

PROSIVU MTR Management Response

PROSIVU (Partnership for Inclusive Prosperity) is a facility (AUD61.5 million, 2022-2028) supporting governance reform and inclusive development in Timor-Leste. PROSIVU is structured around three main pillars:

1. Stronger more inclusive growth
2. Sustainable public finances
3. Better public administration.

The mid-term review (MTR) of PROSIVU was undertaken by Abt Associates between March and August 2025 and, assessed the performance of PROSIVU providing strategic and operational recommendations with an emphasis on identifying changes required for any extension beyond 30 June 2026. The review found that overall PROSIVU is highly valued by Timor-Leste's government, and has been a flexible, responsive approach to addressing key economic and financial governance issues. Strengths include an ability to pivot quickly to Government priorities; the quality of technical assistance provided; strong brand recognition with Government; and transparent reporting; ability to adapt, although this flexibility has sometimes led to a lack of strategic coherence. While some outcome areas have shown success, they are largely driven by external factors. Challenges include engagement with key ministries including progressing decisions from the steering committee, delays due to shifting government priorities, and the need to reallocate resources effectively. The program's ambitious goals have increased pressure on delivery teams, and despite its commitment to Gender Equality, Disability, and Social Inclusion (GEDSI), PROSIVU's impact in this area has been limited, though recent improvements show promise.

Of the 20 recommendations, the Department of Foreign Affairs and Trade agrees with 19 recommendations and does not agree with one.

Since the MTR and recommendations were presented, advice has been received from Canberra that contract ceilings will remain fixed – with no option for increases through amendment despite the program taking on new activities that were consistent with PROSIVU's original goals and objectives but weren't provided for in the original design and budget. As a result, the anticipated four years for the second phase of PROSIVU (from July 2026) will be two years (to June 2028) and activities

adjusted accordingly. The responses to the MTR reflect the amended, reduced timeframe for activities which have been adjusted accordingly. In responding to the MTR, PROSIVU has commenced work to address agreed recommendations with a focus on completing the remaining activities through the design update process which is expected to take place prior to the next phase in July 2026.

Strategic

Recommendations	Response	DFAT Comment	Proposed Actions	Timeframe
1. Draft a Theory of Change (ToC) for the overall investment and individual ToC for each Pillar as an immediate priority.	Agree	The design update will include developing a narrative ToC that draws together the design and implementation to date, with a full ToC to be developed for Phase 2.	DFAT to work with PROSIVU to contract support during the design update to include a new ToC for Phase 2 covering two years (2026-2028).	March 2026
2. DFAT should consider whether it wants to continue its strategy of ‘responsiveness and flexibility’ or switch to one of ‘focus and finesse’.	Agree	DFAT notes that the program has taken on a number of new initiatives over time – with some less aligned with end of program outcomes than others following GoTL requests. Ensuring the program remains focused and within contract ceilings is critical going forward. This will not allow for additional activities to be included going forward. A renewed emphasis on ensuring activities are aligned to pillar objectives will be considered during the design update, to ensure the program remains fit for purpose and focussed.	DFAT to consider and assess the balance between responsiveness and focus through the ToC and design update for Phase 2 - taking into account the revised timeframe to mid-2028. DFAT and PROSIVU to continue to increase strategic engagement with GoTL to ensure alignment with GoTL priorities and ways of working. No further activities will be added to the program going forward given budget ceilings have been reached.	March 2026
3. Pursue a more focused GEDSI strategy with fewer and more targeted gender and disability outcomes.	Agree	During the MTR it was agreed that there has been limited GEDSI progress to date. The GEDSI objectives need to reflect that (1) we are half-way through	DFAT to review and assess GEDSI ambition and objectives during the design update and detailed ToC development.	March 2026

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		the program and revised objectives need to be achievable in the remaining timeframe; and (2) there is clear commitment from the PROSIVU Leadership Team to improve GEDSI performance.	GEDSI outcomes to be realistic regarding what can be achieved in remaining contracted timeframes to June 2028. This includes revising IOs as necessary. A disability adviser will be recruited in 2026 to strengthen disability support.	
4. PROSIVU senior management to reflect on 3 current EOPOs and have a view ready for design update.	Agree	DFAT agrees and work is in progress to ensure EOPO 2 and 3 contribute directly to the success of EOPO1.	Improved alignment of the three EOPOs will be achieved through the design update, to reflect the timeframe for Phase 2 from 2026-2028 and the need to ensure that activities remain focused on those EOPOs.	March 2026

Programmatic

Recommendations	Response	DFAT Comment	Proposed Actions	Timeframe
5. Pillar 1: Reduce the scope of the Pillar. Currently some of its OAs represent more of a convenience for DFAT than a strategically focused and purposive program (section 9). IOs to be dropped in the design update would include tourism, labour mobility and TVET; public investment planning; the 'human capital' work; state-owned enterprise; climate; debt management, and TIC Timor.	Agree	Any decisions on reduced areas of focus will be made based on clear criteria and consider the balance between areas where effective delivery is most likely in remaining timeframes. We will also consider what other DFAT programs and partners are delivering and be informed by the relevant Ministries to ensure alignment with GoTL priorities. PROSIVU to work with DFAT to consider areas to reduce scope of work under pillar 1. We agree ASEAN accession support should be continued	Through the design update, DFAT and PROSIVU will review and assess IOs in Pillar 1 - with a view to agreeing where support can be continued, scaled up, reduced or wrapped up. Any changes will also take into account the contracted timeframe for PROSIVU, which is expected to finish mid-2028.	March 2026

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<p>It is also recommended that support for meeting ASEAN accession requirements be increased as soon as possible. This is the one driver of reform that is externally driven, critical for the GoTL political leadership, and thus non-negotiable</p>		<p>with discussions on modality to take place over the next 6 months.</p>		
<p>6. Pillar 2: This Pillar requires reconsideration and design update given the weaknesses identified in this report.</p>	Agree	<p>DFAT agrees that work is required here, PROSIVU and DFAT will pursue greater senior level engagement with the Ministry of Finance (MoF) along with better communication on recruitment and adviser performance with the Executive Office.</p>	<p>DFAT and PROSIVU agree with the MoF on a process to better engage and communicate with the MoF Executive Office and other relevant areas to ensure strategic alignment.</p>	<p>November 2025 (completed)</p>
<p>7. Keep Pillar 3 small. Progress here has been limited, but evidence is overwhelming: a meritocratic and well managed public service is the single most important driver of growth. DFAT could pull out but then re-entry would be difficult if the CSC can pull off some serious reforms.</p>	Agree	<p>DFAT agrees that Pillar 3 should maintain its current focus.</p>	<p>DFAT will continue engagement with the CSC through Pillar 3. Pillar 3 workplans to be updated where necessary through the design update and detailed ToC development, taking into consideration an implementation timeframe to mid-2028.</p>	<p>March 2026</p>
<p>8. Recognise that building organisational capability is not only about individual skills and competencies. Skills and competencies may be at a foundational level, but there are other contributory issues too: empowerment, delegation of authority, confidence in decision</p>	Agree	<p>PROSIVU will continue to provide technical support through embedded advisers and consider options for advisers to engage in broader organisational capacity strengthening, where feasible, and appropriate to the position.</p>	<p>DFAT to consider broadening some adviser roles through the design update noting the timeframe for PROSIVU to complete work before mid-2028.</p>	<p>March 2026</p>

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making, an operational system of performance assessment. Skills and competencies are necessary, but they are not sufficient.				
9. Provide whatever support is needed to the CSC to ensure the integration of the data base (SIGAP) with the Ministry of Finance payroll.	Agree	DFAT agrees to continue to support CSC with SIGAP reform within the parameters of Pillar 3.	DFAT will continue to support Pillar 3, including support for the CSC reform and integration of the new SIGAP with the MoF payroll system.	November 2025 (completed)
10. The three Pillar strategies refer to interaction among the Pillars on specific OAs. This does not seem to have happened in a meaningful way. A fresh look at cross-program collaboration should be a major feature of Phase 2 (see also recommendation 16).	Agree	DFAT agrees that pillar interaction is not systematic across PROSIVU and needs strengthening to ensure better coordination.	DFAT and PROSIVU, through the design update, will incorporate ways to improve collaboration across the three pillars.	March 2026
11. The three Pillar strategies should only be updated if DFAT and PROSIVU are convinced that they will have immediate operational value	Agree	DFAT and PROSIVU will review the three pillar strategies and consider updates.	The design update process will identify if pillar strategies should be updated for Phase 2, noting the timeframe for PROSIVU is now until mid-2028.	March 2026
12. Clear-eyed decisions need to be made on the ongoing Gender Responsive Budget (GRB) engagement, and the options brief on disability budgeting.	Agree	DFAT agrees that PROSIVU should provide regular updates to DFAT on the implementation of the 14 recommendations in the GRB review.	The design update will outline updates to GRB reporting and provide recommendations on future GRB engagement and disability budgeting.	March 2026
13. Be informed and build upon GoTL's disability commitments related to PROSIVU's pillars.	Agree	DFAT agrees that PROSIVU has been focused on other areas and can do more to mainstream disability support going forward. PROSIVU will explore opportunities for support through the	PROSIVU to update workplans and identify opportunities for greater engagement with the DNAP, once the disability adviser has been recruited.	March 2026

Recommendations	Response	DFAT Comment	Proposed Actions	Timeframe
		Disability National Action Plan (DNAP) with the GoTL, in particular the Ministry of Transport and Communications and the CSC.		
14. Increase fluency on GEDSI internally.	Agree	PROSIVU has improved staff fluency on gender equality and this should be expanded to include disability.	PROSIVU to develop plans to improve staff fluency on disability, once the disability adviser has been recruited.	March 2026

Operational

Recommendations	Response	DFAT Comment	Proposed Actions	Timeframe
15. In the new designs for Private Sector Development (PSD), labour mobility, and Human Development (HD), and possibly other new designs / design updates, design teams should be required to identify common Intermediate Outcomes, and possibly a common EOPO. This will incentivise collaboration (rather than simple coordination) among implementing partners.	Not Agreed	DFAT does not agree with this recommendation. This would be overly ambitious at the outcome level and could broaden rather than narrow down PROSIVU's focus. DFAT does agree that synergies should be identified and built upon, and to build in stronger cross-program, collaboration mechanisms as part of new and undated designs and potentially through contract mechanisms. We propose the focus be on collaboration at the output level to identify mechanisms for collaboration that involve the GoTL.	During the design update, PROSIVU will outline ways to improve collaboration/synergies with other programs, including how they will identify and implement opportunities to harmonise work across programs in intersecting areas. There may also be opportunities for reporting on common indicators where they exist.	March 2026
16. Articulate the level of authority delegated to PROSIVU to implement its Adaptive Management strategy (Annex 5 for a full discussion).	Agree	DFAT agrees there are areas to improve delegations to PROSIVU and that this should be done carefully to ensure engagement with the GoTL is at the appropriate level.	DFAT to agree with PROSIVU on changes to the level of authority to implement the Adaptive Management Strategy, and incorporate into the design update.	March 2026

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17. Ensure Adviser monthly / three monthly reports are completed jointly by GoTL line managers as well as PROSIVU staff.	Agree	PROSIVU to discuss with GoTL to assess feasibility of this proposal.	PROSIVU to discuss avenues to enhance reporting visibility beyond DG level to improve oversight of progress by advisers and report to DFAT for decision. Subject to confirmation.	November 2025 (completed)
18. DFAT to consider formalising the role of the PROSIVU Steering Committee to accept (or otherwise) the forward annual plans and budgets of the three Pillars.	Agree	DFAT agrees that annual forward planning should continue to be agreed through the PROSIVU Steering Committee. Program budgeting should however remain with PROSIVU and DFAT.	Through the design update for Phase 2, DFAT and PROSIVU will consult with the MoF and other relevant GoTL Ministries to identify planning improvements noting the end date for PROSIVU will be mid-2028.	March 2026
19. For the design update, the Monitoring Evaluation and Learning (MEL) Plan should be modestly reformulated to identify specific measurable indicators at the IO level. These should be tracked and discussed with GoTL at the 6-monthly review and reflection exercises, as they represent joint responsibilities. Advisers should be required to assess progress towards IOs as well as recording activities and outputs.	Agree	DFAT agrees the MEL Plan should be updated to reflect any changes to the IO and ToC and advisers should be focused more on assessing progress towards IOs.	The design update and detailed ToC will consider updates to the MEL plan, focused on improving reporting by advisers and partners to focus on progress towards IOs.	March 2026
20. Reshape budget and human resourcing arrangements.	Agree	The provision of a stand-alone budget for GEDSI and engagement of disability expertise will be considered in the design update.	PROSIVU to identify budget in Phase 2 for refreshed gender and disability ambition and update systems for allocating to pillars. PROSIVU will develop a	March 2026

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			plan to enhance the use of disability expertise in Phase 2 taking into account the revised end date for PROSIVU will be mid-2028.	