and service delivery?

Feedback from GfD's partners in GoTL, coupled with GfD's PEAs and discussions with the SAT, indicates that the support of the GfD Program continues to be highly relevant to the future development of the country.

- GfD's ongoing support for the implementation of PBB and progression of the BGRR continues to be central to improving Government planning and budgeting processes, which in turn lay a foundation for improved delivery of Government services. The next step will be to work with programs such as PARTISIPA and PHD to identify barriers to budgeted funds reaching where they are needed in a timely manner to enable the delivery of Government services.
- GfD's investment in public administration reform has broadened across the life of the Program, and during the reporting period included not only HR support to the CSC, but also support to PCM to streamline the Government's policy and legislative development processes. Civil service workforce capacity, underpinned by merit-based recruitment, selection and promotion, is critical to the effective delivery of Government services. GfD also placed advisers in TIC Timor to support the development of central ICT governance and strategy. The impact of COVID-19 has clearly illustrated the importance of e-governance, and its role in strengthening both governance and the delivery of Government services. GfD's work in TIC was diverted for a few months to progress the development of a strategy to implement a Unique ID system – a priority under the GoTL Public Administration Reform program. A PEA will be conducted under the Transition Program to assess the relevance of continuing to support the Unique ID project.
- The importance of economic diversification to the economic future of the country, and a reduction in reliance on oil and gas, has been written about widely and clearly demonstrated during the COVID-19 crisis and SoE. GfD has capitalised on this and continued to support progress towards economic diversification by providing economic evidence and analysis through its grant with Monash University, input from civil society through its grant with Oxfam, as well as analysis conducted by the Program's advisers in OPM, in SEFOPE and in MRLAP/MCAE. Development of the ERP and current debates around economic recovery from the COVID-19 pandemic have provided further opportunities GfD to contribute to the body of evidence in support of economic diversification to stimulate growth.
- The economy, and in particular the tourism sector, will not be able to grow and diversify without a safe, secure, sustainable aviation sector and the ability to move goods and people in and out of the country.

GfD's support for aviation, including the current focus on the post-COVID recovery of the aviation sector, will be central to this.

- Furthermore, Timor-Leste ranked 181 out of a total of 190 countries on the World Bank's most recent 'Ease of Doing Business' rankings.¹³ Economic diversification will not be achieved if investors continue to shy away from a country in which they perceive it is too difficult to establish and operate a business. The progress that GfD has supported in relation to key business enabling legislation (e.g. arbitration legislation), and in relation to business licensing, as well as support for accession to international organisations such as the WTO, are all critical elements of strengthening the business environment in Timor-Leste and improving the country's attractiveness as a place in which to establish and grow a business. Further investments in strengthening the financial sector will also be key to the future of economic diversification and the growth of the private sector.

SQ 8.2 To what extent is GfD adaptive to evolving contexts and emerging opportunities?

Flexibility and adaptability are a strength of the GfD Program. Regular formal and informal communication with GoTL counterparts by the Embassy and GfD management enables the Program to monitor changes in context or GoTL priorities that may impact on GfD's work. Formal PEAs were undertaken for each workstream in August 2020 to inform programming and approaches, and the political context is discussed at weekly GfD management meetings with the Embassy, and appropriate program responses determined. The Program has demonstrated its ability to respond to both the evolving context in Timor-Leste and to relevant opportunities that present themselves, as demonstrated in particular through the Program's COVID-19 pivot, and adjustments in response to changes to the GoTL organic structure. Examples during the reporting period include:

- Shift of two economic advisers from MRLAP to MCAE, supplemented by additional legal and communications advisory support. These advisers are now focusing largely on Timor-Leste's accession to the WTO, which has been identified by GoTL as a significant priority
- Shift of a legal adviser from MRLAP to PCM, following the restructure of the Government, and a refocus of the position on streamlining processes for the development and approval of policy and legislation – a key priority of the Minister of PCM
- Ability of GfD PFM advisers to work alongside economic advisers and the ERC to cost the ERP and ensure it was reflected in the 2021 GSB
- Engagement of GfD advisers in the implementation of ICT systems to support remote working arrangements, including the Jitsi teleconferencing platform, the OsTicket online ticketing system for CSC, and the development and implementation of a process for email lodgement of business registration applications
- Temporary refocus of the work of GfD's advisers in TIC on the Unique ID process, given challenges of progressing the e-governance assessment during COVID-19 lockdowns, and the high priority placed by GoTL on the Unique ID system
- Refocus of GfD's UPMA support towards medium term planning, budgeting, monitoring and evaluation as the annual planning and budgeting function transitions to MoF
- Significant pivot of the inputs of a number of GfD grant partners, including Monash University, TAF and Oxfam, in response to the COVID-19 pandemic.

SQ 8.3 To what extent is GfD efficiently delivering the Program?

The 'one team' approach to managing the GfD Program is efficient, with a streamlined management structure, and regular communication between the Embassy and GfD management which enables agile decision-making. The 'light touch' management structure is positive in terms of cost effectiveness. However, with no middle management structure for a technical team of over 30 full time and part time advisers, and a wide range of grants partners and activities, it puts significant pressure on the Team Leader and Embassy staff to provide technical leadership, and limits the level of senior technical oversight that can be provided to each of the three workstreams. The appointment of the SAT in mid-2020 went some way towards addressing this, although the role of the SAT in engaging directly with the advisory team was

¹³ <https://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf>

limited. The role of the SAT will be bolstered under the Transition Program, with a greater level of direct engagement with and technical leadership of advisers and workstream strategy.

While Value for Money is challenging to assess in relation to governance programs, given the long-time frames required to see results and the often incremental pace of change, the Program continues to identify ways to deliver lasting benefits to GoTL while managing Program costs. The increased use of national advisers is not only significantly lower cost than relying on internationals, but also builds local capacity and sustainable outcomes. This was particularly evidenced when all internationals had to leave Timor-Leste because of COVID-19: national advisers very ably continued to provide valued advice and expertise, with arms-length contributions from international advisers based outside the country. One particular example of this was the leadership shown by the Operations Manager during the physical absence of the Team Leader, a position which was upgraded to Deputy Team Leader - Operations in mid-2020.

Six of GfD's national PBAs are anticipated to shift to the GoTL payroll in January, transferring the skills that have been built up during their four years' experience in GfD. At the time of writing, three contracts have been confirmed with UPMA, and a further three are under discussions with UPMA and MoF. GfD's international ICT adviser in the CSC will also transfer to the GoTL payroll as of 1 July 2021.

11.2 Lessons learned and recommendations

Public administration reform is highly politicised, with vested interests impacting on decision-making and willingness to implement reforms. The cultural change required to improve the performance of the civil service is challenging, takes time, and requires strong, consistent leadership, and GfD needs to continually review the relevance and sustainability of its engagement in this space.

Recommendation: *Undertake an assessment of the impact of GfD support in public administration and the overall performance of the civil service (carried over from last year).*

While GfD's lean management model is cost-effective, it places significant pressure on the Team Leader at the expense of involvement in Program strategy and stakeholder liaison – a role that the Embassy is increasingly seeking the Team Leader to fulfil. Further, it is not possible under the current model to provide the technical leadership from which the workstream advisory teams would benefit.

Recommendation: *Strengthen the role of the SAT, to focus not only on strategic advice to the Embassy and GfD Management, but also technical leadership and mentoring to the advisers within each workstream.*

The PEAs held in 2020 provided valuable information to inform GfD's programming, and its approach to engaging with specific GoTL stakeholders.

Recommendation: *Continue to hold annual formal PEAs for each workstream, complemented by regular discussions of changes to the political environment and their implications for GfD.*

12 Program Resourcing

12.1 Management systems

Program management

GfD is managed through a 'one team' approach across Cardno and the Embassy. The model has evolved over time, with Cardno taking an increasing role in relation to Program strategy, implementation and quality assurance. The majority of grants, with the exception of ADB, IFC and World Bank are managed directly by Cardno. While contracts with multilateral partners are managed by DFAT directly, Cardno engages with all grant partners (except World Bank) in relation to planning, implementation and reporting.

Two Deputy Team Leader positions were created in mid-2020 through the promotion of one international position (Program Coordinator to Deputy Team Leader - Program) and one national position (Operations Manager to Deputy Team Leader - Operations). The model is operating well, although management resources continue to be stretched in both the Cardno- and Embassy-managed elements of the Program. The appointment of an SAT in mid-2020 brought additional high level technical resources into the Program, but it was challenging to capitalise on these resources, given the inability of the SAT members to travel to Timor-Leste. With a year of experience with the Program and engagement with advisers now under their belt, the role of the SAT will be bolstered under the Transition Program, to provide additional technical leadership to each workstream and more strategic 'grunt' to the Program. This, coupled with the appointment of an additional international LTA to lead the management of grants and provide additional support in relation to M&E, should relieve the pressure on both the Embassy and the Team Leader and enable them to focus more fully on Program strategy.

The Cardno team in Dili is supported by a Melbourne-based contractor representative, as well as a team of Program staff (human resources, finance, procurement, administration). The Melbourne team have been unable to visit Dili during the reporting period because of COVID-19 travel restrictions, but remain fully involved in the Program, and participate in regular videoconference meetings with both the Embassy and GfD Management Team.

Decisions on Program direction, strategy and resource allocation are jointly made by the Embassy and Cardno management team, who meet weekly to discuss Program strategy and emerging issues. GoTL representatives and other stakeholders are consulted but do not have a formal role in resource allocation decisions, as political tensions mean a formal process would be at significant risk of capture by political interests. An annual reflection and planning workshop planned in 2020 was delayed because of COVID-19 and will likely be held in September 2021. A series of five PEA workshops were held in mid-2020 to inform planning for the year, including its COVID-19 pivot, and will be repeated in August 2021.

Monitoring and evaluation

GfD has continued to refine its approach to M&E through minor modifications to its M&E Plan and Framework. Given the flexible and responsive nature of the Program, rather than developing an annual plan, the Program develops a series of DCs under each SQ for the financial year, against which progress is monitored. The development of DCs is an iterative process throughout the first few months of the financial year. The Program also keeps track of unanticipated 'other significant achievements' and includes these in the reports. A whole-of Program Learning Dialogue has been replaced by a series of workstream 'Mini Learning Dialogues' in which evidence is discussed and validated prior to compilation of six-monthly reports. The Program provides a verbal six-monthly progress update for the period May to October, with a full narrative Annual Report provided for the period May to April. Reporting arrangements for the Transition Program will be confirmed once the duration of the Program is confirmed. The Program also produced a Completion Report in March 2021 which describes the activities and achievements of the Program in its entirety, from 2014 -2021.

GfD contributed to the Australian Development Cooperation PAF and the new COVID-19 Development Response Plan PF, which tracks Australia support to recovery and response efforts in the region, through the following narrative indicators and presented the following SSCs during the reporting period:

Strategic Themes	Outcome	PAF Indicator #	Narrative Indicator	SSC Title	SSC Rating
Society	More people participate in decision-making	16	Instances of inclusive policy development	GfD contributes to inclusive policy development to improve Timor-Leste's business registration and licencing system	Highly Significant
Society	Better decision-making and evidence-based policy	20	Instances of improved policy and implementation	Key Government of Timor-Leste institutions demonstrate effective implementation of Gender Responsive Budgeting reforms	Highly Significant
Society	Better decision-making and evidence-based policy	21	Instances of evidence available for decision makers	GfD contributes evidence and advice to support development of COVID-19 economic stimulus and recovery measures	Highly Significant
Objective	Outcome	PF Indicator #	Narrative Indicator	SSC Title	SSC Rating
Economic Recovery	Government improves evidence-based policy formulation and implementation to promote economic diversification and inclusive growth (SDGs 8, 16)	ER1	Examples of policy and technical advice on stimulus measures and longer-term economic recovery	GfD's analysis and advice on economic stimulus measures is reflected in GoTL's Economic Recovery Plan	TBD
Stability	A more professional, integrated, and accountable security sector is better prepared to respond to health and other emergencies (SDG 16)	S8	Examples of strengthened governance systems (including in emergency preparedness and response)	2021 budget allocations reflect the priorities of the Economic Recovery Plan and are based on programs and sub-programs including outcomes and outputs	TBD

Human resources

GfD's HRM systems have continued to demonstrate that they are fit for purpose. Recruitment of new staff takes place in a timely manner and feedback received from counterparts is that advisers are of high quality. GoTL counterparts are always invited to participate in selection panels for in-line advisory positions. Terms of Reference are developed by GfD, in consultation with GoTL counterparts, and are reviewed at the time of contract extensions. Annual performance management reviews are completed for each adviser with input from GoTL counterparts.

There have been a number of staffing changes during this reporting period as a result of changing requirements of and relationships with GoTL counterparts, as well as the structure of the VIII Government:

- The role of the Program Coordinator was promoted to the role of Deputy Team Leader - Program, and the Operations Manager position was promoted to Deputy Team Leader - Operations, creating a three-person GfD Management Team
- All long term advisory positions continued throughout the reporting period, with the exception of one international advisory position in the CSC which changed status from LTA to STA given the significant delays in the progression of the workforce planning legislation
- A number of new positions were created in MCAE and in TIC Timor: National Legal Adviser, National Communications Adviser and International (STA) Senior Legal Adviser in MCAE, Business Analyst, and Administrator of the Unique ID Secretariat, in TIC Timor
- Of the three positions that were previously in MRLAP the National Legal Officer transferred to PCM, and the two National Economic Advisers transferred to MCAE
- The Labour Market Economist in SEFOPE resigned, and GfD has not as yet found a suitable candidate to fill the position.

In summary, over the reporting period:

- Three staff members resigned. Two have been replaced and GfD is in the process of replacing the third
- Four new long term positions were created and filled, as well as an STA position working on a regular basis with MCAE
- One position was discontinued.

The positions of six PBAs in UPMA were expected to transfer to the GoTL payroll in March. However, the transition of annual planning and budgeting to MoF, and the time it took to organise contracts, have led to ongoing delays. Three PBAs have now been offered contracts with UPMA which they will take up as of 1 July 2021. The remaining three will also discontinue with GfD, but GfD is still awaiting confirmation about whether they will be offered positions in either UPMA or MoF.

A number of national staff currently on fixed term contracts have moved to open ended contracts (an entitlement under Timorese labour law after three years of continuous service). GfD has factored the cost of severance pays for staff on open ended contracts into the Program's 2021 budget. GfD's staffing structure as at 30 April 2020 is shown at Annex Five.

Finance

GfD's financial systems continue to be fit-for-purpose. GfD maintains a comprehensive Lifetime Budget (LTB) against which forecasts and expenditure are monitored, and which is reviewed and updated on a monthly basis. Regular budget discussions with the Embassy ensure that there are no surprises in the budget, and that joint decisions can be made around changes to funding allocations. A number of adjustments were made to the funding cap in the 2020/21 financial year, partly to support DFAT-funded activities associated with GfD (design process, Assessment of National Systems), and partly as a result of COVID-19 impacting on the ability to deliver on some activities, including reduced travel costs for STAs, and reduction in funding allocations to some grant partners. A total of AUD \$1,220,462 had been returned to support DFAT's COVID-19 response by end April 2021. Further adjustments to the funding cap may be made as the end of the financial year approaches, in consultation with the Embassy, in light of the changing COVID-19 context. A financial report for the reporting period is provided separately.

Workplace health and safety

Health and safety have always been a priority for GfD, but particularly so in light of COVID-19. A Cardno Timor-Leste Incident Management Team meets regularly to discuss the evolving health and security context in Timor-Leste, to agree on the response level across all Cardno-managed programs in Timor-Leste, and to determine strategies to protect the health and safety of all staff. GfD's Business Continuity Plan was updated in March 2021 in light of the first COVID-19 cases in the community in Timor-Leste. Specific measures have included:

- Managed return to workplaces for national advisers from June - August 2020
- Managed return to Timor-Leste for international staff from September 2020 - January 2021
- Reintroduction of work from home arrangements for all staff from March 2021
- Regular communication with GfD counterparts about COVID-safe measures, and GfD's work from home arrangements
- Regular briefings for staff on both COVID-19 and the security situation through emails, the GfD WhatsApp group, face-to-face briefings and posters
- Provision to staff of Personal Protective Equipment including hand sanitiser, disposable gloves and disposable face masks
- Provision to staff of information on and encouragement to receive the COVID-19 vaccination
- Rearranging the GfD office so that those present can meet physical distancing guidelines

Other than COVID-19, GfD has continued to monitor the health and safety of adviser worksites and other health and safety risks, and taken appropriate action on an as-needed basis.

12.2 Advisory inputs

Long-term advisers

As at 30 April 2021 GfD employed 35 long-term advisers (including the Cross Program Team). In addition to this, the operations, management and Program strategy team consisted of eight locally engaged staff (LES) and two LTAs.

Table 1 Long-term adviser inputs

	National				International				Total	
	Male		Female		Male		Female			
In-line positions	Oct-20	Apr-21	Oct-20	Apr-21	Oct-20	Apr-21	Oct-20	Apr-21	Oct-20	Apr-21
UPMA	7	6	5	5	0	0	1	1	13	12
CSC	4	4	1	1	1	1	0	0	6	6
Office of Prime Minister	1	1	0	0	0	0	0	0	1	1
TIC IP	0	1	2	2	1	1	0	0	3	4
SERVE IP	1	1	0	0	0	0	0	0	1	1
MTC/AACLT	1	1	1	1	0	0	0	0	2	2
MCAE	1	2	2	2	0	0	0	0	3	4
PCM	0	0	1	1	0	0	0	0	1	1
SEFOPE	1	0	0	0	0	0	0	0	1	0
Gender and Inclusion	1	1	1	1	0	0	0	0	2	2
Communications and M&E	0	0	2	2	0	0	0	0	2	2
Operations and management	5	5	3	3	0	0	2	2	10	10
Total	22	21	18	18	2	2	3	3	45	45

Short-term advisory inputs

The LTAs were supported by a number of short-term technical inputs during the reporting period. Short term international advisory inputs were included for the SAT, AACLT, MCAE and UPMA, as well as for preparation for the civil service impact assessment. A national STA was engaged to support the establishment of content for the COVID-19 dashboard.

Table 2 Short-term advisory (STA) inputs

Position	F/M	Input days (May 2020 – April 2021)	Purpose of input
International aviation legal specialist	M	14.25	Provision of legal advice and implementation support to AACLT as it works towards achieving regulatory compliance and improved safety oversight.
International aviation technical specialist	M	53	Provision of advice and support to the president of AACLT on regulatory and compliance matters and general aviation policy, and support ANATL with the certification process for Dili Aerodrome.
Air Navigation Service Adviser	M	72.50	Support to progress the development of the manuals, guidelines and procedures in relation to Air Navigation Services to the standard required for ICAO certification, and associated capacity within AACLT and ANATL. This position was replaced by a services contract in September 2020, which increased the level and range of resources available to progress ANS improvements.
International Legal Adviser, MCAE	F	19	Legal drafting and advice to MCAE in relation to strengthening the BEE, and preparations for WTO accession
SAT Adviser Aviation	M	42	Analysis and advice to support GfD's Program strategy with respect to aviation

Position	F/M	Input days (May 2020 – April 2021)	Purpose of input
SAT Adviser Economic Development	M	15	Analysis and advice to support GfD's Program strategy with respect to economic development
SAT Adviser Public Administration	M	6.25	Analysis and advice to support GfD's Program strategy with respect to Public Administration
International HRM adviser	M	10	Support to the Embassy to develop a process and ToR for the assessment of GfD impact on the civil service
International PFM Adviser	F	22	Evaluation of progress against the Timor-Leste Strategic Development Plan
International PFM Adviser	M	35	Evaluation of progress against the Timor-Leste Strategic Development Plan
National Media and Communications Adviser, TIC Timor	M	40	Development of content for COVID-19 dashboard, and a process for keeping content up to date

12.3 Grants

The table below summarises GfD grant partner arrangements during the period. Tranche payments were made during the reporting period to OECD, ABS, TAF, Monash, JSMP, FM and Oxfam.

Table 3 Grant partner arrangements

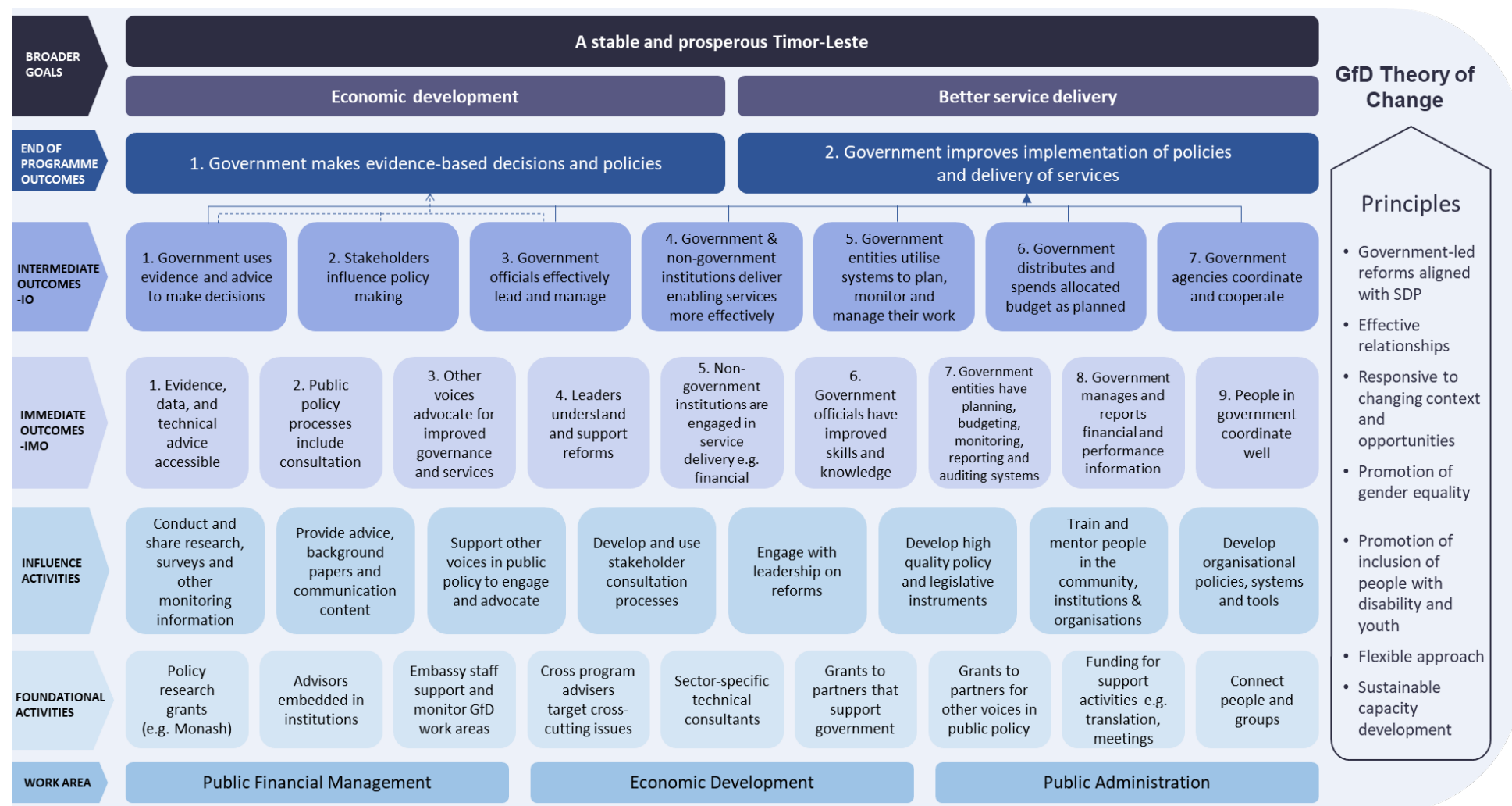
Grant partner	Focus and comments
ADB	Strengthening of the financial sector, and in particular BNCTL. Note ADB was not able to finalise its commitments and some funds had to be returned to DFAT when the grant partnership ended in December 2021.
IFC	Strengthening of the business enabling environment, and in particular Trade Invest, business licensing (through SERVE), and the establishment of mobile banking in rural areas, in partnership with KIF. Note the establishment of agent and mobile banking was not able to be achieved.
ABS	Strengthening of the ability of GDS to provide timely, accurate economic and other data.
JSMP	Monitoring of Timor-Leste's judicial systems, and strengthening the understanding of civil society and communities of the country's formal legal processes.
FM	Monitoring of and advocacy in relation to national security and policing forces and systems, including their handling in the Government's COVID-19 response.
OECD	Monitoring of progress of the implementation of Timor-Leste's Budgetary Governance Roadmap and provision of advisory support to UPMA to progress implementation.
Monash University	Economic research and analysis, and drafting of evidence-based papers on specific economic development topics, including as input into preparation of the ERP.
TAF	Support for bringing other voices into the public policy debate, through the PLG (rebranded KDA'I) and public perception surveys. Note the Tatoli! Public Perception Survey was replaced by a series of bi-monthly surveys on the impact of COVID-19 and the Government's response.
Oxfam	Research on the differential impacts of COVID-19 and the Government's response on vulnerable groups. Oxfam also supported establishment of an economic diversification coalition, and a 'civic space' for CSO discussion on COVID-19 related issues.

Annex 1 Key Evaluation Questions and Sub-questions

Criteria	Sub Questions
KEQ 1.	To what extent did GfD contribute to improved budgetary governance?
Effectiveness	1.1. To what extent are relevant PFM laws and policies in place to support the improved budgetary governance system?
	1.2. To what extent is there improved government leadership, management, and coordination on PFM?
	1.3. To what extent are improved PFM systems and processes being developed and implemented?
	1.4. To what extent are PFM policies, systems, and processes more gender-responsive and socially inclusive?
	1.5. To what extent is budgetary and performance information accessible to decision makers, civil society, and other stakeholders?
	1.6 What evidence is there that the improved budgetary governance system has contributed to improved service delivery outcomes (including gender and social inclusion programs)?
KEQ 2.	To what extent did GfD contribute to improved public administration?
Effectiveness	2.1. To what extent has GfD supported evidence-based and inclusively developed public administration law and policy?
	2.2. To what extent is there improved leadership, management and coordination on public administration?
	2.3. To what extent have improved systems and tools been developed to effectively support public administration?
	2.4 To what extent have public administration policies and systems been resourced and implemented across government?
	2.5. To what extent is PA practice (systems and processes) more gender-responsive and socially inclusive?
	2.6 What evidence is there that improved public administration has resulted in improved efficiency and effectiveness of the civil service and / or government functions?
KEQ 3.	To what extent did GfD support development and implementation of evidence-based economic policy?
Effectiveness	3.1. To what extent did GfD contribute to economic evidence, data and advice being accessible and use by decision makers?
	3.2. To what extent is there evidence of strengthened government commitment, leadership and co-ordination in relation to economic policy?
	3.3. To what extent has GfD supported women's empowerment and social inclusion in economic development?
KEQ 4.	To what extent did GfD contribute to strengthening the business enabling environment?
Effectiveness	4.1. To what extent is there evidence of improved leadership and coordination on business enabling environment?
	4.2. To what extent has GfD supported improved law and policy that strengthens the business enabling environment?
	4.3. To what extent is the business regulatory environment strengthened (laws, policies and systems being implemented)?
	4.4. To what extent did GfD support financial institutions to improve accessibility to financial services?
KEQ 5.	To what extent did GfD contribute to supporting aviation sector development?
Effectiveness	5.1. To what extent has there been improved laws and policies supporting aviation sector development?
	5.2. To what extent do aviation authorities have strengthened institutional capacity to fulfil their mandate in civil aviation regulation?
	5.3. To what extent is aviation policy and law being implemented to strengthen safety in civil aviation?
KEQ 6.	To what extent did GfD support other voices, <i>including those that focus on gender and social inclusion</i> to engage with the policy-making process and to advocate for improved service delivery?
Effectiveness	6.1 To what extent has GfD supported transparency and accessibility of government information?
	6.2 To what extent has GfD supported civil society organisations to effectively produce and disseminate evidence and data that is used by decision-makers?

Criteria	Sub Questions
	6.3 To what extent has GfD supported non-government organisations to engage with the policy-making process?
KEQ 7.	How strategic is GfD's engagement with partners?
Partnership	7.1 To what extent is GfD's approach to engagement with GoTL enabling progress toward improved governance and service delivery?
	7.2 To what extent are GfD grant partners contributing towards the achievement of GfD outcomes?
	7.3 To what extent is the GfD way of working with government harmonised with the work of other development partners?
	7.4 To what extent is GfD enabling other Australian programs to strengthen governance and service delivery?
KEQ 8.	Is GfD using the right approach to maximise the long-term impact of the Program?
Relevance/ Model/ Efficiency	8.1. To what extent is GfD working in the most relevant reform areas to improve and sustain economic development and service delivery?
	8.2. To what extent is GfD adaptive to evolving contexts and emerging opportunities?
	8.3. To what extent is GfD efficiently delivering the Program?

Annex 2 GfD Theory of Change



Annex 3 GfD Independent Review Management Response Implementation Tracker

Recommendation	Response	Action plan	Timeframe	Status
Recommendation 1 - Prepare work area strategies, in particular on economic development and cross-cutting issues.				
Draw on the excellent existing analysis and an assessment of what other development partners are doing to produce a short economic development strategy to guide programming and to link GfD to other DFAT economic programs.	Agree	GfD will prepare a short economic development strategy to guide programming during the remainder of GfD through June 2021. The strategy will take account of other development partners' activities, work with DFAT's other investments in Timor-Leste and link with DFAT's Private Sector Development Collaboration Strategy for Timor-Leste.	The economic development strategy will be completed in the first half of 2020.	Not completed due to COVID-19: instead supported GoTL to develop nationwide Economic Recovery Plan, and will provide inputs into the Design Team regarding the determination of GfD's priorities under the successor program
Develop a strategy, consolidate activities and identify lessons to date on gender and disability to target priorities in the last phase of the program and inform a follow-on program and other DFAT investments.	Agree	GfD will prepare a gender and disability strategy to guide activities for the remainder of the program and inform the design of a follow-on program. The strategy will link with DFAT's Timor-Leste Gender Strategy and complement DFAT's other investments.	The gender and disability strategy will be completed in the first half of 2020.	A GESI and a Civic Engagement strategy have been developed. Implementation is underway
Review the best way to support in-country high quality, well evidenced research about key policy issues of importance (through helping the Policy Leaders Group to become a think tank or other options).	Agree	GfD will review options for supporting Timor-Leste to undertake in country research on important policy issues. This work will be used to inform design of a follow-on program. DFAT does not envisage supporting a new think tank at this stage.	GfD's review of options for supporting in-country research will be completed by the end of third quarter 2020.	Approach changed as a result of COVID. GfD's support to PLG (KDA'I) has been extended. GfD provided support to local researchers through grant partners TAF and Oxfam to conduct research on the socio-economic impacts of COVID-19 and GoTL's response
Recommendation 2 - Support the transition of program-based budgeting (PBB) from the Prime Minister's Office				

Recommendation	Response	Action plan	Timeframe	Status
to the Ministry of Finance (MoF), and coordinate support with other development partners.				
PBB is still in its infancy and MoF lacks the skills and capacity to reinforce and enhance PBB across government. A political economy analysis (PEA) should be undertaken to inform any future decisions around delivering MoF guidance materials and skills transfers to take on annual PBB responsibilities.	Agree	Supporting Timor-Leste's successful transition of PBB from the Prime Minister's Office to MoF is a high priority for DFAT. DFAT will stay closely involved with all stakeholders during the transition, ensuring that GfD's support is calibrated to support the transfer. DFAT and GfD will undertake a PEA and risk assessment to inform Australia's support during and after the transition.	DFAT and GfD will complete a PEA and risk assessment on the transition of PBB to MoF in the first half of 2020.	Risk assessment and PEA on PFM and particularly around PBB transfer to MoF through Political Economy Analysis completed with inputs received from OECD and Strategic Advisory Team
Liaise with the European Commission and World Bank on cost-sharing of MoF PFM reforms. The major cost of implementing MoF performance management reforms and special career regime may need support from a World Bank PFM and fiscal sustainability development policy loan. It is not recommended that DFAT fund any development policy loan.	Agree	DFAT and GfD will work closely with other development partners with an interest in PFM reforms in Timor-Leste, particularly the European Union and World Bank. It is important that DFAT and GfD work in concert with all stakeholders on options for enhanced coordination of efforts. DFAT does not intend to fund any development policy loans during the remainder of GfD.		Underway - PFM Senior Adviser is building relationships with World Bank on PFM. Relationships with the EU in relation to PFM are still nascent
Recommendation 3 - Assess GfD's impact on the Civil Service Commission (CSC) capacity as well as on the overall performance of the public service.				
After 10 years of DFAT support to the CSC, and as the CSC Commissioners' mandate comes to an end (in May 2020), GfD should consolidate CSC initiatives and avoid new public administration reform activities.	Agree	After providing ten years of support to CSC, it is timely to assess GfD's impact in this sector. During the remainder of GfD, the program will not pursue any		No new reforms are initiated, however GfD is providing ongoing support to initiatives already started until the end of the Program.

Recommendation	Response	Action plan	Timeframe	Status
		significant expansion of existing support to the civil service, including the CSC.		
GfD should assess its impacts on the CSC and wider civil service capacity in a way that builds the CSC's ability to do further assessments independently. This analysis will also inform a potential successor program.	Agree	Additionally, GfD will commission a review on the impact it has had on the CSC and wider civil service. This review will, as far as possible, build CSC's capacity to do further assessments independently. This review will be used to inform design of a follow-on program to GfD.	GfD will commission a review on the impact on the CSC and wider civil service to be completed by the end of third quarter 2020.	Civil Service impact assessment to be commenced soon. TOR has been drafted, pending sign off by CSC President
GfD should ensure all its advisers shift to a capacity development approach in the last 18 months of the program. While this is included in their responsibilities and reporting requirement, advisers may require additional encouragement and full support from their GoTL line managers. Additional modalities could be used to complement advisers.	Agree	All GfD advisers already take a capacity development approach in their work with Timor-Leste counterparts. This is an explicit prerequisite of a GfD adviser's work. GfD will continue to reinforce this through an adviser's terms of reference, recruitment, selection and induction processes, plus activity reporting and performance reviews. Concurrently, GfD will continue to encourage Timor-Leste Government counterparts to ensure capacity building remains a core focus of every GfD adviser's work. GfD will do this during regular management meetings with counterparts and when seeking feedback on an adviser's performance. GfD will consider opportunities to use additional modalities to complement advisers.		On track - with advisers (6 PBAs and one CSC IT adviser) about to transfer to the GoTL payroll in the new year. Capacity development approach furthered by increased focus on training and 'leading by example'.
Recommendation 4 - Strengthen GfD's ability to think and work politically.				
Use review and reflection workshops more strategically. These should be more regular, targeted to shape decisions, with a limited	Agree	GfD will use Review and Reflection workshops more strategically and ensure that they are held regularly.	A Review and Reflection Workshop will be held in the first half of 2020. DFAT to develop a	No R&R workshops held recently due to COVID-19, but regular bilateral discussions between

Recommendation	Response	Action plan	Timeframe	Status
number of stakeholders and 'critical friends'. The next workshop could be held when the review team leader returns to Timor-Leste (February 2020) to draw on the review findings. These should not be the main way of engaging with GoTL stakeholders, which requires a blend of formal and informal approaches.		GfD anticipates holding two more workshops before the end of GfD. These workshops will include a limited number of stakeholders and critical friends. The R&R workshops will, if possible, draw on the expertise of the technical sounding board (see Recommendation 5).	forward schedule of PEAs by the end of first quarter 2020.	Embassy/GfD and GoTL counterparts. An R&R is scheduled to take place early September 2021 once COVID-19 related restrictions have eased.
Commission political economy analyses as inputs for the review and reflection workshops or to inform other strategy development. They would examine how the political circumstances are shifting and how this is likely to influence programming. They should cover GfD's different sectoral themes. They should be documented and updated regularly (e.g. as written reports, PowerPoint presentations, notes of meetings, cables) to inform program adaptation.	Agree	DFAT agrees that completing PEAs across the sectors that GfD works would be beneficial, both for implementation and to inform a follow-on program to GfD. The scope and timing of these PEAs will be determined through further consultation between DFAT and GfD.		PEAs conducted across all workstreams in 2020, another series of PEAs were held in August 2021.
Continue to improve monitoring, evaluation and learning. GfD management should select the most relevant anticipated results in the different work areas by the end of the program in 2021; develop mini ToCs for each initiative within the work areas showing causal chains and hypotheses towards these results; and track progress and monitor hypotheses with quantitative and qualitative data to inform management decisions and ongoing program adaptation.	Agree	<p>GfD has invested significant resources in strengthening its monitoring, evaluation and learning (MEL). External expertise from DFAT's MEL investment (M&E House) has also been injected. DFAT considers that GfD's overall theory of change (TOC) is fit-for-purpose.</p> <p>GfD will develop mini-TOCs for each work area with assistance from M&E House. Planning for anticipated end of program results will take place in consultation with the independent technical sounding board (see Recommendation 5).</p>		<p>Did not develop mini-TOCs, Work Area specific TOCs have been developed.</p> <p>Mini Learning Dialogues have been held in each work area, that track progress and monitor hypotheses with largely qualitative but some quantitative data to inform management decisions and ongoing Program adaptations - the development of annual targets or 'Desired Changes' that align with GfD's</p>

Recommendation	Response	Action plan	Timeframe	Status
				TOC and MELF, is vital to this process.
Recommendation 5 - Strengthen GfD's technical management and external challenge.				
Appoint three Cardno-based 'technical work area managers'. They would be responsible for developing strategies for PFM, economic development, public administration, as well as integrating 'Other Voices' and cross-cutting issues more systematically; monitoring progress; and managing advisers and grants. These posts should be filled as soon as realistically feasible.	Partially agree	DFAT agrees that GfD's technical management requires strengthening, however this should be achieved in a cost-effective manner. Appointing three Cardno-based 'technical work area managers' would require significant financial resourcing beyond the scope of the program budget. DFAT assesses that appointing three such positions would not provide adequate return given GfD has less than 18 months remaining. GfD will appoint one 'technical work area manager' to strengthen strategy and cohesion in relation to economic development, the area with the greatest need for additional expertise and engagement. This position will report to the GfD Team Leader.	The technical work area manager will be in-place in the first half of 2020.	Not completed. No suitable candidate found during first recruitment process, and further recruitment process put on hold as a result of COVID-19. Senior economic Adviser on SAT is providing significant mentoring support to GfD's economic advisory team
Establish 'independent technical sounding boards'. These would be made up of independent individuals with strong expertise in the area, who would be able to advise GfD on whether proposed new initiatives are sound and help assess progress. They would advise on how best to engage with GoTL stakeholders.	Partially agree	Additionally, external challenge will be strengthened by establishing an independent technical sounding board. This will be comprised of three independent technical experts who will provide advice to DFAT and GfD on existing and proposed new activities.	The independent technical sounding board will be established in the first half of 2020.	Strategic Advisory Team in place and functioning. The team's involvement in advising on GoTL stakeholder engagement and potential new activities will be bolstered under the GfD Transition Program.

Recommendation	Response	Action plan	Timeframe	Status
Recommendation 6 - Improve collaboration between DFAT investments.				
<p>DFAT should ensure GfD and other DFAT programs that collaborate with central agencies and on economic development have a shared understanding of their division of labour and how to rely on GfD, particularly with:</p> <ul style="list-style-type: none"> – Partnership for Human Development (PHD) and PARTISIPA on PFM and civil service capacity in relation to central barriers to education, health, social protection; how to ensure accountable service delivery and feedback loops from citizens; and decentralisation division of labour. – To'os Ba Moris Diak – Farming for Prosperity Program (TOMAK), Roads for Development (R4D), Workforce Development Program in Timor-Leste (WDPTL) and Market Development Facility (MDF) on an economic development strategy and collaboration on agriculture. 	Agree	<p>DFAT will ensure that GfD and other DFAT development programs continue to collaborate. This includes having a shared understanding of what GfD is responsible for and how GfD can best complement DFAT's other investments in Timor-Leste.</p> <p>GfD will work with DFAT's other investments to prepare a short economic development strategy (see Recommendation 1).</p> <p>The design of a follow-on program to GfD and the design of DFAT's new PARTISIPA program will take place at the same time and provide an opportunity to design complementary investments and ways of working together.</p>		<p>GfD has collaborated on a number of issues, including with PHD on an evaluation of the Uma Ka'in payment, with WDPTL in relation to a possible coalition on youth unemployment, and with MDF on issues related to GoTL's initial COVID-19 response. GfD continues discussions with PHD and PARTISIPA on a possible study on Barriers to Service Delivery. GfD also financially supports a development partner working group in the agriculture sector that includes TOMAK and MDF as members.</p>
Jointly commission an updated study on the barriers to service delivery.	Agree		An updated study on the barriers to service delivery will be completed in the first half of 2020.	Initial discussions held with PHD and PARTISIPA, but implementation delayed because of COVID-19. Further discussions to commence in June 2021.

Annex 4 Risk Register

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
Achievement of GfD Goal: A Stable and Prosperous Timor-Leste, characterised by economic development and better service delivery						
Political	Political change leads to: <ul style="list-style-type: none"> ▪ Lack of 'politically possible' interventions, and underutilised advisers; or ▪ Loss of momentum on reforms, reducing the impact and progress of the GfD program. 	Likely	Moderate	High	<ul style="list-style-type: none"> ▪ Conduct political economy analysis to inform where work can be focused, and what can be done technically, given the political context. ▪ Maintain the political neutrality of the program by engaging with stakeholders from all political persuasions. ▪ Continue to maintain flexibility of the program so that as opportunities arise, they can be evaluated and acted upon in a timely manner. ▪ Be willing to withdraw from areas where engagement has reduced. ▪ Hold regular bilateral dialogue to determine the impact of events and negotiation of any required changes to the program. ▪ Advisers build institutional as well as individual relationships, and identify opportunities to take work forward in the changing environment. ▪ Continue to use redesign workshops as an opportunity to draw on advisers' and team members' ideas and perspectives on changes in the political environment. ▪ Use evidence from review and redesign workshops to inform decisions and continually assess progress and achievements. ▪ Continue to work with high performing and/or talented GoTL agents of change, who may not be working in traditional GfD areas of work, to maximise the possibility for real improvements. 	Australian Embassy Program Director, First Secretary- Governance and Work Area Coordinators, GfD Team Leader and Deputy Team Leader - Program, GfD advisers
Political	Political decisions around foreign support impact on the work of Australian Embassy in	Likely	Moderate	High	<ul style="list-style-type: none"> ▪ Use adviser network to monitor government decisions that may impact on ongoing advisory support. 	Australian Embassy Program Director, First Secretary- Governance and

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
	Timor-Leste, which could lead to withdrawal of advisory support in particular Ministries/Agencies.				<ul style="list-style-type: none"> Seek advice from development partners and within Australian Embassy on alternative approaches. Support the bilateral relationship by working with GoTL at the policy and technical levels. Ensure counterparts are aware and understand that GfD is driven by GoTL government priorities. GfD and Australian Embassy maintain communication to identify relationship/perception risks. Advisers to look for new opportunities to achieve the same objectives through different counterparts. Work closely with the team to ensure consistent, agreed messaging to advisers regarding their role on GfD and associated perceptions and risks. Prioritise the use of national advisers/technical experts with existing agency understanding and relationships where possible. 	Work Area Coordinators, GfD Team Leader and Deputy Team Leader - Program
Relationship	Change of staff in the Australian Embassy and GfD team, compromises relationships built with counterparts.	Possible	Moderate	Medium	<ul style="list-style-type: none"> Embassy staff to engage broader GfD team in relationship-building with key GoTL stakeholders Hold regular GfD meetings for institutional knowledge sharing. Use written reports and minutes to record key information. Maintain the ability to be responsive and flexible GfD to have adequate transition planning in place. Prepare handover notes and include handover period held where possible. Maintain a good relationship with national Work Area Coordinators who have tenure. 	Australian Embassy Program Director, First Secretary-Governance and Work Area Coordinators, GfD Team Leader and Deputy Team Leader - Program
TL Security	Dynamic security situation impedes advisers' ability to deliver.	Possible	Moderate	Medium	<ul style="list-style-type: none"> Monitor security developments. Conduct security risk assessment and update as security situation changes. Brief advisers on the changing security environment and support. Maintain open communication with Australian Embassy regarding risks and impacts. Enact the Security Plan at the appropriate time. Provides regular security reports and updates to the team. 	GfD Team Leader and Deputy Team Leader - Program, Australian Embassy First Secretary-Governance and Work Area Coordinators

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
COVID-19 mitigation measures disrupt business and program continuity	Lack of staff connectivity and communication, work from home arrangements, inability to make payments to partners and staff impede the program's ability to operate.	Possible	Moderate	Medium	<ul style="list-style-type: none"> Implement COVID-19 business continuity plan in consultation with the Australian Embassy. Provide equipment (dongles, subscriptions, SIM cards, headsets) and training on ICT functions provided. Additional month's supply of phone credit purchased and kept at the office. Administration, HR and finance functions set up and new ways of working information provided to all staff. Make a range of ICT options available (incl. provision of access to GfD Zoom account) to advisers and Embassy team to support remote communications. Hold regular meetings with workstream teams to check on work focus, and any issues arising from remote working. Hold regular meetings with GoTL counterparts to check on how well arrangements are being implemented. Update work plans and regularly review activities for each adviser. Maintain monthly GfD internal newsletter. Organise stress management workshops and facilitate access to other mental health services. Monitor epidemiological reports and ensure adequate access to health facilities and medical evacuation services remains stable. If not, consider evacuating international advisers falling into a medical high-risk category. Review payment processes so that all payments can be made through bank transfers. Confirmation by Melbourne office that they are able to make payments to Timor if it is not possible to do so from Dili. 	Cardno Program Manager, GfD Team Leader, GfD Deputy Team Leader - Operations, GfD Finance Manager
COVID-19 mitigation measures limits technical and operational capacity of counterpart agencies	GoTL counterparts have reduced attendance, or are diverted to other priorities, leading to loss of momentum on GfD-supported reforms.	Likely	Moderate	High	<ul style="list-style-type: none"> Support counterparts to access appropriate remote-working technology (communications, file access, teleconferencing software, etc). Review activities to ensure continued relevance and feasibility in current context. New activities focus on COVID-19 response, recovery and enabling environment. Capitalise on new opportunities gaining momentum due to Government's response to COVID-19. Review those activities which need to be delayed and determine appropriate timing to rebuild momentum. 	GfD Team Leader, Australian Embassy First Secretary-Governance, GfD advisers
Achievement of EOPO 1: Government makes better decisions and develops evidence-based policies						

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
Policy development	GfD advisers are driven by political imperatives at the expense of following good practice policy development process, leading to policies not based on evidence or involving consultation.	Possible	Moderate	Medium	<ul style="list-style-type: none"> Support advisers to develop and implement procedures within agencies that regularise sound policy development processes. Support development of a consistent policy process to promote across GoTL. Australian Embassy to continue to reinforce messaging with counterpart agencies around the politically independent role of advisers. Ensure induction process develops a common understanding of what the program is trying to achieve (both international and local advisers). Disseminate an inclusive policy and legislation development process to key stakeholders. 	GfD Team Leader and Deputy Team Leader - Program, Australian Embassy First Secretary-Governance and Work Area Coordinators, GfD advisers
Policy development	GfD advisers pursue reforms that are technically sound but that do not adequately consider political feasibility, undermining both the impact of the reforms and the perception of the program.	Possible	Moderate	Medium	<ul style="list-style-type: none"> Undertake political economy analysis of investments, involving relevant advisers, so that there is a shared understanding of the political dynamic and the most constructive way that the program can support reform. Ensure induction process develops a common understanding of what the program is trying to achieve (both international and local advisers) and advisers' role as members of the GfD team. Provide 'as needed' strategic international advisory support to mentor national advisers and provide them with the research and data on international best practice to support their efforts to influence reforms. 	GfD Team Leader and Deputy Team Leader - Program, Australian Embassy First Secretary-Governance and Work Area Coordinators, GfD advisers
Policy development	Other advisers contracted by Government of TL or other donors undermine change efforts.	Possible	Minor	Medium	<ul style="list-style-type: none"> Undertake political economy analysis to identify influences and blockages. Support GoTL to influence through use of evidence and include agents in change process to change mindset. Ensure donor coordination. Engage with counterparts on the purpose of the reform to develop ownership. Be responsive to the needs of the particular work area – e.g. recruit an adviser with Portuguese language where this may be an advantage. 	GfD advisers, Australian Embassy Work Area Coordinators GfD Team Leader and Deputy Team Leader - Program
Achievement of EOPO 2: Government improves implementation of policies and delivery of services						

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
Resource allocation	GoTL does not allocate budget in accordance with the Strategic Development Plan, 5-year program and SDGs, limiting GfD's impact on the people of TL.	Likely	Moderate	High	<ul style="list-style-type: none"> Provide adequate GfD advisory support for implementation of budgetary governance roadmap. Support implementation of information management tools. Support line ministries to advocate for budget allocation to allow for program and service delivery. Support quality HR management practices in line ministries, Secretaries of State and autonomous agencies to ensure the civil servants employed there can implement policies and legislation. 	GfD Advisers
Resource allocation	GoTL investing insufficient resources in GfD-supported reforms	Likely	Moderate	High	<ul style="list-style-type: none"> Regularly review joint work commitments to encourage a harmonised approach to achieving objectives and activities and agreement on GoTL investment, including ensuring that GoTL provides adequate workspace and facilities to advisers, as well as ensuring a manageable workload for advisers. Adopt a policy of GfD adviser travel only being approved when accompanied by GoTL counterpart. 	GfD Team Leader and Deputy Team Leader - Program, Australian Embassy First Secretary-Governance, GfD advisers
Achievement of intermediate outcomes						
Capacity development of GoTL officials	Good governance practices that GfD is trying to influence are constrained by organisational disincentives	Likely	Moderate	High	<ul style="list-style-type: none"> Focus advisory support on officials that have responsibilities in the specific reform areas. Support inclusive policy development process that improves the possibility that policies will be implemented well. Support GoTL to link performance at the institutional and individual levels with achievement of results. Withdraw support from counterparts where organisational disincentives (e.g. fraud, corruption, bribery) are strongly suspected and report to relevant agencies (e.g. Australian Embassy, Cardno, Anti-Corruption Committee). 	GfD Advisers
Accessibility of expertise	Comparative pay scales impact on the recruitment and/or retention of GfD staff.	Possible	Minor	Medium	<ul style="list-style-type: none"> Retain readiness to seek variations in salary framework for certain skills. Monitor salary framework for locally engaged staff to ensure it is adequate and appropriate relative to comparative positions in the public, private and not-for-profit sector. Contribute to Embassy project to development country-wide salary scale for locally engaged staff. 	GfD Team Leader and Deputy Team Leader - Program, Cardno Contractor Rep, Australian Embassy First Secretary-Governance

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
					<ul style="list-style-type: none"> Support transfer of advisers to Government payroll is where possible and desired in relation to ensuring continuity of GfD supported reforms. 	
Sustainability						
Expansion of scope	Pressure to expand into new areas results in thinning of resources, increased administration and reduced impact.	Unlikely	Moderate	Medium	<ul style="list-style-type: none"> Consider new requests on case by case basis, or direct the request to another program if more appropriate. Anticipate such requests by building in flexibility and the capacity to scale up support to Australian Embassy to manage unforeseen activities. Be guided by those advisers working most closely with the counterparts. Utilise Review and Reflection workshops to consider the whole of program perspective. Conduct political economy analysis to inform where work can be focused and should be withdrawn. Regularly review joint work commitments to encourage a harmonised approach to achieving objectives and conducting activities. 	Australian Embassy whole of program responsibility GfD Team Leader and Deputy Team Leader - Program
Capacity building	Too much focus on filling short-term gaps detracts from longer-term capacity building.	Possible	Minor	Medium	<ul style="list-style-type: none"> Take an outcome-focused approach in considering, designing and effectively managing alternate modes of assistance. Specific objectives of support are outlined ahead of the assignment and counterparts of expectations for capacity building versus 'doing' are outlined at the start of the assignment and reiterated in discussions on joint commitments with GoTL counterparts. Be clear as to when and why capacity substitution is appropriate in certain circumstances. Consider alternative and appropriate modes of assistance to achieve agreed outcomes. Review adviser impact and assess against relevant, alternative assistance modalities. Continually reinforce messages about the role of advisers to build capacity. Communicate frequently with GoTL partners to ensure advisory support is being used in the intended manner. 	GfD Team Leader and Deputy Team Leader - Program Australian Embassy First Secretary- Governance and Work Area Coordinators
Capacity building	Insufficient focus on organisational capacity building undermines the	Possible	Moderate	Medium	<ul style="list-style-type: none"> Provide adviser training on capacity development based on DFAT Capable Counties Guidance Note. 	

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
	sustainability of changes				<ul style="list-style-type: none"> Discuss joint commitments with GoTL, emphasising the importance of organisational capacity building, and discern willingness to participate. Ensure that capacity building is included in ToR for all advisers. Facilitate regular discussions across GfD advisers from different work areas as an opportunity to discuss approaches to organisational capacity building and opportunities for sharing of knowledge. 	
Implementation / operational risks						
Fraud	Misappropriation of Australian Government funds by partners / sub-contractors / advisers / project staff and subsequent damage to reputation of Australian Government.	Unlikely	Major	Medium	<ul style="list-style-type: none"> Establish ICT systems to ensure correct procedures remain in place. Protocols for safe keys reviewed and updated. Implement Quality Management Plan with detailed roles and responsibilities, including checking of expenditure, contracts, etc. and approving authority separated from process. This is reviewed as needed, such as change of personnel or team composition. Review and update grant partner management protocols to adhere to Cardno policies and policies and ensures they "fit" GfD's grant partners Delivers routine, comprehensive fraud training for all project staff in Timor-Leste, including on Zero Tolerance policy. Personnel undergo compulsory online course annually. Additional face-to-face training conducted by Cardno and/or DFAT. Implement Zero tolerance Fraud Strategy, including reporting, investigating and resolution procedures. Ongoing oversight. Minimise cash handling and storage as per Cardno policies and procedures that are in place; continue to search for and apply alternative approaches to cash payments; and implement any recommendations that arise from internal audits that address cash management systems and security. Identify operational management implications of new Anti-Corruption Law. 	GfD Team Leader, Deputy Team Leader - Operations, Finance Officer/Finance Manager
Child Protection (CP)	Advisers and staff come into contact with children during the course of their work or outside work activities, and commit child abuse, which damages children, and destroys	Unlikely	Severe* (*As per DFAT child protection guidance note)	High	<ul style="list-style-type: none"> Review safeguards and ability to mitigate child protection risks carried out in light of COVID-19 restricted movements/ work from home arrangements. Follow and promote DFAT CP Policy. Ensure all GfD staff participate in CP training within 45 days of commencing their employment, and renew annually. 	GfD Team Leader and Deputy Team Leader - Program, GfD Deputy Team Leader - Operations, Cardno Contractor Rep., Advisers

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
	the reputation of Australian Government.				<ul style="list-style-type: none"> Periodically update policy and procedures. Implement standard practices with regard to recruitment process and police checks. Advisers and staff briefed and sign CP policy. Maintain specialised CP team through Cardno to use as a resource. Undertake due diligence of potential sub-grantees prior to entering into grant agreements, including on child protection practices. CP training provided to grant partners as required. 	
Harrassment / bullying	GfD advisers engage in or are the subject of harassment or discrimination	Possible	Major	High	<ul style="list-style-type: none"> Ensure advisers are familiar with the Workplace Behaviours policy and are aware of the process for reporting harassment (incl. sexual harassment) or discrimination. Implement GfD/Cardno policies that cover DFAT's PSEAH policy, such as Workplace Behaviour, Code of Conduct and Supplementary Code of Conduct. Provide annual refresher training – ensure that the managers and employees are aware of their respective responsibilities for preventing workplace harassment / bullying. All GfD staff participate in PSEAH training within 45 days of commencing their employment, and renew annually. Continually promote a positive work environment, where everyone is treated fairly and with respect. Demonstrate commitment in identifying and preventing workplace bullying (through modelling behaviour which will send a clear message to staff that the program is serious about preventing workplace bullying & unreasonable behaviours will not be tolerated). Hold regular consultation with advisers / staff to identify unreasonable behaviours and prevent potential case of bullying. Eliminate factors that can lead to workplace harassment / bullying. 	GfD Team Leader, GfD Deputy Team Leader - Operations, Cardno Contractor Rep.
Health and safety	GfD advisers are exposed to sub-optimal work environments or other hazards	Likely	Major	High	<ul style="list-style-type: none"> Follow Australian and Timorese Government travel and WHO/ISOS safety precautions in relation to COVID-19, including: <ul style="list-style-type: none"> Provision of regular health and security information to staff by Incident Management Team (IMT) and Team Leader; Implementation of a Business Continuity Plan including a Phased Emergency Response Plan, which includes phasing of remote working arrangements; 	GfD Team Leader, GfD Deputy Team Leader - Operations, Cardno Contractor Rep. Australian Embassy Program Director

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
					<ul style="list-style-type: none"> - Higher level and increased frequency of office cleaning; - Provision of appropriate PPE to all staff; - Provision of COVID-19 safe meeting protocols to all staff; and, - Ensure staff counselling services available. <ul style="list-style-type: none"> ▪ Complete return to office checklist WHS and send to Cardno for review before advisers are permitted to return to their GoTL office post-COVID. ▪ Use WHS workplace checklist to assess GfD advisers' workplaces, prior to working in that location. Any hazards identified to be recorded in hazard register, and remedied as far as reasonably practicable to do so, where appropriate in collaboration with Embassy. ▪ Include familiarisation with the fire safety and building evacuation plan and regular fire drills in induction to Palm Business Office. ▪ Inductions for all staff to include advice on travel safety, security and evacuation. 	
Budget	Final year budget is overstretched as a result of termination payments for LES with service >3 years moving to open-ended contracts.	Unlikely	Minor	Low	<ul style="list-style-type: none"> ▪ Include budget for termination payment ('severance'). ▪ Manage process so LES are aware that open-ended contracts will have to be terminated, preferably by mutual agreement, when project ends. ▪ Maintain awareness of changes to Labour Law. ▪ Implement policy on termination payments, ensuring compliance with Labour law. 	GfD Team Leader and Deputy Team Leader – Program Cardno Contractor Rep.
Management/ Coordination	Lack of clarity between GfD stakeholders on responsibilities, level of authority, and communication protocols could lead to delays / inefficiency, uncertain accountabilities, resulting in lack of confidence and trust.	Possible	Moderate	Medium	<ul style="list-style-type: none"> ▪ Review Ways of Working on a regular basis to establish engagement protocols, roles and division of responsibilities, principles, communication protocols, delegations, decision-making authorities, and dispute-resolution procedures. ▪ Manage these potentialities by being flexible in support and able to rapidly scale-up or change the nature of assistance, as required. ▪ Develop clear ToR for all personnel, Grant Partners and subcontractors and vendors. ▪ Hold regular team meetings. 	GfD Team Leader and Deputy Team Leader - Program, Australian Embassy Program Director, First Secretary- Governance and Work Area Coordinators
Reputation	Advisers under-perform or demonstrate inappropriate attitudes or behaviour in the Timor-Leste context.	Possible	Moderate	Medium	<ul style="list-style-type: none"> ▪ Apply GfD systems and processes for recruitment. ▪ Conduct thorough background checks of candidates and criminal record checks. 	GfD Team Leader and Deputy Team Leader - Operations Australian Embassy First Secretary- Governance

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategies undertaken by GfD	Responsibility
					<ul style="list-style-type: none"> Hold regular communication with Australian Embassy about adviser performance and behaviour. Brief and train all international advisers on behavioural expectations (e.g. "The Cardno Way"). Address adviser performance issues in a timely manner, in consultation with Embassy, through due process. Maintain regular contact with advisers including appropriate pastoral care and mentoring. 	
Reputation	Sub-grantees under-perform or sub-grantee staff demonstrate inappropriate attitudes or behaviour in the Timor-Leste context.	Possible	Moderate	Medium	<ul style="list-style-type: none"> Review activities to ensure continued relevance/ feasibility in the context of COVID-19. New activities focus on COVID response, recovery and enabling environment. Undertake comprehensive risk assessment prior to sub-contracting / as part of the activity design process; seek formal approval from the Embassy before implementation. Apply due Diligence Assessment for Partner Organisations prior to sub-contract being finalised. The due diligence checklist incorporates requirements from DFAT and extends to assurance around WHS, child protection practices, integrity systems, fraud, bribery and corruption prevention and management practices. GfD has incorporated the requirements to comply with the PSEAH policy and reporting processes for PSEAH incidents as part of the sub-contractor agreement. 	GfD Team Leader and Deputy Team Leader - Operations Australian Embassy First Secretary- Governance

Risk Register Matrix¹⁴:

LIKELIHOOD	CONSEQUENCES				
	Limited 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost Certain 5	Medium	Medium	High	Very High	Very High
Likely 4	Medium	Medium	High	High	Very High
Possible 3	Low	Medium	Medium	High	High
Unlikely 2	Low	Low	Medium	Medium	High
Rare 1	Low	Low	Low	Medium	Medium

¹⁴ Risk matrix in accordance with DFAT Risk Management for Aid Investments, January 2019

Annex 5 Organisational Chart (as at 30 April 2021)

