



Australian Government
AusAID



Timor-Leste (East Timor)

Public Sector Capacity Development Program

Annual Plan 2006 - 2007



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List of Acronyms

ADB	Asian Development Bank
ADS	Australian Development Scholarship
AETCBF	Australia East Timor Capacity Building Facility
AP	Annual Plan
AusAID	Australian Agency for International Development
BPA	Banking and Payments Authority
CBA	Capacity Building Agencies
CBF	Capacity Building Facility
CDCU	Capacity Development Coordination Unit
CDP	Capacity Development Program
GOTL	Government of Timor Leste
HC	Head Contract
HRM	Human Resources Management
IDP	International Development Program
INAP	National Public Administration Institute
JICA	Japanese International Cooperation Agency
MC	Managing Contractor
MCDAP	Ministry Capacity Development Action Plan
MOSA	Ministry of State Administration
MOH	Ministry of Health
MOI	Ministry of Interior
MOJ	Ministry of Justice
MNRMEP	Ministry for Natural Resources, Mineral and Energy Policy
NDPS	National Directorate of Public Service
NDPEAC	National Directorate of Planning and External Assistance Coordination
NGO	Non Government Organization
OIG	Office of the Inspector General
OP	Office of the Provedor
OPG	Office of the Prosecutor General
PAAC	Program Activity Assessment Criteria
PAF	Program Assessment Framework
PDD	Program Design Document
PMG	Program Management Group
POS	Pillars of State
POSI	Pillars of the State Institutions
PSCDP	Public Sector Capacity Development Program
SATTL	Strengthening Accountability and Transparency in Timor Leste
SHD	Sustainable Human Development
SIPs	Sector Investment Programs
SSCOM	Secretary of State of the Council of Ministers
SWG	Sector Working Group
UN	United Nations
UNDP	United Nations Development Program
UNOTIL	United Nations Office in East Timor
USAID	United States Agency for International Development

Executive Summary

1. **Background:** The Public Sector Capacity Development Program (PSCDP) succeeds the Capacity Building Facility (CBF). The new Program commenced operations in Timor-Leste on schedule on 15 July 2006. A number of activities begun or designed by the CBF have been taken over by the PSCDP. PSCDP business is divided into 'core' and 'non-core'. Its core business is required to be well-rationalised and targeted. The Program's non-core business category is designed to allow AusAID to respond quickly and flexibly to GOTL needs as they emerge – from any part of government. The PSCDP also has management responsibility for the ADS Program, for which a total of AUD\$25 million is available over ten years.

2. **Financing:** Excluding the ADS Program, the sum of committed and available funds for the first 12 months of the Program is approximately \$4.18 million. This comprises a minimum of \$2.25 million that is already committed to non-core novated and start-up activities, or about 54% of total funds. The core work program comprises the balance of \$1.93 million, or 46% of the total work of the Program. Of this \$1.93 million, \$0.54 million is already committed, leaving a balance of approximately \$1.39 million for new core business.

3. **Primary counterpart agencies:** The four key capacity building agencies in Government – the Capacity Development Coordination Unit (CDCU), the National Public Administration Institute (INAP), the National Directorate of Planning and External Assistance Coordination (NDPEAC), and the National Directorate of Public Service (NDPS) - are central to Program activities. The Program's primary counterpart agency is designated as the CDCU.

Core Program

4. For new core business, careful assessment of the options with counterparts has produced the following support priorities for PSCDP. The percentage allocations that appear in parentheses are indicative only because so much of the support cuts across the categories listed in the PDD, particularly support to the four key capacity building institutions. The latter is inseparable from the support discussed immediately below. Likewise, all of the core program activities are endorsed by the PSM SIP. The PSM SIP is specified as a separate and separable investment category in the PDD and HC.

5. **Key Sector Working Groups (SWGs) (31%):** Support will be rendered to the organisational design of sub groups and the functioning of secretariats, initially for those SWGs considered to be most crucial to poverty reduction and good governance, namely: (i) for poverty reduction, Agriculture; Health Care; Education and Training; and Basic Infrastructure; and (ii) for good governance, Public Service; and Rights, Equality and Justice. Most of this support will be channelled through NDPEAC, and will involve the establishment of functional links with CDCU because of their joint interest in donor coordination.

6. **Civil Service Regulations (38%):** Support will accelerate the drafting of such regulations, which operationalise the Civil Service Act and provide one of the cornerstones for the regulation of public sector performance. This will involve working closely with NDPS. It will also involve considerable support to INAP for training associated with the implementation and dissemination of regulations.

7. **Public sector-wide HR issues (27%):** Support under this category will be channelled primarily through CDCU and will be provided in relation to capacity development directed at (1) across-government adviser management and effectiveness; and (2) the development of an HR plan for the public sector. Some of this work will entail training and development and will therefore involve INAP.

Four Key Capacity Building Agencies

8. **Role clarity (differentiation and integration):** A major purpose of the Program is to strengthen the four central capacity building agencies. Another is to clarify their roles. The best way to clarify roles (differentiation) is to help the agencies concerned to do things that they are already doing better, and to suggest new and important things for them to do that are clearly differentiated from what others are doing. Role clarity can also be improved by helping the agencies to work together on matters in which there is clear sequential or reciprocal interdependence between them (integration). The Program's core activities will do both of these things.

9. **Strengthening:** Institutional strength that arises from the good performance of worthwhile tasks is the best way to achieve credibility and recognition for the things that institutions do, and hence legitimacy in the roles that they perform. Again, Program core activities have been designed with this purpose in mind. In addition, it is clear that in order to perform optimally, it is important that the four Directors of these agencies have up-to-date and relevant technical knowledge and experience in their fields of operation and, more generally, in leadership and management. The Program will make use of institutional twinning arrangements, either in Australia or elsewhere, to achieve these ends. At the same time, the Program will support intensive periods of study at a university that is located nearby to the twinning partner, and pursue possible formal accreditation for courses taken. Other benefits for institutional strengthening and professional development are bound to flow from the establishment of such twinning arrangements. This activity will consume approximately 4% of funding for new core business.

10. The substantive activities that are proposed for each agency (and integration potential) are summarised below.

11. **CDCU:** (1) Management of across-government adviser effectiveness and of counterparts (with INAP); (2) Production of a human resource plan for the public sector (close communication with NDPS); and (3) Some form of engagement (to be determined) in relation to the support that is proposed for the SWGs (working with NDPEAC because of their joint interest in donor coordination).

12. **INAP:** (1) Dissemination of civil service regulations: training of specialists; awareness raising among all public sector employees; awareness raising among donor programs and advisers (with NDPS); (2) Involvement in adviser workshops and counterpart training (with CDCU); (3) Working with CDCU on adviser substitution: for example, in relation to the training and development of locally engaged staff as substitutes for internationals in areas identified in collaboration with CDCU.

13. **NDPEAC:** (1) Strengthening the SWGs through: structural design; and functional and secretariat support. Initially, it is proposed to focus on a number of SWGs, but to expand this support to all SWGs as resources permit. Owing to the joint interest in donor coordination, a functional relationship with CDCU will be designed.

14. **NDPS:** (1) Drafting of civil service regulations, and the acceleration of this work; (2) Implementation of regulations; (3) Dissemination of regulations (with INAP); and (4) Administration of regulations.

Non-core Program

15. The character of future support for non-core activities, which is difficult to predict, will be determined by AusAID's country strategy and government needs and requests. This is consistent with the intention that non-core activities constitute a flexible and responsive category of support under the PSCDP.

ADS Program

16. The ADS program strategy will be to promote the scholarships nationwide but to give particular attention to the public sector. Promotion for the ADS program began on schedule towards the end of September, and applications were being received from the first week of October.

17. Arising from the likely shortage of supply of suitable candidates from the public sector (and the market generally), the Program will not place any restrictions on the product range (area or level of study), except those arising from the GOTL requirement to limit time away from Timor-Leste for public sector employees to a maximum of three years and exclusions set by AusAID (for example, medicine and aviation). The Program will also cast its recruitment net across the whole of the public sector and make awards based solely on merit.

18. Applications will be generated from the public sector via direct marketing, that is, the distribution to all government agencies of relevant point of sales material such as brochures, posters and flyers. This will be followed-up by personal visits by Program staff to key 'large pool' agencies and by 'open' information sessions. Recruitment will also be nationwide, resulting in a recruitment strategy that maximises the number of suitable applicants while providing direct stimulus to the public sector by giving it special emphasis in the program's promotional activities.

19. The Program will emphasise the competitive advantages of studying in Australia in all of its promotional activities, and consciously enlist the support of ADS alumni in this.

20. The Program will do its utmost to ensure that the highest standards of openness, transparency, fairness and impartiality are observed in its recruitment and selection procedures, and will do all that it can to ensure that this is seen to be so.

21. Providing there is sufficient local capacity, the Program will support 'split' provision of English language training – foundations will be established in Timor-Leste with a period of 'finishing off' and acculturation in Australia. Related to this, the Program will regard as urgent and important the establishment in Timor-Leste as soon as possible of suitable standard institutional English language training capability.

22. Since assuming management responsibility for the ADS Program, the PSCDP has established a mature age entry category that accepts certain types of work experience *in lieu* of, or in addition to, formal qualifications, and has removed eligibility impediments for pregnant women and fresh high school graduates.

1. Introduction

23. This Annual Plan covers the period July 2006 to June 2007. The Plan sets out what the Program intends to do over the next 9 months and summarises what has been accomplished during the first three months of its operations – from 15 July to 15 October 2006.

24. Within the existing Program design, the Plan also: proposes Program emphases that take account of the recent governance crisis in Timor-Leste, Government of Timor-Leste (GOTL) needs, and the interests of the Government of Australia (as expressed in the White Paper¹); costs existing and proposed activities; distinguishes between core and non-core activities; derives principles of performance appraisal from the Program Performance Assessment Framework (PAF); and considers gender issues, sustainability, and risks. This Plan also includes the Annual Plan for the ADS Program.

25. In accordance with the Project Design Document (PDD) and Head Contract (HC), this Plan was the subject of discussion at a workshop that was held in Dili on 26 September 2006. All of the main counterpart institutions were represented at that workshop, as were a number of other government agencies and some donors, including AusAID. The Plan has also been subjected to several rounds of consultation with the Directors of the four key capacity building agencies, and with some donors (particularly UNDP). The structure of the Program outlined below was endorsed by the PMG meeting held on Tuesday 3 October 2006.

1.1 PSCDP Background

26. The PSCDP succeeds the Capacity Building Facility (CBF). A number of activities begun or designed by the CBF have been taken over by the PSCDP, making for some degree of continuity between these two phases of AusAID capacity building support to the GOTL. However, the different titles for the two phases of support – one was a ‘facility’, while the other is a ‘program’ – signify important differences between them, of direction and scope and of strategic management. While retaining an important degree of flexibility, the PSCDP has less leeway in this respect than the CBF. PSCDP business is divided into ‘core’ and ‘non-core’ (see Section 4 below), and its *core* business is required to be well-rationalised and targeted. Its non-core business category is designed to allow AusAID to respond quickly and flexibly to GOTL needs as they emerge – from any part of government.

27. For its core business, this means that the PSCDP will be more proactive than its predecessor with respect to the activities it supports, mainly by helping government counterparts to identify needs that lie within the Program’s scope, rather than reacting sometimes in a seemingly *ad hoc* way to requests for assistance from any part of government.²

1.2 Governance Context

28. An overarching objective of the National Development Plan of Timor-Leste is to “promote good governance through popular participation; a responsible and responsive government including a lean, efficient, effective, accountable and transparent civil service and effective, professional, non-political police forces; a decentralised administration with simple and transparent norms, so that governance and administration is closer to the people; a

¹ AusAID (2006), *Australian Aid: promoting Growth and Stability*. Canberra: AusAID Public Affairs Group.

² This is clearly easier said than done and old habits and expectations have a tendency to linger on, making it likely that the transition from one *modus operandi* to another may take a little time to work through.

socially responsible private sector, transparent and accountable civil society organisations; and responsible, independent and effective media".

29. Timor-Leste has moved a considerable distance in a short time towards the achievement of these ideals. Four years after the declaration of independence, and the 'ground zero' of the then post-occupation East Timor, there has been significant physical and institutional rebuilding. Despite severe capacity constraints,³ Government has managed to establish central planning and resource management functions and has made progress with respect to the delivery to citizens of basic services in health, education, agriculture, fisheries, forestry, infrastructure and communications. It is also attempting to create a regulatory environment that is conducive to foreign direct investment and the development of the private sector.

30. However, these advances could not prevent recent and protracted political and civil disturbance and it is widely agreed that much remains to be done (among significant other things) to ensure that government institutions perform in the ways intended by their mandates. Their having sufficient capacity to do so is clearly a necessary, though not sufficient, condition for this to happen.

1.3 Partners

31. An important operating precept of the Program will be to work as closely as possible with donors and other stakeholders in order to ensure clear role differentiation, but also integration. The Program's main partner institutions in government are CDCU, INAP, NDPS, and NDPEAC. CDCU is the primary counterpart agency of the Program. Apart from AusAID itself, other donors providing capacity building support within the broad field of governance are either existing or potential partners, a number of whom have been consulted about certain aspects of this plan (e.g., ADB, JICA, UNDP, UNOTIL, USAID, & the World Bank). In particular, there have been extensive and fruitful interactions with UNDP and UNOTIL in relation to capacity development generally and in relation to sectors of likely PSCDP involvement. The opportunities for such interactions are institutionalised in the PMG and elsewhere,⁴ but occur in addition to that primarily through personal networks.

2. Program Description

32. Aside from national security and the maintenance of peace and stability, the main purpose of good governance is equitable and sustainable development and, hence, poverty reduction.⁵ The PDD acknowledges this in its statement of the Program's goal.

2.1 Mission and Goal

33. The HC places the goal of the Program before its mission,⁶ and describes it as follows: "*A sustainable and effective system of governance and public administration for the*

³ It is important to remember that there was an exodus of about 7,000 Indonesian civil servants (out of a total of about 13,000) before Independence. These people constituted almost 100% of the top half of the public service. See, for example, Blunt, P. (November 2001c), *Priority Human Resource Needs for the East Timorese Government at Independence (2 Volumes - Volume 2, Appendices, with others)*. Dili: UNDP, pp. 35 & pp. 150; & Blunt, P. (January 2002a), *Post Independence Human Resource Needs of the Government of East Timor - Progress Report 3*. Dili: UNDP, pp. 6.

⁴ This is one of the most important functions of Sector Working Groups and their sub-groups – see Section 4 below.

⁵ See, for example, Blunt, P. (with D. Rondinelli) (commissioned authors) (1997), *Reconceptualising Governance*, New York: Department of Public Affairs, UNDP, pp. 93 & xi; Blunt, P. (with others) (2000), *Mid-term Evaluation of UNDP's Global Programme on Governance – an Interim Report*. New York: MDGD/Bureau for Development Policy, UNDP, pp. 100 & xxxiii; Blunt, P. (2003), *Governance Conditions, Roles and Capacity Building Needs in the Rebel-Held Areas of Southern Sudan. Public Administration and Development*, 23(1), pp. 125-139.

delivery of high quality public services". Most of these services are delivered in health, education, and agriculture. These are the main drivers of Sustainable Human Development (SHD).

34. The mission of the Program is *"to strengthen the capacity building institutions and processes to build individual and institutional capacity in East Timor"*.

2.2 Scope

35. The HC stipulates (Schedule 1, clause 6.1d, p. 10) that capacity building support under the PSCDP will be directed at and/or through:

- a. The four 'central capacity building institutions': CDCU, INAP, NDPEAC, and NDPS (40%);
- b. The Sector Working Groups (SWG) and the implementation and revision of the Sector Investment Programs (SIPs) (20%);
- c. 'Priority activities' of the Public Sector Management SIP (30%); and
- d. 'Other sectors' of government⁷ through the institutions described in 13a or 13c or through the capacity building units of line ministries (10%).

36. Notional percentage allocations of emphasis between the four main 'targets' of PSCDP support are also made in the HC, which appear in parentheses in paragraph 35 above. These allocations were made before the recent governance crisis, and were in any case likely to have been conceived as a guide. Questions of Program emphases are revisited in Sections 4 and 5 below.

2.3 View of Capacity Development

37. The Program adopts a conventional view of capacity development, one that applies at the institutional, organisational, group, and individual levels and, hence, to questions of: organisational structure and design; systems and procedures; skills and knowledge; and norms and values.⁸ This view is consistent with the so-called 'three pillars view' of capacity development.

38. The Program will not support an activity that does not contain one or more of these elements of capacity development. It will do everything it can to ensure that the advisers and consultants it employs have the skills and inclination to help to build organisations and systems and to convey what they know and can do to others. Capacity that is developed by the Program and its advisers will be expected to be sustainable and to contribute to equitable development – gender equity being a vital part of this.

39. The Program recognises that expectations concerning the pace and form of capacity development, and the measurement of performance concerning it, must be set against as

⁶ Conventionally, it is the other way round – see, for example, Blunt, P. (commissioned author) (1995b), *Public Sector Management, Governance and Sustainable Human Development*, New York: Department of Public Affairs, UNDP, pp. 130 & xxvi; Reprinted twice in 1996.

⁷ The HC refers to 'smaller scale but important support for capacity building initiatives across other sectors' (Schedule 1, clause 2.3d).

⁸ See, for example, Blunt, P. (with M. Jones) (1992), *Managing Organisations in Africa*. Berlin & New York: Walter de Gruyter, pp. 356 & xiv; Blunt, P. (with P. Collins) (Eds.) (1994), *Institution Building in Developing Countries*, Special issue of *Public Administration and Development*, 14(2), pp. 111-222; Blunt, P. (with M. Jones) (Eds.) (1991b), *Management Development in the Third World*, Special issue of *Journal of Management Development*, 10(6), pp. 1-93; Blunt, P. (with M. Jones) (Eds.) (1991a), *Human Resource Management in Developing Countries*, Special issue of *International Journal of Human Resource Management*, 2(1), pp. 1-107.

detailed and up-to-date an understanding of the governance and operating context as it is possible to obtain with available resources. As far as possible, expectations concerning capacity development will therefore be tailored to the operating circumstances of the activity in question. This position is consistent with, and draws upon, the latest AusAID view of capacity development as expressed in a paper entitled 'A Staged Approach to Assess, Plan and Monitor Capacity Building' (May 2006).

3. Progress

40. This section outlines progress during the first three months of Program operations in relation to mobilisation; novated activities; start-up activities; new business; systems, procedures, policies, plans, other documents, and other activities.

3.1 Mobilisation

41. The PSCDP mobilised on schedule on 15 July 2006, which because of the civil disturbances was one month later than originally planned. Handover from the CBF – in terms of novated contracts, pipeline activities, files and documents, and assets (including vehicles) – was completed on schedule, by 27 July 2006. Transfer of the stewardship of the ADS Program from IDP to PSCDP took place during September, and was formalised on schedule at the end of September 2006.

42. The Program was fully operational by the end of August, having employed local staff and established or obtained: office premises and communication systems; equipment and furniture; transport; operational and security procedures and guidelines; and expatriate staff accommodation.

3.2 Novated Activities

43. As indicated above, the Program formally assumed responsibility for these activities on schedule on 27 July 2006 and, since then, has managed them in accordance with its contractual obligations. The activities are summarised in Table 1 below.

44. To date, formal reviews have been conducted of activities in the Ministry of Interior and the Office of the Prosecutor General (OPG). Further reviews will take place as activity expiry dates approach, as indicated in Annex A.

Table 1: Novated Activities				
Activity Number	Activity Title	Form of Support	Institutional Location	Status
Core⁹				
ACT 002	Operational Planning Project	Advisory: 2 international & 2 national	NDPEAC, CDCU and INAP	Activity expires 30 June 2007. One international part time (5.5 months remaining), the other has completed his input.
ACT 004	Development of Policy and Regulations for GoTL Public Service	Advisory: 2 international	Ministry of State Administration	Activity expires 30 April 2007
Non-core				
ACT 001	Institutional Strengthening and	Advisory: 1 international & 1	Ministry of Interior	Activity expires 13 October 2006. Currently

⁹ The distinction between 'core' and 'non-core' activities is drawn in Section 4 below.

Table 1: Novated Activities				
Activity Number	Activity Title	Form of Support	Institutional Location	Status
	Capacity Building Adviser	national		under review.
ACT 003	Support to Office of the Prosecutor General	Advisory: 4 international	Ministry of Justice	Advisers' contracts expire between October and November 2006. Currently under review.
ACT 005	Senior Policy Adviser, Water Sector	Advisory: 1 international	Ministry for Natural Resources, Minerals and Energy Policy (MNRMEP)	Recently commenced first input. Six months of input until 14 May 2007
ACT 006	Capacity Development Support to BPA	Advisory: 1 international	Banking and Payments Authority	Activity expires 27 October 2006
ACT 007	Interim Support to DNAS	Advisory: 2 international	Ministry for Natural Resources, Minerals and Energy Policy (MNRMEP)	Interim support pending new project. Activity expires 30 November 2006
ACT 008	Ministry of Health (MoH)	Advisory: 1 international & 1 national	Ministry of Health (MoH)	Interim support pending Health project. Activity expires 30 June 2007

3.3 Start-up Activities

45. Procurement of advisers for 'pipeline' activities in the Ministry of Health and the Secretary of State of the Council of Ministers began in mid-August following urgent requests from GOTL and AusAID. Likewise, in response to requests from GOTL and AusAID, in late August a proposal for strategic planning support was approved by the Program Management Group (PMG) for three 'pillars of the state' institutions, namely: Office of the Prosecutor General (OPG), Office of the Provedor (OP), and Office of the Inspector General (OIG). Procurement for these positions began in August and early September. A summary of start-up activities appears in Table 2 below.

Table 2: Start-up Activities & Proposals				
Activity Number	Activity Title	Form of Support	Institutional Location	Status
Non-core				
ACT 021	Strategic Planning of Pillars of the State institutions: OPG; OP; & OIG	Advisory: 1 international	OPG, OIG & OP	Proposal approved by PMG on 29 August. Recruitment began during 1 st week of September
ACT 022	Strategic management adviser: OPG	Advisory: 1 international	OPG	Proposal approved by PMG on 3 October. Recruitment began immediately thereafter
ACT 014	Support to Program Activities, Directorate of Health Services Delivery - Project Management Adviser	Advisory: 1 international	Ministry of Health	Preferred candidate selected & mobilisation expected in early November

Table 2: Start-up Activities & Proposals

Activity Number	Activity Title	Form of Support	Institutional Location	Status
ACT 015	Support to the legislative activity of the Council of Ministers - Harmonization of the Organic Laws of Timor-Leste	Advisory: 3 international	Secretary of State of the Council of Ministers	Mobilization of the 2 legal advisers commenced in the 1 st week of September. Recruitment of a 3 rd adviser began in the same month.
ACT 020	Directorate of Health Services Delivery - Community Nutritionist Adviser	Advisory: 1 international	Ministry of Health	Proposal approved by PMG on 29 August (originally deferred by FMG). Recruitment began during 1 st week of September

3.4 Performance of Existing Activities

46. An activity/adviser management policy, based on lessons learned from the CBF and from discussion with all novated advisers, has been agreed and came into force in late September 2006. As indicated above, detailed reviews of activities in MOI (due to expire on 13 October 2006) and OPG (due to expire in October/November 2006) have been conducted and other such reviews will be conducted as activity expiry dates approach. The timing of such reviews can be seen in the work schedule in Annex A. On the basis of historical records and the limited assessments that it has been possible to undertake to date, all activities are performing satisfactorily, although there is noticeable unevenness with respect to the extent and forms of capacity development taking place.

47. A more detailed account of Program performance, based on the performance appraisal principles outlined in the PDD and below in Section 4.4, and broken down according to activity, will be supplied in the next Annual Report. By this time the activity and adviser management policy will have been fully implemented.

3.5 Business Development

48. Funding uncertainties have affected the start of business development, pending a decision by AusAID. For fear of creating false expectations in government and of 'biting off more than it could chew', and with the few exceptions discussed immediately above, the Program considered it unwise to identify areas of proposed support until now. The recent crisis and the need to assess the implications of this, and significant differences between the CBF and the PSCDP alluded to above, also weighed in this calculation.

49. Nevertheless, as indicated in Section 3.3 above, the Program did take on new activities on the basis of urgent requests from GOTL and AusAID. For example, in early-mid September, the Program responded to an urgent request from the Office of the Prosecutor General (OPG) and AusAID to design a senior management adviser position in the OPG (see Table 2).

50. In the meantime, the Program began 'desk' assessments of all of the 'pipeline' activities inherited from CBF¹⁰ and started to consider the development of new lines of support – as discussed in Sections 4 and 5 below. Strategic plans for the three 'pillars of the

¹⁰ A total of 13 such activities were in the pipeline at handover, and were in different stages of development and approval.

state' institutions mentioned in paragraph 45 may have been completed by the end of December 2006. This will mean that former priorities for PSCDP support (whether core or non-core) can then be set with stakeholders, at least in relation to these three institutions.

51. Latest estimates indicate that a sum of not more than approximately AUD\$1.39 million will be available for programming of new core activities during the first 12 months of operation.

52. Minimum expenditure on non-core PSCDP activities for the 12 months July 2006 - July 2007 is estimated to be AUD\$2.25 million. Until the distinction between core and non-core (see Section 4) has been determined by AusAID, non-core activities will be financed from the Imprest Account under the so-called 'smaller scale but important support' (10%) category of expenditure outlined in the PDD and in the HC. AusAID has agreed that it will be possible to 'front-end load' such expenditure in order to accommodate the projected (minimum) expenditure of AUD\$2.25 million on non-core activities (note: the total amount available under the 'smaller scale...' category – see paragraph 35 above - over the full 5 year period of phase 1 of the program is about \$1.5 million, which based on forecast expenditure will be exceeded in the first 12 months of Program operations).

3.6 ADS Program

53. Unlike the CBF, the PSCDP also has responsibility for Australian Development Scholarships (ADS) and NZAid scholarships in Timor-Leste.

54. A Marketing Strategy for the ADS Program and associated promotional material, which formed the basis of the ADS Annual Plan, was discussed at a workshop held on Tuesday 5 September and approved by the ADS Committee on Thursday 7 September. The Program's Marketing Strategy and Annual Plan incorporates its 'training strategy' and 'promotional strategy'.

55. The ADS program strategy will be to promote the scholarships nationwide but to give particular attention to the public sector. Promotion for the ADS program began on schedule towards the end of September. Further discussion of activities under the ADS – the Annual Plan for ADS - can be found in Section 5.6 below.

3.7 Plans, Policies, Other Documents & Activities

56. In addition to the matters referred to above, under the HC, the Program is required during the inception period (to 15 October 2006) to produce a large number of plans and other documents; policies, manuals, and procedures; to establish, operationalise, and support a number of committees; and to undertake a range of planning activities. These requirements, and their status, are set out in Table 3 below.

Table 3: Contractual Requirements for Plans, Policies, Other Documents & Activities		
Requirement	Status	Comment
Meetings & workshops (schedule 1 clause)		
PMG (3.6) PMG Minutes (15.6aviii)	Met once in August & once in October	Minutes produced on time & translated. Meeting 1 approved Outline of Annual Plan; Activity Assessment Criteria; Pro Forma for proposals; six-month work plan; & 2 activity proposals

Table 3: Contractual Requirements for Plans, Policies, Other Documents & Activities		
Requirement	Status	Comment
ADS planning workshop (10.11ei)	Held 5 September before PMG/ADS Committee	Considered and approved Marketing Strategy & Annual Plan & promotional material
PMG/ADS Committee (10.11b)	Met 7 September.	Minutes produced on time; approved Marketing Strategy and Annual Plan. This complies with Output 1.1 of the HC for the ADS: "to facilitate effective governance & strategic direction of the ADS & provide efficient operational management".
PMG/ADS Selection Committee (10.11b)	Appointed by PMG/ADS Committee in September	4 members approved by PMG/ADS Committee
PSCDP planning workshop (11.2)	Held on 26 September	Considered & endorsed core program set out in the Annual Plan
Plans & reports (schedule 1 clause)		
Annual Plan Outline (11.3)	Approved by PMG in August – is the same as what is referred to in the HC as the 'Annual Strategy Review and Plan'	Conforms to AusAID Guidelines & incorporates minor changes suggested by AusAID
Six-month plan (11.5)	In accordance with the HC, a six-month work plan was submitted to PMG and approved at its August meeting along with detailed actual & projected expenditures	The HC states that: 'over time, the (six-month) work plan may become an annual work plan' (Schedule 1, clause 11.5)
PSCDP Annual Plan ('Annual Strategy Review and Plan') proposed activities (11.3)	In line with the HC direction – in the above 'comment' – the six-month work plan has been incorporated into the PSCDP Annual Plan	Core program endorsed by the 3 October PMG meeting. Annual Plan endorsed by circulation.
PMG Minutes (15.6aviii)	Completed and submitted to AusAID; and circulated	Translated into Portuguese
ADS Marketing Strategy & Annual Plan (10.11d)	Approved by PMG/ADS Committee 7 September	The ADS Marketing Strategy & Annual Plan covers all of the ground envisaged for the Training Strategy & the Promotional Strategy & goes further in outlining activities for the year. It forms the basis of the ADS Annual Plan
ADS Training Strategy (10.11d)	Approved by PMG/ADS Committee as part of the Marketing Strategy & Annual Plan	See above
ADS Promotional Strategy (10.8b&c)	Approved by PMG/ADS Committee as part of the Marketing Strategy & Annual Plan	See above
ADS Annual Plan (10.11f)	Incorporated in PSCDP Annual Plan & ADS Marketing Strategy – see above	Approved by PMG/ADS Committee 7 September
Manuals, forms & procedures (schedule 1 clause)		
Program Operations Handbook or Administration manual (11.1)	Completed on time & endorsed by the PMG	Endorsed by the 3 October PMG meeting
Imprest account manual	Completed	Approved by AusAID
Activity Assessment Criteria (11.7)	Completed & approved	August PMG meeting

Table 3: Contractual Requirements for Plans, Policies, Other Documents & Activities		
Requirement	Status	Comment
Format for proposals for assistance (11.6)	Completed & approved	August PMG meeting
Format for adviser TOR (11.8)	Completed & approved	3 October PMG meeting
Format for reporting on different modes of assistance (11.10)	Completed & approved	3 October PMG meeting
ADS Operations Manual & Quality Assurance Plan (10.11h)	Incorporated in the PSCDP Operations Manual; separate quality assurance notes for ADS have been included in the Manual Completed & considered at 3 October PMG meeting	Financial management of the ADS, procurement, & related issues will be subject to the same controls & procedures as those employed in the PSCDP as a whole
Policies (schedule 1 clause)		
Security	Completed as part of the Operations Manual	3 October PMG meeting
Adviser management	Completed & approved	3 October PMG meeting
Recruitment (11.9)	Completed as part of the Operations Manual	3 October PMG meeting
PAF (11.11)	Discussed with counterpart institutions & AusAID & draft considered & endorsed by PSCDP workshop in late September	Submitted to the 3 October PMG meeting, & endorsed. Detailed comments in separate paper.
Gender (11.13)	Completed as part of the Operations Manual	3 October PMG meeting
Other (schedule 1 clause)		
Interim ODA Adviser (11.12)	A lengthy report was submitted by the adviser & was considered by AusAID & the PSCDP. Owing to the governance crisis, the report was unable to provide insight or guidance over & above that already contained in the PDD & other documents.	It was agreed with AusAID Dili that it would therefore be necessary for the Program to conduct with counterparts a fresh assessment of the governance situation. This was the subject of discussion at the PSCDP workshop in late September, the outcomes of which are set out in this document.

4. Design Emphases

57. Program and design emphases have been the subject of debate with counterpart agencies; internally within PSCDP; with AusAID and other partners; and at a planning workshop held on 26 September 2006. *Always within the existing Program design framework*, discussion was concerned with what constituted ‘core’ and ‘non-core’ PSCDP support and with questions of Program emphasis that took account of the recent governance crisis, the National Development Plan (and other relevant GOTL planning documents), the Australian Government’s White Paper, the Martin Report, the UN report on ‘Strengthening Accountability and Transparency in Timor-Leste’ (SATTL)¹¹, and the resource limitations referred to earlier. The Program’s PAF was also discussed. The outcome of these discussions is set out below.

¹¹ Cheema, S., & Blunt, P (with others) (January 2006), *Strengthening Accountability and Transparency in Timor-Leste*. Dili: UNOTL, pp. 62.

4.1 Core Program

58. **The governance crisis:** The crisis in Timor-Leste clearly commands the attention of Government and of all development assistance agencies and programs, including PSCDP. It is widely received that precipitating events in the army were symptoms of a deeper and wider popular discontent.¹² Among the underlying factors that are seen to have contributed to the crisis, several stand out. First, as is often the case with newly independent states, government is perceived to have failed to deliver quickly enough sufficient development benefits to people at large, and not to have been impartial in the distribution of development resources. The prevention (as opposed to containment) of similar crises in the future will therefore require government to give greater attention than it has in the past to equitable development, in particular employment creation, health, education, livelihoods, and infrastructure. There will be pressure to produce tangible results in these respects quickly. Second, popular disenchantment is said to have been heightened by (some would say valid) perceptions of corruption in government and in the civil service. Various forms of clientism and patronage in the public sector frequently are the subject of complaint and the cause of much popular dissatisfaction. Third, there have also been widespread reports of political interference in some of the key institutions of governance and the misuse of Executive authority.¹³

59. Political and civil tensions and disturbances may increase in the lead up to, and in the aftermath of, the forthcoming elections, thereby placing considerable pressure on the interim and newly-elected governments to be perceived to be performing better than their predecessors in the above respects.

60. This suggests that PSCDP should do what it can *within its existing design parameters* to help the government:

- a. Accelerate *visible* poverty reduction and equitable and sustainable human development; and
- b. Establish as quickly as possible transparent, accountable, and effective institutions of governance.

61. This is in accordance with the goal of the Program, which refers to ‘a sustainable and effective system of governance and public administration for the delivery of high quality public services’. It also acknowledges the validity of a criticism made of the CBF completion report by an AusAID-appointed consultant, namely, that insufficient attempt had been made to link CBF activities with poverty reduction. Poverty is the major development issue in Timor-Leste, and it is necessary that all development assistance programs have this in mind as their ultimate objective no matter how distant a target it may be for some of them.

¹² See, for example, Curtain, R. (2006). *Crisis in Timor-Leste: Looking Beyond the Surface Reality for Causes and Solutions*. Canberra: Australian National University, SSGM Working Papers, No. 2006/1, pp. 25.

¹³ These are common themes in the circumstances in which Timor-Leste now finds itself in – fuelled by popular discontent arising from perceptions of the misappropriation by ruling elites of national wealth and the manipulation by them in their own interests of the political system and of other institutions of governance. As suggested above, the latter is one of a number of plausible explanations of the crisis in Timor-Leste. See, for example, Cheema, S., & Blunt, P. (with others) (January 2006), *ibid*; & Blunt, P. (with M. Turner) (2007), *Decentralisation, Deconcentration and Poverty Reduction in the Asia Pacific*. In S. Cheema & D. Rondinelli (Eds.), *From Government Decentralization to Decentralized Governance*, Cambridge, Mass.: Ash Institute of Governance, Harvard University, *in press*.

4.1.1 Poverty Reduction¹⁴

62. Program influence on the first category of factors (the bases of poverty reduction: health, education & livelihoods) could be exercised primarily through supporting the implementation of the Sector Investment Programs (SIPs) and supporting the establishment and functioning of the Sector Working Groups (SWGs), particularly in health, education, agriculture, and 'basic infrastructure'¹⁵ – which, to reiterate, are the main drivers of Sustainable Human Development (SHD) and poverty reduction.¹⁶

63. However, the close links that should exist between the national budget and sector investment plans and expenditures suggest that direct promotion of SIP implementation may be a matter that is best addressed through other channels of support in MOFP. The PSM SIP is a possible exception to this – see below.

64. **Support key Sector Working Groups (SWGs):** This would allow PSCDP to focus its attention on helping the following SWGs (and sub-groups) to function effectively:

- a. Agriculture
- b. Health Care
- c. Education and Training
- d. Basic Infrastructure

65. The general character of such support is likely to be capacity development for the provision of secretariat services to the SWGs¹⁷ and to sub-working groups associated with the SWGs. There is also the possibility of organisational design support for sub or technical groups sitting underneath the SWGs. A primary responsibility of the SWGs is the management of the SIPs, which would therefore be supported indirectly by what is proposed.

66. Comparative experience¹⁸ shows that SWGs can be among the most effective development mechanisms, providing that:

- a. Their structure and composition do not result in their being too top-heavy;

¹⁴ According to UNDP (2006) *The Path out of Poverty*, per capita GDP for the rural population is USD\$150 per annum as compared, for example, to Indonesia (\$3,700), Vietnam (\$3,000), or Cambodia (\$2,100). It is estimated that 59% of the rural population live on less than a dollar a day. For some months of the year, food security for subsistence farmers (the majority of the population) is a serious problem. The growth of 48% of children under the age of 5 is stunted, which is comparable to Mali in West Africa, one of the poorest countries on earth.

¹⁵ The Basic Infrastructure SWG includes communication, power, transport, water supply and sanitation, and housing and urban development. Government spending in these areas will be a major driver of economic growth, public investment led private sector development, and job creation.

¹⁶ This line of support carries significant potential benefits for women (see Section 4.5 below), and is clearly consistent with and endorsed by the existing Program design. It also carries potential benefits for the national program against HIV, which is an important aspect of AusAID's aid program. It should be noted that existing PSCDP non-core support incorporates a senior adviser, a program management adviser, and a community nutritionist in the Ministry of Health (MOH) who are supporting the management of the Global Fund Program, particularly in relation to HIV and malaria. The proposed support would be complementary to this.

¹⁷ At present the top-heavy structure of the SWGs and their secretariats, created by the seniority of their membership, is not conducive to effectiveness and efficiency. For example, the secretariat to the PSM SWG comprises the four directors of CDCU, INAP, NDPS, & the SIP Coordination Unit of NDPEAC. It is unclear at this stage whether it will be possible to redesign the structure and membership of these entities.

¹⁸ See, for example, Blunt, P. (October 2005b). *Aid Effectiveness and Aid Coordination in Cambodia: Stakeholder Perceptions*. Phnom Penh: DFID/Asia Foundation, pp. 34; and Blunt, P. & Turner, M. (November 2005a). *Capacity Building for Improved Development Coordination and Effectiveness in Maldives: Organisational Design and Staffing Proposals*. Male: UNDP, pp. 56.

- b. They form sub-groups that assume responsibility for overseeing issues of implementation, planning, coordination, and financing of logically differentiated sub-sectors;
- c. The composition of the sub-groups includes the main stakeholders from government, donor agencies, civil society and, in some cases, the private sector;
- d. The membership is active and inter-agency and interpersonal rivalries can be kept within reasonable limits; and
- e. Good quality secretariat support is available to them.

67. In practice, much of the most effective donor coordination takes place 'close to the action' in SWG sub-groups. This suggests that one possible locus of control for the provision of secretariat support (SWG secretariat management), initially perhaps just to the SWGs mentioned in paragraphs 64 above and 69 below, would be NDPEAC, with some involvement of CDCU (because of its interest in donor coordination).

68. This line of support also has significant potential benefits for women (see Section 4.5 below).

4.1.2 Good Governance

69. Aspects of the second category of explanation for the governance crisis (perceptions of corruption in government and in the civil service) clearly fall within the potential influence of the PSCDP under its *existing design parameters*, mainly through selective support to:

- a. The NDPS (civil service regulations), and possibly key 'pillars of the state' institutions
- b. The workings of the Public Service Sector Working Group
- c. The Rights, Equality & Justice Sector Working Group
- d. The management of advisers, including the investigation and management of the determinants of adviser effectiveness, conducted under the auspices of CDCU
- e. The production and keeping up-to-date of a human resource plan for the public sector
- f. The professional development of the Directors of the four key capacity building agencies

70. **Civil service regulations:** these regulations operationalise the Civil Service Act. They are clearly crucial to the proper functioning of the public sector and to the effective and efficient management of all public sector employees. Their proper implementation will also restrict opportunities for patronage and nepotism. It is proposed that support be directed towards:

- a. Accelerating the drafting of the 40 or so subsidiary regulations that are needed for the proper implementation of the Civil Service Act.
- b. Encouraging government to put the regulations into force.
- c. Disseminating the regulations throughout government, with the involvement of INAP
- d. The provision of training to facilitate career progression under a recently promulgated regulation concerning careers within the public sector.
- e. Helping Ministries to establish small specialised 'corporate services groups' (ideally comprising a finance specialist; an HRM specialist; and an assistant to the Director General responsible for strategic and operational planning). A UNDP project (July 2006)¹⁹ proposes to support the 'establishment of ministerial HRM

¹⁹ UNDP (2006), *Support to the Civil Service in Timor-Leste*. Dili: mimeo, pp. 40.

units', which will be complementary to PSCDP's proposed activities. Close discussion with other projects and donors will also be necessary.

71. **The Public Service Sector Working Group (PSSWG):** This SWG exercises considerable influence over investment in the key capacity building agencies. It is clearly central to the workings of the public sector as a whole, and its effectiveness will have important ramifications for the impact of PSCDP support to the NDPS. Its primary responsibility is the management of the PSM SIP.

72. **The Rights, Equality and Justice Sector Working Group:** This SWG clearly has jurisdiction over investment that pertains to crucial aspects of justice and human rights that are central to the transparency, accountability, and impartiality of governance.

73. **Management of adviser effectiveness:** The performance of the GOTL as a whole and the effectiveness of much of the support provided under the PSCDP and other programs hinge on the performance of national and international advisers, and structural distortions in the national labour market suggest that this is likely to remain the case for some time to come. It is therefore essential to establish an accurate overall picture of the 'demographics' and, as far as possible, to manage the effectiveness of the adviser presence in the GOTL: How many are there? Where are they from? Where are they located? What is the gender breakdown? How long have they been in their positions? What have they accomplished in the way of capacity building? Are the capacity building needs for women considered separately? How effective are they in other respects? Who manages them? How are they recruited, selected and managed? Do their experience and skill profiles match the jobs they are doing? How often are the activities reviewed? How are extensions decided? What measures can be taken to increase and speed up the supply of indigenous counterparts? And so on.

74. Most important of all, however, is the desirability of encouraging adviser program managers to consider collectively under the auspices of CDCU means for improving their management of advisers in terms of the matters referred to above, as well as: adviser severance; other forms of support; forms and effectiveness of capacity development; language and cultural awareness; inter-program relations; and so on. It is important that government be able to exercise more direct influence over the performance of advisers than it has been able to in the past and there are bound to be significant productivity gains to be made from attending to the matters outlined above.

75. Similar work needs to be done in relation to the management of counterpart expectations; optimising working relations between advisers and their counterparts; and cultural awareness on the part of counterparts.

76. Policies and guidelines that address these aspects of adviser management will be developed with support directed at CDCU under the Program.

77. Other donors, such as UNDP, are considering work that is related to what is suggested above and it will clearly be necessary to maintain close communication with them and with other donors as design and implementation proceed. Such collaboration – particularly with UNDP – is already well-established.

78. **Human resource plan for the public sector:** The urgent need for the development of such a plan is widely recognised throughout government and the donor community and, as mentioned above, is endorsed by the PSM SIP. The proposed plan will identify numbers,

levels, technical skills, and educational qualifications of all staff within the public sector. It will also point to the gaps between agreed establishment for government agencies and actual numbers in different skill categories and at different levels. This will clearly have implications for training and development and for adviser substitution; and the timing and costs of the different phases of development will be calculated.

79. A locus of control for this work – which is endorsed by the PSM SIP - is the CDCU.

80. **‘Pillars of the State’ institutions:** Several pointers for support are contained in the PSM SIP and the SATTL. The latter considers institutions of governance that are among those referred to collectively in GOTL planning documents as the ‘pillars of the state’, and discusses their limitations. The recently-released report of the UN Secretary General’s Special Envoy to Timor-Leste (Ian Martin) endorses some of the views expressed in the SATTL report.

81. There is one quite tightly knit cluster of such institutions that among other things is responsible for ensuring that state institutions operate in accordance with their mandates and for responding to public complaints about malfeasance in the public sector through impartial and thorough investigation and, if necessary, prosecution. These institutions are:

- a. The Office of the Provedor (OP);
- b. The Office of the Inspector General (OIG); and
- c. The Office of the Prosecutor General (OPG)

82. Many of the laws that are relevant to the work of these institutions are contained in the Civil Service Act, which is administered by the NDPS. This cluster of institutions constitutes a logical channel for PSCDP support, and permits PSCDP to be responsive to recent events *within* existing program design parameters. Indeed, this proposal is legitimised in different ways by all four of the original program design categories and - for the OP and OIG - also within the PSM SIP (on pp. 15-16).

83. Forms and scale of support to these institutions may be determined by early 2007, partly according to the availability of resources; partly in the light of the strategic plans that will be produced by these institutions with support from a strategic planning adviser under PSCDP and, in the case of the OP, with assistance from other donors; and partly in the light of program design undertaken by AusAID in the law and justice sector.

84. Despite the above, the likely implementation soon of a separate AusAID-financed program in this field means that this area might best be regarded as non-core from the point of PSCDP, or as falling within category (d) support – see paragraph 35 above. We take the view here that the latter will be the case and have therefore included this as an area of possible short-term support under the Program – see Diagram 1 below.

85. **The PSM SIP:** An important part of the work of the PSSWG will be the design and up-dating of the PSM SIP, as well as resource mobilisation and other –implementation-related - activities. PSCDP has significant in-house technical capability in areas of governance and public sector management, which would enable it to support this work. The main activities proposed in this Plan constitute areas of needed support mentioned specifically in the SIP, namely:

- a. The four capacity building agencies (throughout)
- b. Human resource plan for the public sector (pp. 8, 12 etc.)
- c. Human resource issues related to adviser effectiveness (as above)

- d. SWGs and SIP management (pp. 33 & 34)
- e. Regulations under the Civil Service Act (p. 11)
- f. Pillars of the state institutions (pp. 15 & 16)

4.1.3 Four Key Capacity Building Agencies

86. Discussion earlier in this document demonstrates the different ways in which it is proposed to render support, and to strengthen, the four key capacity building agencies.

87. The Program's general approach to these tasks can be summarised as follows:

- a. **Role differentiation and role integration:** A major purpose of the Program is to strengthen the four central capacity building agencies. Another is to clarify their roles. The best way to clarify roles (differentiation) is to help the agencies to do things that they are already doing better, and to suggest new things for them to do that are important and clearly differentiated from what others are doing. Role clarity can also be improved by helping the agencies to work together on matters in which there is clear sequential or reciprocal interdependency (integration). For example, clear *sequential* interdependency exists between NDPS and INAP in relation to the dissemination and implementation of civil service regulations. *Reciprocal* interdependency surrounds the development of the HR plan for the public sector – between CDCU and the other agencies, but also clearly with all government agencies. This will help the four capacity building agencies to learn about the roles each plays and the merits of the work that is done by others. This is the most effective way to achieve improved role clarity.
- b. **Strengthening the four key agencies:** The approach described above is also the main means for strengthening the agencies. Indeed, the two questions (role clarity and institutional strengthening) should be seen as inseparable, as institutional strength that arises from the good performance of worthwhile tasks is the best way to achieve credibility and recognition for the things that institutions do, and hence legitimacy in the roles that they perform.
- c. **Leadership and management of the four agencies:** In order to perform optimally, it is also clearly important that the four Directors of these agencies have up-to-date and relevant technical knowledge and experience in their fields of operation and, more generally, in leadership and management. The Program will make use of institutional twinning arrangements, either in Australia or elsewhere that will enable the Directors to have short periods of immersion (say, about two months per year) in the workings of a twinning partner. At the same time, it should be possible to arrange for intensive periods of study at a university that is located nearby to the twinning partner, with possible formal accreditation as (for example) a postgraduate certificate in 'strategic planning' or 'human resource management' or 'human resource planning' or 'public sector management', and so on. Other benefits for institutional strengthening and professional development are bound to flow from the establishment of such twinning arrangements.

88. The substantive activities that are proposed for each agency (and integration potential), which are discussed in detail above, are summarised below:

- a. **CDCU:** (1) Management of adviser effectiveness and of counterparts (with INAP); (2) production of a human resource plan for the public sector (close communication with NDPS); and (3) some form of engagement (to be determined) in relation to the support that is proposed for the SWGs (working with NDPEAC because of the joint interest in donor coordination).

- b. **INAP:** (1) Dissemination of civil service regulations: training of specialists; awareness raising among all public sector employees; awareness raising among donor program and advisers (with NDPS); (2) involvement in adviser workshops and counterpart training (with CDCU); (3) working with CDCU on adviser substitution: for example, in relation to the training and development of locally engaged staff as substitutes for internationals in areas identified in collaboration with CDCU.
- c. **NDPEAC:** (1) Strengthening the SWGs through: structural design; and functional and secretariat support. Initially, it is proposed to focus on a limited number of SWGs, but to expand this support to all SWGs as resources permit. Owing to the joint interest in donor coordination, a functional relationship with CDCU will be designed.
- d. **NDPS:** (1) Drafting of civil service regulations; (2) implementation of regulations; (3) dissemination of regulations (with INAP); and (4) administration of regulations.

4.1.4 Support Priorities

89. We reiterate that limited funds are available for core programming during the first year of operation – up to a maximum of approximately AUD\$1.39 million, or about 70 person months of international adviser time. It will be difficult to produce tangible results quickly if these resources are spread too thinly. Careful targeting and prioritisation are therefore essential.

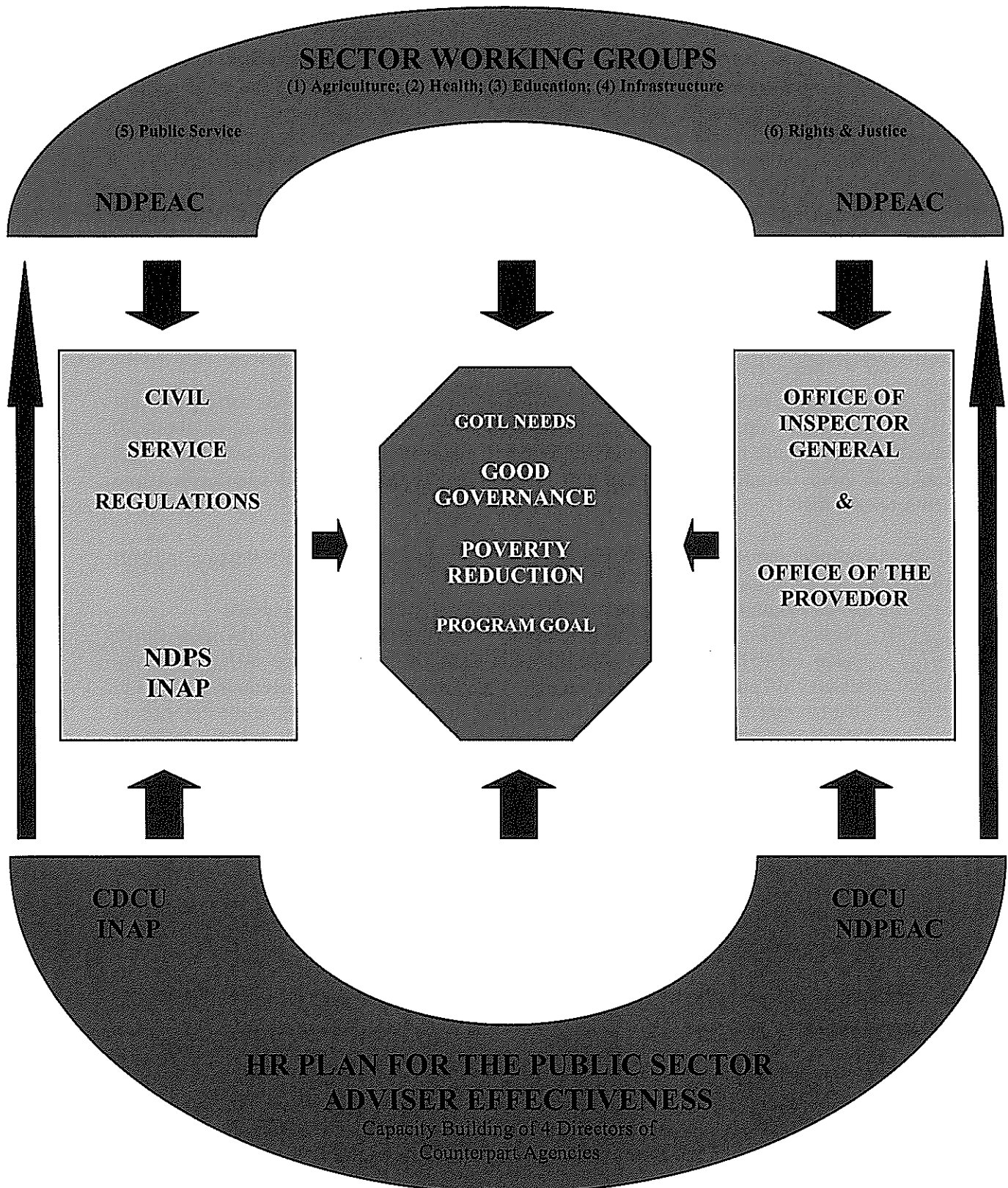
90. As argued above, careful assessment of the options suggests the following support priorities for the core Program:

- a. **Four capacity building agencies:** as discussed in Section 4.1.3 above.
- b. **Key SWGs:** as set out in paragraphs 64 and 69 above. This is the most direct route for PSCDP influence on the main areas of public service delivery and the drivers of poverty discussed earlier. The Public Sector Management SWG and Rights and Justice SWG will be included in this category. These also constitute channels of influence on public sector-wide issues. This will entail significant support to NDPEAC, which has responsibility for the management of SWGs, but also to CDCU.
- c. **Civil Service Regulations:** these provide one of the cornerstones for the regulation of public sector performance. This will involve working closely with NDPS. This will also involve support to INAP for training associated with the implementation and dissemination of regulations.
- d. **Public Sector-wide HR issues:** (1) management of adviser effectiveness; and (2) production of an HR plan for the public sector.

91. **Key aspects of the PSM SIP:** to reiterate, the PSM SIP clearly endorses all of the proposed areas of support.

92. Percentage allocations of resources to each of these areas are suggested in Section 5 below, partly on the basis of a discussion of their constituent activities. The percentage allocations are indicative only because so much of the support cuts across the categories listed in the PDD, particularly support to the four key capacity building institutions, which is inseparable from the support discussed below. The structure of the proposed PSCDP core support for 2006/7 is set out in Diagram 1. This diagram incorporates the probability of support to OIG and OP – referred to in paragraph 84.

Diagram 1: Proposed Structure of PSCDP Core Program 2006/7



4.2 Non-core Program

93. A 'non-core' activity may be a capacity development activity within government that the Program is asked to design and manage by AusAID that does not fall within the above definition of core. These are separate from activities referred to in the HC as 'non-CDP'.

94. The variety of such activities can be gauged from Tables 1 and 2 above and Figure 5 in Section 5.4 below.

4.3 Issues Arising

95. **Core program:** In relation to core activities, everything that is proposed in this Plan falls within the existing Program design and is endorsed by the PSM SIP. The proposed channels of support already exist in the PDD and the HC. It is simply a matter of emphasis, which could entail changes being made to the notional percentage allocations set out in paragraph 35 above.²⁰

96. **Non-core program:** The scope of future support to non-core is limited by a short term constraint that stems from the fact that all funds available under the 'other'²¹ category (a total of just under AUD\$1.5 million or about \$300,000 per year for 5 years) will have been more than used up during the first 12 months of operation by *existing* non-core activities. This high level of existing activities suggests that, without additional funding or front-end loading of the non-CDP category, during the first year of operations there would be little room for new non-core programming.

97. Depending on the level of support provided through this channel as time goes by, another constraint will be PSCDP management capacity, although the limits of this seem unlikely to be tested during the planning period.

98. The prospect of continuing high levels of demand for non-core business under PSCDP suggests that additional funding will need to be found for this stream of support.

4.4 Principles of Performance Appraisal

99. The principles of performance appraisal outlined below are derived from the directions contained in the PDD and the HC and have been the subject of two rounds of discussion with counterparts: the first with senior officials of relevant agencies, namely, the Vice Minister of the Ministry of State Administration; and the Directors of the 4 counterpart capacity building agencies in the third and fourth weeks of September; and the second at the PSCDP planning workshop in the fourth week of September. The principles were also approved by the PMG at its meeting held on 3 October 2006.

100. These principles are, first and foremost, comprehensible to all partners (PSCDP & counterparts); are deemed by all concerned to satisfy reporting requirements; and to be feasible – though still extremely challenging – in the highly volatile governance context and with the partners likely to be involved²².

²⁰ However, if the view is taken (which we suggest it should) that percentage allocations outlined in the PDD and HC were intended primarily as guides then this need not be an issue. As indicated in the Executive Summary, it is any case difficult in practice to compartmentalise expenditures precisely between categories in the way suggested because support to one category invariably entails support to one or more of the other categories.

²¹ See HC Schedule 1, paragraph 6.1(d), page 10 or paragraph 34d above.

²² Already weak government institutions have been weakened further by high levels of absenteeism (reportedly up to 50% in some Ministries) caused by the continuing political uncertainty and the chronic civil unrest. The interim Government is the

101. Annex D presents an updated PAF that answers three of the four questions raised in October 2006 by Paul Nichols (Monitoring and Review Group – MRG - member) in relation to comments made in the first draft of PSCDP's Annual Plan 2006 - in paragraph 101. For ease of reference, MRG questions and PSCDP's responses are presented in Table 4 below.

Table 4: MRG Questions and PSCDP Responses		
Questions	Part of updated PAF? Yes/No	Response
1. "I would also want to be sure that a database will be maintained on all activities".	Yes.	PSCDP's database systems include case files on each activity (hard and soft) and summary reports on each program in Excel (non-ADS activities) or MS Access (ADS).
2. "I would also want to check that the assessment process [for activities] includes getting feedback from the clients."	Yes.	Updated PAF requires client feedback on quality and effects of services. Client data obtained by PSCDP staff. See Annex D, Table 2, Points No. 5 & 6.
3. "In many ways" it looks like the Contractor is proposing to gather information on the original PAF's Question 3 (value of the contribution of the Program to GOTL changes) rather than merely focussing on Question 2 and gathering information about changes in GOTL irrespective of cause.	Yes and No.	The HC does not require the Contractor to gather information on all changes in all counterpart agencies (Question 2), but only on <i>some</i> types of changes in <i>some</i> specified agencies (e.g. changes in institutional capacity in the four 'core' agencies: Schedule 1, Clause 13.6). The HC requires the Contractor to do many other PAF-related tasks, such as developing tools for other entities to collect data (e.g. Clause 13.4(b)) and implement Program activities that may result in data collection on a range of sectoral outcomes (e.g. in relation to SIP effectiveness: Clause 13.6 (b)), but it is likely that such data collection will be tied to specific objectives and indicators not to 'all changes in each sector/Ministry'. HC assumes that Question 2 data will come from GOTL automatically or over time as a result of Program capacity-building activities or through donor reports. Apart from specific clauses, the HC specifies no generalised mandate for the Contractor to collect Question 2 data. If AusAID or the MRG wish further Program support in primary data collection on Question 2 (GOTL changes) above and beyond the terms of the HC, additional resources for the Monitoring & Evaluation may be required.
4. The Contractor's proposal to collect data on Program effects – in effect combining Questions 2 & 3 into a single step - is nevertheless a welcome and complementary approach given the importance for the MRG of having a good swathe of data on which to base its analysis of Question 3.		The updated PAF proposes that (a) all activities are regularly monitored for quality, achievement of objectives and for their effects more generally and (b) the Program take action on all M&E capacity-development options mentioned in the HC and other options.

102. PSCDP has done its best to apply contribution analysis to the Program. It has built in safeguards to ensure the availability of a minimum good-quality dataset on Questions 1, 2

main subject of much of the violence. These circumstances are clearly not conducive to complex institutional performance assessments.

and 3 in the event that the assumptions of the PDD and HC about (a) the availability of existing M&E data and (b) the feasibility, timeliness and success of M&E capacity-development of GOTL prove over-optimistic. The updated PAF implies a vigorous capacity-development program in M&E for the GOTL through Program activities (that, at their best, will deliver better-quality M&E data on changes in GOTL capacity and outcomes in two to three years time). Parts of the PAF are also designed to function as a 'demonstration project' (e.g., client-based monitoring of the quality and outcomes of Program activities) to exemplify the functions and benefits of M&E.

103. Program staff have been fully involved in the development of the updated PAF and its tools. Two staff members have been trained in the use of the proposed tool for collection of data on the quality and effects of Program activities. A single, coherent Program database on Adviser Program activities (as distinct from individualised databases set up by, and for, individual staff members, for example) has been developed in consultation with users. ADS has its own AusAID-designed database that has been customised at the edges.

104. The Program's PAF is still under development. Annex D provides more detail on the PAF as it stands and the work that remains to be done to operationalise all aspects of it.

4.5 Gender

105. In many societies, including Timor-Leste, women are routinely discriminated against in terms of access to the legal system and equality of treatment before the law. Common areas of discrimination include family law, inheritance, property and land ownership, citizenship, and criminal law dealing with violence against women. Women are also typically poorly represented at all levels of decision making in society. Some of these matters could be improved by the support that the PSCDP proposes to the NDPS, in the framing of regulations under the Civil Service Act; in terms of the dissemination of those regulations; in terms of their impartial enforcement; and in terms of the HR plan for the public sector.

106. Support to the SWGs could also yield benefits for women – in areas identified as being among the 'twelve critical areas of concern' by the 1995 Beijing World Conference on Women, as listed in AusAID's (1997) publication, 'Equal Partners' - particularly in education and training, and health. Two thirds of women aged between 15 and 60 in Timor-Leste are illiterate. The Gender Related Development Index of Timor-Leste is, on a par with that of Angola. These imbalances need to be rectified and GOTL has introduced a number of policies directed at them. One function of the secretariat support contemplated by the PSCDP to the key SWGs could be to ensure that women's issues associated with equal access to the legal system; to economic resources in agriculture (earned income for women in Timor-Leste is approximately 20% that of men);²³ and to health and education are placed on the agendas of SWGs and their sub-groups – in ways that lend themselves to practical action rather than empty rhetoric. Some of the SIPs have strong gender components and these could be brought out by the secretariat support that is provided.

107. The PSCDP has written a policy on gender, which will be applied to all of the activities it supports at all stages of the project cycle. Gender issues are a central part of adviser induction, and gender assessments are required of most activities designed under the PSCDP. Close attention will be paid to the AusAID guidelines on gender and development, and copies of these guidelines and PSCDP policy will be provided to all advisers. The Program has also established, and will continue to build, a small collection of publications on

²³ See UNDP (2006), *Human Development Report 2006 Timor-Leste*. Dili: UNDP.

gender and development and, from time to time, will hold discussion groups on gender issues for its advisers.

4.6 Sustainability

108. In the bigger picture, questions of sustainability are normally considered in relation to such issues as inter-generational equity or “meeting the needs of the present generation without compromising the ability of future generations to be free from poverty and deprivation and to exercise their basic capabilities”.²⁴ The over-exploitation of natural and environmental resources to the point where they are beyond recovery clearly contravenes this (grander) notion of sustainability. Toxic chemicals sometimes used in agriculture may contaminate ecosystems for generations, making their use unsustainable in the terms just described. While it is unlikely that activities financed by the Program will be exposed to this form of sustainability question, the Program will not support activities that it considers not to be sustainable in this sense.

109. The Program will attend primarily to sustainability writ small, that is, the kind of operational sustainability that asks whether an activity or practice or system or skill is capable of being, and likely to be, maintained in perpetuity by the receiver(s) of support following the cessation of such support. This form of sustainability will be regarded as a necessary condition for activity selection and financing under the Program

4.7 HIV/AIDS

110. PSCDP acknowledges that some Program activities may occur in circumstances that involve exposure to HIV/AIDS. Accordingly, and in line with AusAID policy, PSCDP policy will be to promote knowledge and awareness of the dangers of HIV/AIDS, including the impact of the epidemic, how to prevent its spread, and the need to provide care and support for those affected. Strategies will be incorporated to ensure that PSCDP activities do not unintentionally contribute to the spread of HIV/AIDS. In particular, the Program will ensure that:

- a. Activity designs and TORs take account of GOTL policy and practice and wherever possible contribute to the achievement of national goals;
- b. PSCDP staff, advisers, and stakeholders associated with Program activities are aware of the risks, GOTL policy and practice, the implications of their actions, and best practice for prevention; and
- c. The Risk Management Plan takes account of the issues involved and is regularly up-dated.

4.8 Risks

111. We enumerate only those risks that are not directly subject to the influence of the Program. Setting aside uncertainties associated with the likelihood of continuing civil and political unrest, its severity, and how long it may last,²⁵ there are three main risks that bear upon the Program’s capacity building work. First, in terms of the capacity building of individuals, the short supply in many parts of government of suitable counterparts, and government restrictions on the employment of new staff, may constrain this form of capacity building. The development of a human resource plan for the public sector, which will be supported by the Program, should help to ameliorate this risk. The Program will also examine

²⁴ See UNDP (1998). *Governance for Sustainable Human Development: a UNDP Policy Document*. New York: MDGD, Bureau for Policy and Programme Support, pp1-2; and Blunt, P. (1997), *Reconceptualising Governance*. New York: UNDP, Department of Public Affairs, p. 8.

²⁵ As indicated earlier, it seems likely that such disturbances will continue intermittently up to and beyond the elections scheduled to be held in the first half of 2007.

possibilities for hiring locally-engaged staff, who may be taken on by the GOTL after Program completion.

112. Second, in terms of systems and procedures and supporting legislation, the pace at which legislation is promulgated and regulations are put into effect by government is clearly beyond the control of the Program. Nevertheless, the speeding up of the production of draft regulations – such as that envisaged under the support provided by the Program to NDPS – will contribute to the lessening of this risk.

113. Third, there is the general question of political will that has pervasive influence. Indirectly, the quality of the design of Program activities may have a bearing on this, mainly in the extent to which Program results can be seen to be of visible and significant political moment. Persuading the highest levels of government of this will be a function partly of strong Program performance, which will build government confidence in Program judgements, and partly a function of the rationality and careful targeting of supporting argument addressed to government by AusAID.

5. Implementation Strategy & Planned Support

114. This section outlines how the Program intends to manage the quality of what it does. It also discusses the proposed work program in terms of core and non-core activities and the distribution of financial resources.

5.1 Implementation Strategy

115. The rationality and coherence of core activities under the Program outlined above should be helpful to the achievement of outputs and outcomes during the planning period and beyond. That is to say, clear strategic direction, narrower scope, and a greater concentration of resources should make for greater synergy and impact, and should also reduce the performance measurement and management loads. In theory, more work being done in fewer areas should allow measurement to be confined to fewer institutions and outcomes, and will simplify management. Transaction costs associated with the provision of PSCDP support should be considerably lower than they would otherwise be.

116. The latter will allow resources to be directed at producing high quality outputs and outcomes rather than at attempting to measure and manage these matters among a large number of widely dispersed activities. This is clearly an intention of the PDD.

117. Future Annual Plans for the Program will clearly benefit from lessons arising from the implementation of the Program of activities outlined above and from the experience of other programs in Timor-Leste, including other AusAID-financed programs (for example, AusAID's proposed law and justice program; the existing Ministry of Finance and Planning Capacity Building Project; and likely TA support to be provided to the implementation of the GOTL's major infrastructure program). The first year of Program operation will also see the consolidation of a new compact between the GOTL and the UN, based on requirements for the maintenance of peace, security and political stability; other GOTL needs; and improved understanding of the genesis of the governance crisis. The second Annual Plan for the Program will take account of these developments and will also draw on recent, comparative experience of improving aid effectiveness in fragile states.²⁶

²⁶ See, for example, OECD (2005). *Senior Level Forum on Development Effectiveness in Fragile States: Harmonisation and Alignment in Fragile States*. Overseas Development Institute: London, pp. 59.

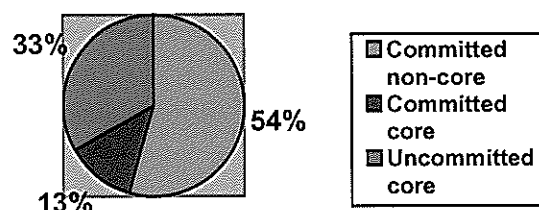
118. The quality of Program achievement will also be a function of:
- a. Clear and feasible technical design of activities. Activity assessment criteria and guidelines, and other procedures, have been devised to assist with this.
 - b. Careful selection of forms of support, with identified need and problem type being the primary determinants of the form(s) of support chosen. Procedures have been devised for the assessment of the performance of different forms of support.
 - c. The impartiality and effectiveness of the Program Management Group.
 - d. Where support involves advisers, careful recruitment, selection, and induction of them. A recruitment strategy and an induction program have been drawn up for these purposes.
 - e. The management of activities and of advisers, including the cessation of activities and/or the severance of advisers for poor performance. However, the emphasis here will be on building a positive work culture that embraces all PSCDP staff and the advisers under its management, that is, a form of management that is based on professional respect and constructive engagement rather than control. As indicated above, an adviser management policy is in place.
 - f. Optimal work organisation within the PSCDP core team.
 - g. The maintenance of effective and harmonious working relations with government, donors, and other governance actors, and with AusAID. As indicated above, this is already an integral part of the day-to-day business of the Program.

5.2 Overall Program

119. Excluding the ADS Program, the combined sum of committed and available funds for the first 12 months of the Program is \$4.18 million.²⁷ This comprises a minimum of \$2.25 million that is already committed to non-core novated and start-up activities, or about 54% of total funds. The core work program comprises the balance of \$1.93 million or 46%, of the total work of the Program, as depicted in Figure 1 below. Of this \$1.93 million, \$0.54 million is already committed, leaving a balance of approximately \$1.39 million for new business.²⁸

²⁷ This is calculated as follows: Schedule 2, clause 1.3 of the HC stipulates that not more than \$14.871 million will be paid into the Imprest Account for PSCDP activities over the full five-year life of the Program. This amounts to \$2.97 million per year. In year one, non-core activities will be paid out of the category (d) line of expenditure – ‘other sectors’ – which is currently allocated 10% of annual funds or \$0.297 million per year. In order to accommodate committed non-core expenditure in the first year, it will be necessary to ‘front-end load’ this category by utilising the funds for all five years in the first year for a total of \$1.485 million. The total funds available in the first 12 months of the Program will therefore be \$2.97 million plus \$1.485 million less \$0.297 million, which equals approximately \$4.18 million.

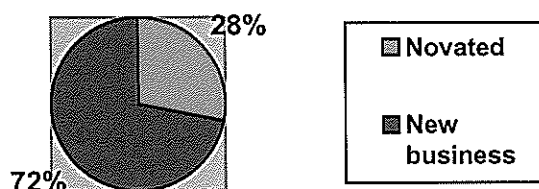
²⁸ The allocation of resources depicted in Figures 1, 2, 3, 4, & 5 below demonstrates the wide distribution of PSCDP activities across government. As suggested above, the share of non-core business seems likely to increase, perhaps substantially. Core activities are also distributed across a number of institutions. In view of this likely structure of its business, and other factors, the PSCDP proposes to interpret ‘co-location with CDCU’ to mean that the Program will work very closely with CDCU in a number of areas, and that it will rotate staff through the Unit in consultation with its Director so that there is a continuing PSCDP presence in the Unit. It is also highly likely that one or more PSCDP advisers will be located at CDCU, under its proposed support to the production of an HR plan for the public sector and its work on adviser effectiveness. The Director of CDCU agrees that this interpretation of ‘co-location’ will enable the original design intent to be achieved. Exigencies of office and parking space in the CDCU and uncertainties surrounding future demand associated with an increased UN presence are also consistent with this interpretation of co-location. Perhaps most pointedly, however, the vulnerability of government offices in civil disturbance also recommends the current PSCDP location (Australian Government travel advisories state explicitly that ‘T-L government symbols and institutions’ should be avoided), which is in a known ‘quiet’ area and is in a very secure building that emerged unscathed from the disturbances earlier in the year. These premises include very secure off-street garage parking for PSCDP vehicles.

Figure 1: Core/Non-core Resources

120. As explained above, in the short term there is a cap of about \$1.5 million on spending on non-core. This cap has already been exceeded. The number of requests for support directed to the Program during its first three months of operation suggests that funding under this category will need to increase, perhaps substantially.

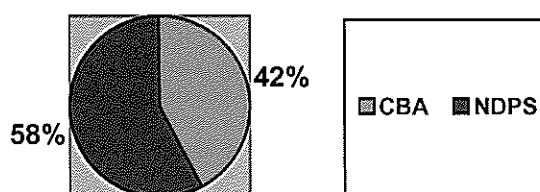
5.3 Core Program

121. A total of AUD\$1.93 million is available for core activities during the first 12 months of Program operations. As indicated in Section 3 above, the core work program comprises some novated activities and new core business. During the first 12 months of Program operation, novated activities will consume approximately AUD\$0.54 million or about 28% of available core resources; start-up activities will consume no core resources; and resources available for new business are therefore likely not to exceed \$1.39 million or about 72% of core resources. Resources available for programming during the next 9 months therefore amount to about 70 person months of international adviser time. The percentage allocations are depicted in Figure 2.

Figure 2: Distribution of Core Resources by Stage of Development

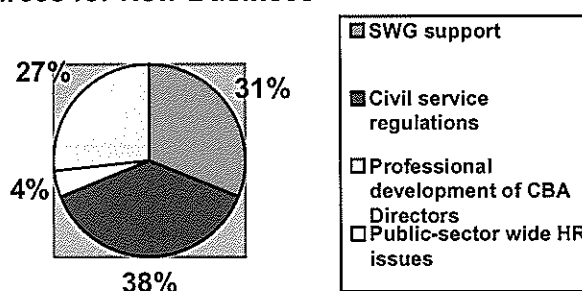
122. The distribution of existing core activities (novated) by Government agency is depicted in percentages of expenditure in Figure 3, namely: NDPS 58% (drafting of regulations); capacity building agencies other than NDPS (CBA) 42% (operational planning). It is worth noting that 100% of existing core support is being directed at or through the four key capacity building agencies. There are currently no core activities that are directly related to SWG support, managing adviser effectiveness, or the development of an HR plan for the public sector.

Figure 3: Distribution of Existing Core Activities by Government Agency



123. Tables 5, 6, 7, and 8 below suggest an allocation of core resources for new business, which is based on the Program goal; directions contained in the PDD and HC; discussion with counterparts; the analysis set out in Section 4.1; and partly on an assessment of constituent activities. To reiterate, the total funds available for core activities during the planning period will not exceed \$1.39 million. In terms of person months of international adviser time (of which there are about a total of 70 available), the suggested allocation would result in: (1) Key SWGs (Health Care; Agriculture; Education & Training; Basic Infrastructure; Public Service; & Rights, Equality & Justice) receiving the equivalent of about 22 person months of adviser time (see Table 5);²⁹ (2) Civil Service Regulations 26 months (see Table 6); professional development of CBA Directors equivalent of about 3 person months (see Table 7); and (4) public-sector wide HR issues about 19 person months of adviser time (see Table 8). The distribution of resources for new business is depicted in percentages in Figure 4 below.

Figure 4: Proposed Distribution of Core Resources for New Business



124. It should be noted that - in addition to the professional development of the Directors - the four key capacity building agencies will receive support under one or more of the other proposed areas of activity (see Table 7).

125. Proposed schedules for activity design and implementation are set out in Annex A, and proposed activities by priority area are set out in Tables 5, 6, 7, and 8 below. All core activities are clearly designed to contribute to both of the main elements of the Program goal, which are:

- a. 'a sustainable and effective system of governance and public administration' for
- b. 'the delivery of high quality public services'

²⁹ 'Adviser time' is simply used as a convenience for discussion. While it is likely that adviser time will continue to constitute the bulk of Program expenditure, it does not mean to imply that other forms of support will not be used or considered. On the contrary, consideration of other forms of support is a central principle of the Program - see Program Activity Assessment Criteria.

126. As intended by the Program design, and as stated in the Program mission statement, this will be done by working with and through, and thereby strengthening, the four key capacity building agencies (see Diagram 1 above).

Table 5: Proposed Activities for Key Sector Working Groups: Health Care; Agriculture; Education & Training; Basic Infrastructure; Public Service; & Rights, Equality & Justice

Activity	Comment	Form of Support	Months (22)
Review 6 SWGs (& sub groups): (1) Health Care; (2) Agriculture; (3) Education & Training; (4) Basic Infrastructure; (5) Public Service; & (6) Rights, Equality & Justice	Gauge the level and form of secretariat and/or other support that would be suited to each SWG. Support for the first year would be set according to resource constraints	Short-term consultancy of 3 person months.	3
Design a management role for NDPEAC in relation to the forms of support (secretariats etc.), & a functional relationship with CDCU	The management role would be designed to suit the forms of support deemed appropriate for the 6 SWGs & would clearly take account of existing arrangements in NDPEAC	Short-term consultancy of 1 person month; alternatively, could be done in-house by PSCDP	1
Implement designs for SWGs & for NDPEAC & CDCU	Given the likely exigencies of the operating environment & limitations of existing capacity, it seems likely that support would extend for at least 2 years initially	In the first year, resource limitations would dictate what could be spent on this. Allow 18 person months for this during planning period	18

Table 6: Proposed Activities for Civil Service Regulations

Activity	Comment	Form of Support	Months (26)
Review current support to NDPS with a view to accelerating production of Civil Service Act subsidiary legislation (regulations) & (if necessary) provide additional support to this task	Novated advisers have been working on this, but have so far only produced one regulation. Examine ways for progressing more quickly than this.	Short-term consultancy of 1 person month possibly done in-house by PSCDP	1
Accelerate drafting of regulations	Means of doing this would naturally depend on outcome of above review	Advisory – subject to findings of review, but allow 5 months	5
Review government needs for something like specialised ‘corporate services groups’ & design forms of support	Collaborate closely with other donors in this – particularly UNDP who have stated their interest in establishing HRM units in Ministries	Short-term consultancy of, say, 3 person months.	3

Table 6: Proposed Activities for Civil Service Regulations			
Activity	Comment	Form of Support	Months (26)
Implement activity for specialised 'corporate services groups' according to design	Could be done in parallel to the next activity. To begin with, will probably require significant advisory support. May need to focus on key sectors to begin with – health, education, agriculture, justice, public service, and infrastructure?	Possibly long term advisers in key sectors – initially 12 month contracts; possibly 4 months in planning period - say, 6 sectors. Allow total of 8 person months during planning period	8
Develop training curricula & manuals for the dissemination of regulations	In the planning period, depending on progress with drafting of regulations & implementation by government – support to INAP	Possibly 3 person months on the basis of competitive tender to regional public sector training institutes & universities, with the involvement of INAP.	3
Disseminate regulations to 'corporate services groups'	Training directed at the HRM specialist(s) in the corporate services groups. In the planning period, depending on progress with drafting of regulations & implementation by government – support to INAP	Possibly equivalent of 3 months on the basis of competitive tender to regional public sector training institutes & universities, with the involvement of INAP. Could combine this with curriculum development	3

Table 7: Proposed Activities for Strengthening the Four Key Capacity Building Agencies (CBA)			
Activity	Comment	Form of Support	Months (3)
Activities by capacity building agency			
Management of adviser effectiveness	Support directed mainly to CDCU, but also to INAP. See Table 7 for detail	See Table 7	N/A
Human resource plan for the public sector	Support directed mainly to CDCU, but also possibly to NDPS. See Table 7 for detail	See Table 7	N/A
Drafting of civil service regulations	Support directed mainly to NDPS. See Table 5 for detail	See Table 5	N/A
Dissemination of civil service regulations	Support directed mainly to INAP, but also to NDPS. See Table 5 for detail	See Table 5	N/A
Strengthening the SWGs	Support directed mainly to NDPEAC SIP Coordination Unit, but also to CDCU. See Table 4 for detail	See Table 4	N/A
Professional development of the 4 Directors			
Assess individual needs	PSCDP in-house	Advisory	N/A
Identify twinning partners & agree program of work	PSCDP in-house	Advisory	N/A

Table 7: Proposed Activities for Strengthening the Four Key Capacity Building Agencies (CBA)

Activity	Comment	Form of Support	Months (3)
Identify university & agree program of study	PSCDP in-house	Advisory	N/A
Support up to 4 person months of work immersion with twinning partner	Tailored to individual & institutional needs	Professional development; institutional & professional networks	1.25
Support up to 4 courses of study per year	Tailored to individual & institutional needs	Education & professional development	1.25
Attendance at one relevant conference in the region per year per Director	Tailored to individual & institutional needs	Professional development; education; & professional networks	0.5

Table 8: Proposed Activities for Public Sector-Wide HR Issues

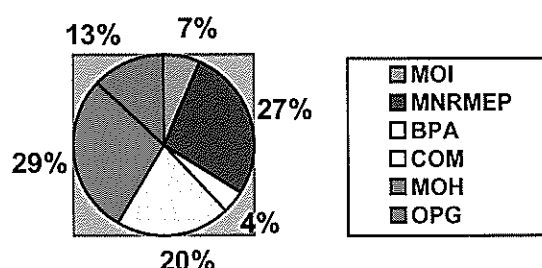
Activity	Comment	Form of Support	Months (19)
Management of adviser effectiveness			
Design project on demographics of adviser presence	This project would build capacity in CDCU to establish & maintain a data base	Short-term consultancy of 1 person month possibly done in-house by PSCDP	0
Implement demographics project	This is a relatively straightforward assignment from the point of view of design & implementation, which would yield important practical results quickly	Possibly 3 person months - on the basis of competitive tender to international NGOs, universities & research institutes in the region, or Youth Ambassadors or similar.	3
Design project on adviser effectiveness	This will be much more difficult to design and to implement. UNDP has an interest in this area – will need to ensure complementarity	Short-term consultancy of 1 person month possibly done in-house by PSCDP	0
Implement 'adviser effectiveness' project	The assignment will require high levels of cooperation from advisers and their sponsoring organisations and donors – ensuring compatibility with UNDP activity in this area	Advisory: possibly total of 9 person months during the planning period	9
Human resource plan for the public sector			
Design activity – manpower planning exercise	In-house	Advisory: combination of senior & junior; possibly some Australian volunteers	0
Implement activity	Will require an adviser who has done a similar plan or plans for the public sector elsewhere	Advisory: allow 8 months during the planning period	8

127. Many of the activities described above will clearly extend into the second year of operations.

5.4 Non-core Program

128. The approximate current distribution of non-core resources by government agency is depicted in Figure 5 below. Activity expiry dates are set out in Annex A.

Figure 5: Distribution of Non-core Resources by Government Agency



129. Figure 5 shows the variety of institutional recipients of non-core support. This profile of support is likely to change as new AusAID programs come on stream in the law and justice sector (with possible ramifications for support to the MOI and to the OPG) and in water and sanitation (with implications for current non-core support to MNRMEP). Some non-core MOH activities may be absorbed by other programs. Projections concerning these matters are contained in Annex A.

130. As mentioned above, the minimum non-core committed expenditure (\$2.25 million) combined with the short-term cap (\$1.5 million) on spending for non-core may restrict growth during the planning period, pending resolution by AusAID of financing issues surrounding non-core activities.

131. The character of future support for non-core activities, which is difficult to predict, will be determined by AusAID's country strategy and government needs and requests. This is consistent with the intention that non-core activities constitute a flexible and responsive category of support under the PSCDP.

5.5 Work Organisation Rationale within PSCDP

132. In paragraph 118, we acknowledge that 'optimal work organisation for the core PSCDP team' will be crucial to Program performance. The form of work organisation outlined below has been the subject of discussion with AusAID, and has been endorsed by them. We suggest that the most appropriate time for TORs for core team advisers to be revised to reflect this form of work organisation would be at the stage of contract re-negotiations between GRM and AusAID that is likely to follow from AusAID decisions concerning non-core financing.

133. As in all organisational and job design, and while preserving and enhancing the original design intent of the PDD and HC, in organising the work of the core team the overriding aim in PSCDP has been to optimise organisational performance. In determining work

allocations and structure³⁰ within the core PSCDP team, the main considerations have therefore been:

- a. The operating circumstances of the Program in terms of the rapidity and unpredictability of change.
- b. The amount and variety of work to be done in the first three months and subsequently.
- c. The technical complexity of that work; its 'hostility' (how difficult is it to handle in non-technical ways); and its predictability.
- d. The technical and managerial capabilities and experience of the individuals concerned.
- e. Maintaining and adding value to the original design intent.

134. A fundamental consideration in the PSCDP form of work organisation derives from a widely held view of organisational design that productivity and performance are greatly improved if workers do not over-specialise and have a view of the whole product that they are associated with.

135. These principles are still highly applicable to most forms of work organisation today, including those involving small groups of professionals operating in circumstances such as those that attend PSCDP.

136. Applying these principles to the work organisation of the PSCDP core team has resulted in the creation of multi-skilled semi-autonomous work teams that wherever possible follow a product (activity) through from conception and design to completion. Portfolios of activities are allocated to work teams, along with appropriate delegated authority. Depending on the activity in question, the work teams comprise either two core team advisers and one liaison officer (usually core activities) or one core team adviser and one liaison officer (usually non-core activities).³¹ The boundaries of these work teams are porous, meaning that when circumstances demand the skills and knowledge residing in one team may be called upon by another. Cross-fertilisation between teams takes place day-to-day informally according to need; in weekly or bi-weekly informal PSCDP core team meetings; and in monthly formal PSCDP core team meetings.

137. The specialised OD and capacity development attention envisaged in the PDD and HC – for advisers employed under core and non-core PSCDP activities and for institutions – is therefore enhanced in this design through:

- a. Complete product knowledge and understanding of the activity cycle for their portfolios residing in work teams, and hence better-informed OD and capacity development.
- b. Multi-skilling within teams – all work teams possess strong OD and capacity development skills and knowledge, and can easily gain access to additional capability in these areas from within the core team.

³⁰ The correct technical definition of organisational structure (and hence design) is that it comprises, first, the division of work into logical units or entities or clusters (which can be done on the basis of different criteria); and, second, the integration of that work, both within 'clusters' and between them. The latter involves decisions about the type of coordination and control to be used, which depends on the nature of the work; the nature of the individuals; and the environment, including time constraints. The golden rule of management, which is that there is no single best way to do it (participative or otherwise), follows from this. Good management consists in being able to adapt technique to circumstance, as defined in paragraph 133 (a) to (e) (see, for example, Blunt, P. *Human Resource Management*. Melbourne: Longman Cheshire, 1986 – part of the Longman Cheshire 'Australian Management Studies' series).

³¹ This distinction is based on the closer management exercised by PSCDP in relation to core activities, and the greater design and capacity building loads imposed by such activities.

- c. Matching of work team experience and skills with institutional needs and activity portfolio characteristics: some activities pose greater management and OD and capacity development challenges than others.
- d. Optimal use of PSCDP core team – including team leader - collective skills and knowledge within portfolios and across the whole range of PSCDP activities. This form of work organisation allows the team leader to apply his OD and capacity development skills and experience to activities, which gives him necessary ‘shop floor’ insights into Program performance and provides activities direct access to his specialised capabilities.
- e. Cross-fertilisation between teams.
- f. Job variety for core team members, which can contribute to better job satisfaction and hence productivity.
- g. Greater flexibility and responsiveness because of multi-skilling within teams and delegation of authority commensurate with responsibility.
- h. Delegation of authority and responsibility to work teams, and hence considerable autonomy, greater ownership and commitment and sense of accomplishment.
- i. Strong work team cultures stemming from delegated authority, autonomy, trust, ownership, complete product knowledge, the continuity of team work, and the recognition of the worth of member contributions that builds on individual strengths.
- j. Optimal utilisation of individual strengths.
- k. Continuity of management relationships between the PSCDP and the activities it manages.
- l. Institutional memory within teams.
- m. Internal back-up within teams in the event of absence for leave or illness.

138. In short, by drawing on and making the best use of the experience and skills that reside within the team as a whole, this form of work organisation increases the quantum, quality and variety of specialised OD and capacity development capability that can be brought to bear on the activities of PSCDP in the ways envisaged by the PDD.

5.6 ADS Program

139. The HC and the PDD (Section E, paragraph 24i, page 14; and Annex 12) direct that the ADS ‘be targeted primarily at East Timor’s public sector’.

140. The proposal to re-position the ADS program away from being nation-wide and merit based towards one that gives preference to public sector employees was based on the following rationale. First, it observed the commonsensical principle that better performance is likely where resources are not spread too thinly. Second, it sought to create synergies with other PSCDP support to the public sector.³²

141. However, a sufficient supply of suitably qualified applicants in the public sector is clearly fundamental to this repositioning - it is a precondition for its success. Early assessment of such supply is that it is unlikely to be sufficient, and that the decision to re-position in the way suggested above may have been premature.

142. Below we therefore suggest a slightly modified version of the original repositioning design, which still puts special promotional emphasis on the public sector but does so within

³² The incorporation of the ADS program within the PSCDP should also enable it to realise certain management efficiencies and economies of scale.

a nation-wide promotional campaign.³³ Questions of supply (of suitable applicants), and the generation of better supply (mainly through the provision of high quality local English language training), are central to the proposed modifications. These modifications, which were discussed and agreed at an ADS Workshop held on 5 September 2006, were approved by the PMG/ADS Committee at its meeting of 7 September 2006.

5.6.1 *'Training Strategy'*

143. The HC for the Program requires that 'the Contractor shall be guided by an Annual Training Strategy (ATS) that sets priorities for selecting awardees'³⁴ (Schedule 1, clause 10.1), and that the 'Training Strategy' be written during the Program's inception period (ADS Output 1.2, clause 10.11(d) of Schedule 1 of the HC). Our interpretation of the HC and Annex 12 of the PDD is that the 'Training Strategy' should be based partly on an assessment of government needs for different types and levels of skills and capability among public sector employees; partly on 'Government of Australia priorities' (HC, *ibid*); and partly on other factors, as set out in Schedule 1 of the HC. Our discussions with GOTL – and, in particular, comments received from the Director of the CDCU at the ADS workshop – indicate that GOTL data are not yet of sufficient quality, comprehensiveness, or recency to enable the first aspect of the 'strategy' mentioned above to be written, and that good data seem unlikely to be available for at least two to three years.³⁵

144. Further reasons for not producing this aspect of the 'Training Strategy' now (even if the data were available) are outlined in Section 5.5.2 below. The main reason for this is the shortage of supply of suitable applicants in the public sector as a whole, and the consequent desirability of not restricting the market any further by targeting particular areas within the public sector. This was also discussed and endorsed at the ADS Workshop and by the PMG/ADS Committee.

145. With the exception of the aspect mentioned above, the Marketing Strategy and Annual Plan that has been approved by the PMG/ADS Committee covers all of the ground that would be included in a 'Promotional Strategy' and a 'Training Strategy', as described in the HC.

5.6.2 *Marketing Strategy and Annual Plan*

146. The Marketing Strategy and Annual Plan³⁶ for the ADS Program was put into effect with the commencement of promotional activities towards the end of September. A summary of the ADS Program Marketing Strategy is set out below:

- a. Arising from the likely shortage of supply of suitable candidates from the public sector (and the market generally), the Program will not place any restrictions on the product range (area or level of study), except those arising from the GOTL requirement to limit time away from Timor-Leste for public sector employees to a

³³ The main risk of not doing this would be that the nation-wide promotional 'window' for the 2007 intake would have closed by the time a shortage of supply had been discovered in the public sector. The proposed strategy avoids this risk.

³⁴ The Marketing Strategy and Annual Plan that has been approved by the PMG/ADS Committee does this and goes further – as outlined later in this plan.

³⁵ Capacity building plans for Ministries have only just begun to be written, and only in a few Ministries – the so-called MCDAPs.

³⁶ To reiterate, this 'Marketing Strategy and Annual Plan' encompasses the territory that would be covered by the 'Training Strategy' and a 'Promotional Strategy', but goes further: strict definition of marketing encompasses all aspects of product development (and hence the business of identifying which 'products' to sell; and tying particular segments of the market to particular products); advertising and promotion; 'sales' (recruitment and selection); pre- and post-sales customer liaison; and evaluation and follow-up.

- maximum of three years and exclusions set by AusAID (for example, medicine and aviation).
- b. Arising from the likely shortage of supply of suitable candidates from the public sector, the Program will cast its recruitment net across the whole of the public sector and make awards based solely on merit.
 - c. Applications will be generated from the public sector via direct marketing, that is, the distribution to all government agencies of relevant point of sales material such as brochures, posters and flyers. This will be followed-up by personal visits by program staff to key 'large pool' agencies and by 'open' information sessions.
 - d. Recruitment will also be nationwide, resulting in a recruitment strategy that maximises the number of suitable applicants while providing direct stimulus to the public sector by giving it special emphasis in the program's promotional activities.
 - e. The first intake for the Program will be the 2007 intake, and associated activities will be scheduled in accordance with the prescriptions contained in the Head Contract.
 - f. The Program will emphasise the competitive advantages of studying in Australia in all of its promotional activities, and consciously enlist the support of ADS alumni in this.
 - g. The Program will do its utmost to ensure that the highest standards of openness, transparency, fairness and impartiality are observed in its recruitment and selection procedures, and will do all that it can to ensure that this is seen to be so.
 - h. Providing there is sufficient local capacity, the Program will support 'split' provision of English language training – foundations will be established in Timor-Leste with a period of 'finishing off' and acculturation in Australia.
 - i. The Program will regard as urgent and important the establishment in Timor-Leste as soon as possible of suitable standard institutional English language training capability.
 - j. Client liaison procedures will comprise those that are followed currently with respect to applicants and awardees, and conform to the most recent edition of the AusAID ADS Manual (2006).
 - k. The measurement of performance of the ADS program will be based on both 'outputs' and 'outcomes', as suggested below.

147. Since assuming management responsibility for the ADS Program, a mature age entry category has been approved and introduced and the Program has removed eligibility impediments for pregnant women and fresh high school graduates.

5.6.3 Work Schedule

148. The work schedule and Annual Plan for the ADS follows the directions set out in the HC, and can be found in Annex A. As indicated above, the Annual Plan of activities for the period to June 2007 was incorporated in the Marketing Strategy and was approved by the PMG/ADS Committee at its meeting of 7 September 2006. The work schedule includes the management of ADS students currently in Australia (about 40), 1 student in Bali, (from January 2007), ongoing Eduka students, and 3 ARDS students at the Fiji School of Medicine in Fiji.

5.6.4 Quality Assurance

149. In accordance with HC requirements, a 'quality (assurance) plan' (brackets added) has been written and has been incorporated in the PSCDP Operations Manual. Quality of ADS awardees and their subsequent performance are particularly sensitive to the following variables (among others): (1) the number of suitable applications received (and hence to

promotion); (2) the robustness of selection procedures, and the calibre of the selection committee; and (3) the pre-departure preparation of candidates (and hence English language training; and cultural preparedness).

6. Expenditure

150. Detailed summaries of expenditure to date and projected expenditure for the remaining nine months or so of the Program are set out in Annex B.

ANNEX A

Work Plan for 2006/2007

ANNEX C

Change Frames

Annex C Change Frames

This change-frame is based on PMG and PMG/ADS committee deliberations and decisions, and preliminary discussions held with some counterparts and with AusAID in Dili.

Contract ref. (clause)	Current situation	Recommended change	Justification	Impact on budget
Schedule 1, clause 10.1 & ADS Output 1.2, clause 10.11(d) of Schedule 1	The HC for the program requires that 'the Contractor shall be guided by an Annual Training Strategy (ATS) that sets priorities for selecting awardees', and that the 'Training Strategy' be written during the Program's inception period	Include in document entitled 'ADS Marketing Strategy and Annual Plan', as approved by the PMG/ADS Committee	The Marketing Strategy and Annual Plan that has been approved by the PMG/ADS Committee covers all of the ground that would be included in a 'Promotional Strategy' and a 'Training Strategy', as described in the HC, and goes further.	Nil
ADS Training Strategy (10.11d)	Required as a separate document	Include in the Marketing Strategy and Annual Plan, as approved by the PMG/ADS Committee	Approved by PMG/ADS Committee as part of the Marketing Strategy & Annual Plan. The Marketing Strategy covers all of the ground envisaged for the Training Strategy & the Promotional Strategy & goes further in outlining activities for the year. It forms the basis of the ADS Annual Plan	Nil
ADS Promotional Strategy (10.8b&c)	Required as a separate document	Include in the Marketing Strategy and Annual Plan, as approved by the PMG/ADS Committee	Approved by PMG/ADS Committee as part of the Marketing Strategy & Annual Plan -- and see above	Nil
ADS Annual Plan (10.11f)	Required as a separate document	Include in the Marketing Strategy and Annual Plan, as approved by the PMG/ADS Committee	Incorporated in PSCDP Annual Plan & ADS Marketing Strategy & Annual Plan -- see above	Nil
ADS Operations Manual & Quality Assurance Plan (10.11h)	Required as a separate document	Incorporate in the PSCDP Administration Manual; separate quality assurance notes for ADS will be included in the Manual	Financial management of the ADS, procurement, & related issues will be subject to the same controls & procedures as those employed in the PSCDP as a whole	Nil
Schedule 1,	Allocates percentages of resources	Remove these percentages from the	Percentages were decided before the recent civil and	Nil

Contract ref. (clause)	Current situation	Recommended change	Justification	Impact on budget
clause 6 – percentage allocation of PSCDP resources	against four categories defining the scope of the Program	contract	political disturbances. These governance circumstances create substantially different demands and needs. Program emphases are likely to change somewhat in line with evolving governance circumstances. Resource scarcity and questions of effectiveness and efficiency demand more concentrated use of resources.	
Co-location with CDCU (14.6)	Current situation is that PSCDP has separate offices close to the main government building in Dili and close to CDCU. Co-location has not been possible for space, logistical, and other reasons.	Partial co-location – of those core PSCDP staff who work closely with CDCU – and advisers who may be stationed there full-time under PSCDP support to ‘adviser management’ and ‘HR plan for the public sector’ and other activities of which CDCU will be the main driver	▪ This proposal has the endorsement of Senior Augusto, Director of CDCU. It is agreed with Senior Augusto that the original capacity building intentions of the design will not be put in jeopardy by the existing office location, as demonstrated below. ▪ PSCDP will maintain a permanent adviser presence in CDCU: It will also be the case that one or more PSCDP advisers will be located at CDCU under its proposed support to the ‘adviser management & effectiveness’ activity (see main body of the Annual Plan) and the development of an ‘HR plan for the public sector’. The Program Manager of PSCDP will have frequent interactions with the Director of CDCU through the activities mentioned immediately above, in which he will take a personal interest. He will assist personally with organisational design and mandate issues. Much of the day-to-day work of the PSCDP involves a wide range of project management activities that have little connection with the CDCU mandate. ▪ Lack of sufficient and suitable space at CDCU: Exigencies of office and parking space in the CDCU and uncertainties surrounding future demand associated with an increased UN	Rent for Office – extend allocation allowed for first six months, initially for 18 months to the end of 2007: \$4,212.10 per month for 18 months is \$75,817.80

Contract ref. (clause)	Current situation	Recommended change	Justification	Impact on budget
			presence are consistent with this interpretation of co-location. PSCDP office staff comprises 12 persons. ▪ ADS Program: The PSCDP also manages the ADS Program, which has significant seasonal space requirements, and government offices would not be a suitable location for that activity, and would put additional strain on already limited space there. ▪ Wide distribution of PSCDP activities across government: The allocation of resources depicted in Figures 1, 2, 3, 4 & 5 of the Annual Plan demonstrates the wide dispersion of PSCDP activities across government. ▪ The share of non-core business seems likely to increase, perhaps substantially. Non-core business is particularly widely dispersed across government agencies. ▪ Core activities are also distributed across a number of institutions. ▪ In view of this likely continuing structure of its business, and other factors, the PSCDP proposes to interpret 'co-location with CDCU' to mean that the Program will work very closely with CDCU in a number of areas (which will involve permanent placement of advisers there), and that it will rotate staff through the Unit in consultation with its Director so that there is a continuing PSCDP presence in the Unit. ▪ Perceptions of partiality: The other three of the four agencies want a 'fair go' and feel that there should not be - any partiality between institutions, an impression total co-location with	

Contract ref. (clause)	Current situation	Recommended change	Justification	Impact on budget
PSCDP driver	No position of driver allowed for	Include position of driver among locally engaged staff	CDCU would create. ▪ Staff safety: The vulnerability of government offices in civil disturbance also recommends the current PSCDP location, which is in a known 'quiet' area and is in a very secure building that emerged unscathed during the disturbances earlier in the year. These premises include very safe off-street garage parking for PSCDP vehicles. Australian Government travel advisories state explicitly that 'T-L government symbols and institutions' should be avoided. ▪ It is widely held in the donor community that civil and political unrest and violence is likely to continue up to and beyond the elections scheduled for around early/mid-2007. ▪ In the event of serious disturbance, the current office location affords a safe marshalling point and has been designated as such in the Program's Security Plan. Already agreed in principle by AusAID, Dili. The request is justified on the following grounds: ▪ Staff safety: The security situation in Dili continues to be tense and unpredictable. We suggest that for security reasons an 'in-house' driver is better than taxis, particularly as the majority of staff who must currently use publicly available transport is women. ▪ Professional staff will also need to travel to the districts from time-to-time. The female staff mentioned would need to be driven and would be safer with an 'in-house' driver. ▪ All of the professional work done by the office entails face-to-face contact with actors in the	Nil: A budget cost saving of at least \$2,074 per month has been made on the Liaison /Interpreter 2/3 position, totalling \$124,440. This is due to the fact that one position has not been recruited from the CBF and the other has been recruited at a

Contract ref. (clause)	Current situation	Recommended change	Justification	Impact on budget
			same domains – government, the private sector, and civil society – but particularly government and the donor community. Two of the female members of staff are unable to drive manual vehicles and do not feel safe or comfortable in the current circumstances to learn to do so. ▪ Opportunity and financial costs savings: Much of the administrative work done by the office requires frequent visits to be made in person by office administrative staff to a large number of different organisations in government, the private sector, and civil society – for a wide variety of purposes such as the delivery and collection of letters, agendas, minutes, and other documents; visas, customs clearance, taxation, and related matters; and banking and supplies. Waiting times can be significant and unpredictable. ▪ Taxis are currently being used for the above purposes because it would clearly not be a cost-effective use of adviser time to be doing this type of ‘delivery’ and ‘pick up’. The daily costs of taxi use are significant and would be at least comparable to the cost of a driver. ▪ Upkeep of project vehicles: We have inherited a fleet of vehicles from ITC for the use of advisers who have a vehicle written-in to their activity design. When not in use, these vehicles must be kept in a state of readiness and roadworthiness and cleanliness (simple maintenance: such as tyres; oil; water; battery etc.) One position has not been recruited from the CBF and the other has been recruited at a lower cost than expected.	lower cost than expected. A driver has been costed at an average of USD\$355.00 (gross) per month or AUD\$475 (gross) per month. This would total for the remaining 57 months \$27,075. It is proposed to add a new line item Annex 2, Schedule 2, for a driver.
Item Annex 2, Schedule 2	Liaison/interpreter positions are currently reflecting a potential cost of A\$3,250.	Remove the sum of \$124,440 from the Liaison/interpreter 2/3 positions.		Nil: movement of funds between line items.

Contract ref. (clause)	Current situation	Recommended change	Justification	Impact on budget
Annex 4 to Schedule 2 Program Administration and Equipment Items <i>Category: Administration: Internet Connection Fee</i>	Internet connection fee is currently budgeted at AUD\$500/month. At present the only multiple link connection (ISDN) readily available (and cabled to the current PSCDP offices) is through Timor Telecom at a minimum cost of USD\$2,100/month. PSCDP is currently in discussions with Timor Telecom regarding the charges and the contractual arrangement between PSCDP and Timor Telecom. Quotes indicated a price significantly lower price than indicated on the first invoice received from Timor Telecom. In addition there are currently discussions underway in relation to the joinder of pricing documents to the contract for supply of internet services.	The reimbursable funds for internet connection fee be increased to cover the cost of internet connection.	Internet connection (in particular timely internet connection) is now a key business facilitator. Email is the prime mode of communication between parties to the contract, advisers, counterparts and to potential candidates and managing contractor staff in Head Office. In addition internet access is vital for information gathering, commercial activities, travel and procurement requirements. At present Timor Telecom hold an effective monopoly. PSCDP is currently investigating alternate supply routes but initial indications are that without significant capital investment (purchase of a satellite link) costs would still be approximately \$3,400 per month.	Nil: the increase of \$93,900 will be taken from the above mentioned savings from the liaison/interpreter roles. This represents a whole of life cost (additional 57 months less current budget).
Annex 4 to Schedule 2 Program Administration and Equipment Items <i>Category: ADS Costs - ISAT Fees (under category ADS costs)</i>	ISAT testing is not currently offered in East Timor. There is ISAT testing offered in Darwin managed by the Australian Council for Educational Research however this kind of testing has not been used in East Timor in the past.	Reallocation of funds for Biannual Monitoring Student progress and removal of the requirement for ISAT testing.	There is no indication that the results of ISAT tests will further delineate students who have reached 5.5 for their IELTS test in terms of their cognitive ability, motivation and/or commitment. This lack of addition to assessment insight coupled with the lack of an ISAT testing facility in Dili (and subsequent requirement to undertake testing in Darwin) makes the addition of the ISAT testing process would not cost effective.	Nil: no net increase only movement between budget lines within ADS costs.
Annex 4 to Schedule 2 Program Administration	At present ADS students in their foundation year are monitored through a bi-annual interaction with an IDP representative from Australia. This	Funding identified from the removal of the requirement for ISAT testing should be reallocated to cover the cost of monitoring.	There is no budget provision for the monitoring role in Australia, particularly for students undertaking EAP and foundation programs to keep track on students progress before commencing their formal	Nil: no net increase only movement between budget

Contract ref. (clause)	Current situation	Recommended change	Justification	Impact on budget
and Equipment Items <i>Category: ADS Costs - Monitoring of ADS Foundation students</i>	provides students with contact from an assurance body separate from their ALO. In addition it offers a valuable external contact point should a student be experiencing difficulties in interacting with their ALO. It does not impact on the role or responsibilities of the ALO.		academic courses. Once the students have transferred to their formal courses, they will be under the direct responsibility of the ALO.	lines within ADS costs
Annex 4 to Schedule 2 Program Administration and Equipment Items <i>Category: ADS Costs - Selection Committee fees A\$8,000.00 per year</i>	Since 2004 no more Australian Academics are travelling from Australia to be involved in the selection committee. The budget amount can then be redistributed accordingly.	That an amount of AUD\$2,000.00 is transferred to the ADS advertisement and promotion budget line.	Actual advertising and promotion costs (particularly those costs related to district promotions) incurred in the first round of ADS activity indicate that the budget allocated for advertisement and promotion AUD\$2,000 is inadequate. Press advertising alone and the ADS launch costs to date already exceed \$1,900.	No net increase only movement between budget lines within ADS costs
Annex 4 to Schedule 2 Program Administration and Equipment Items <i>Category: Administration Utilities A\$711.50 per month</i>	Current monthly budget allowance is A\$711.50. Average costs are about A\$958 per month.	That a monthly amount of A\$1,100 be allowed for utilities or an increase of A\$388.50	Average costs for the first two months of operation have been approximately A\$958. This amount is unlikely to decrease and is clearly an essential operating factor.	Increase of A\$23,310

Annex D

Performance Assessment Framework

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EXECUTIVE SUMMARY

The original PAF invites the Public Sector Capacity Development Program (hereafter referred to as PSCDP or ‘the Program’) to develop and refine the concept paper outlining the Program’s Performance Assessment Framework contained in the ‘Design Framework’.

The proposed PAF of the Public Sector Capacity Development Program is designed to promote quality assurance, quality improvement and accountability to GOTL and AusAID. It is also designed to enable monitoring and evaluation of (a) the progress towards the achievement of objectives and (b) other outcomes of PSCDP-supported activities and to improve the monitoring and evaluation system of Government of East Timor (GOTL). It will also facilitate answers to the three main PAF-related questions described in the Design Framework and the Head Contract.

Program staff have been fully involved in the development of the updated PAF and its tools. Two staff members have been trained in use of the proposed tool for collection of data on the quality and effects of Program activities. A single, coherent Program database on Adviser Program activities has been developed in consultation with users. ADS has its own AusAID-designed database.

This document describes in some detail how the PAF proposes to realise these aims and intentions. Nevertheless, the PAF is a work in progress. Some parts of the PAF are developed in more detail than other parts. The full PAF will be completed in the next visit of the MES to the Program in March and April 2007.

INTRODUCTION

The original Performance Assessment Framework (PAF) invited the Public Sector Capacity Development Program (hereafter referred to as PSCDP or ‘the Program’) to develop and refine the concept paper outlining the Program’s Performance Assessment Framework contained in the ‘Design Framework’.¹

The proposed PAF of the Public Sector Capacity Development Program (PSCDP) is designed to promote quality assurance, quality improvement and accountability to GOTL and AusAID. It is also designed to enable monitoring and evaluation of (a) the progress towards the achievement of objectives and (b) other unintended effects of PSCDP-supported activities and to improve the monitoring and evaluation system of Government of East Timor (GOTL).

The proposed PAF will also address the three main questions of the PAF described in the design framework² and the Head Contract³ (hereafter referred to as the ‘original PAF’). The questions are:

- Question 1: What was the extent and quality of what the program delivered?
- Question 2: What changes are taking place in the areas that the Program is intending to influence?
- Question 3: What is the significance and value of contribution that the Program is making to the changes that are taking place?

The PAF described in this document reflects the main principles and values of the original PAF. For example, it accepts the original PAF’s analysis of logframe and indicators and their shortcomings. Like the original PAF, it recognises the value and importance of M&E capacity-development in counterpart GOTL institutions. The ‘refined’ PAF accepts the ‘contribution-analysis’ approach of the original PAF in principle, while noting the implementation challenges it poses in the context of GOTL. PSCDP also embraces the desirability of obtaining feedback from advisers’ clients recommended in the Design Framework⁴. It recognises the necessity and desirability of establishing and operating a Program-specific, parallel information system on its activities and effects, as required by the Design Framework, Head Contract⁵ and professional practice.

Contextual constraints and challenges for implementing the original PAF include:

- The absence of routinely-collected GOTL data on ‘evidence of changes’ in the public sector.⁶

¹ AusAID (December, 2005) *Government of Timor-Leste Public Sector Capacity Development Program Design Framework*, unpublished manuscript (hereafter referred to as ‘Program Design Framework’). The ‘Performance Assessment Framework’ (PAF) is described in its Annex 10.

² AusAID (December, 2005) *Government of Timor-Leste Public Sector Capacity Development Program Design Framework*, unpublished manuscript (hereafter referred to as ‘design framework’).

³ Head Contract between Commonwealth of Australia and GRM International for East Timor Public Sector Capacity Development Program, 2006 (CON 38288), Schedule 1, section 13.3. Hereafter referred to as ‘the Head Contract’. The invitation to the Head Contractor ‘develop and refine the PAF concept paper’ is made in the Program Design Framework and Head Contract (see, for example, Schedule 1, Annex 3 of the Head Contract).

⁴ See, for example, Design Framework, p. 104.

⁵ See, for example, Head Contract, Schedule 1, Clauses 9.1(j) and 11.10

⁶ It is not clear that the claim in the Head Contract (Schedule 1, clause 13.5a) that ‘Responsibility for collecting evidence of changes in these areas is already a responsibility of a GOTL agency’ accurately describes the current situation. It appears that data collection and reporting on ‘evidence of change’ within GOTL institutions are not part of the current GOTL M&E system.

- The predominant focus of the current GOTL M&E system on activity-level data collection and reporting.
- A range of impediments to the reform of GOTL's current M&E systems (especially the *addition* of M&E sub-systems such as outcome-monitoring, personnel performance management) including:
 - Low level of understanding and capacity in M&E among counterpart institutions and staff;
 - Low level of human and financial resources to support M&E in counterpart institutions e.g. few dedicated full-time counterpart M&E positions);
 - The likely lead time before the M&E capacity-building bears the fruit of 'evidence of changes' data routinely-collected by GOTL.
 - The difficulty of designing a new GOTL M&E sub-system (e.g. outcome/impact monitoring; personnel performance management) acceptable to GOTL *and* other donors with a mandate to develop GOTL's capacity that overlaps with PSCDP's area of influence (e.g. UNDP).
 - The heavy burden on existing GOTL systems and staff imposed by the scale, pace, multiplicity and foreign-content of donor-led change: PSCDP is one program among many trying to sell its reform-agenda to counterparts in a context where areas of influence of donor-programs sometimes intersect (e.g., in the case of PSCDP and UNDP, as above).
 - The current low level of staffing in CDCU (three staff) and the uncertainty about the future of CDCU.

Consistent with the original PAF and/or the constraints and challenges, PSCDP proposes the following:

- An M&E system to monitor the extent, quality, achievement of objectives and effects of Program activity that does not rely on logframe and indicators.⁷
- An intention to plan activities to strengthen M&E capacity in GOTL in consultation with relevant agencies and other donors, beginning 2007.

PRIMARY AND SECONDARY MONITORING

The original PAF distinguishes between primary monitoring and secondary monitoring. Unlike the Design Framework, the Head Contract version of the PAF appears to construe primary monitoring as data collection and performance tracking undertaken by GOTL.⁸ Secondary monitoring is seen as both 'program-specific monitoring' *and* 'verification of the findings provided from primary monitoring sources, and analysis of the findings and conclusions provided'.⁹ The original PAF's identification of primary monitoring with GOTL and secondary monitoring with PSCDP is understandable given the original PAF's emphasis on the desirability of the Program and MRG using primary data collected by GOTL for Program 'secondary' monitoring as far as possible. The Head Contract implicitly acknowledges the Program's primary monitoring function in its statement that 'A Monitoring and Review Group (MRG) is responsible for undertaking a secondary analysis of monitoring information available from the GOTL and Program documentation'.¹⁰

However, the monitoring of extent and quality and effects of the performance of external advisers contracted through the Program is the responsibility of the Contractor. The

⁷ Program Design Framework, pp. 99-100.

⁸ See, for example, the Head Contract, Schedule 1, Clause 13.8 (a). The Design Framework explicitly treats Contractor original data collection as 'primary monitoring' (Design Framework, p. 104).

⁹ Program Design Framework, clause 65.

¹⁰ Head Contract, Schedule 1, clause 3.9.

Contractor is charged with establishing and maintaining an M&E system to monitor and report on extent, quality and effects of its adviser program¹¹ and its Australian Development Scholarship (ADS) program. Consistent with the conventional methodological distinction between primary and secondary data,¹² the Program's M&E systems relating to all its modes of assistance (advisers, ADS etc.) constitute primary monitoring systems.

A benefit of the Program's primary monitoring of its capacity-development activities is that it will provide the MRG with good quality data on the extent, quality and effectiveness of Program activities. The GOTL's primary monitoring system, the Government Reporting and Information Monitoring System (GRIMS), is not primarily designed or operating as an 'evidence of change' system, but as a system to track quarterly the implementation of annually-planned 'action areas'. 'Evidence of change' can be deduced from GRIMS data, but only bullet-point-style evidence of change as the dataset consists of 'thin' statements of actions conducted rather than 'thick' and rich descriptions of change. It is not easy to deduce the baseline situation from such a reporting format.

Program's Primary Monitoring System

The Program has now detailed primary monitoring systems for the modes of assistance that the Program is currently conducting, namely, adviser activities and ADS.

Adviser Activities

The Program, with the assistance of the Monitoring and Evaluation Specialist, has revised its initial forms and developed a more detailed performance assessment framework for adviser activities in October 2006.

The framework includes performance-assessment, quality-improvement and outcome-monitoring functions. For the sake of simplicity, the term 'Performance Assessment Framework' will be retained and used when referring to this broader framework.

In respect of the PAF for the Program's adviser and other activities, it is suggested that the three original PAF questions should be collapsed into two questions, as shown in Table 1. While the three questions should continue to guide the MRG's secondary monitoring and the Program's primary situation-monitoring function (see Table 1, Note, below), it is more efficient and feasible for the Program-specific M&E system to collect data only on changes facilitated by the Program rather than on *all* changes that have occurred in its action areas.

PSCDP is contractually accountable for collecting, recording, storing and reporting data on a number of project-specific areas, for example, on the 'quality and immediate achievements of Program activities'¹³. The two revised questions in the right-hand column should be sufficient and efficient for monitoring and evaluating quality and lower-level effects (that is, immediate- and short- term effects) of Program-specific activities.

¹¹ Head Contract, Schedule 1, clauses 3.9(b) and 9.1(j).

¹² The notion of 'primary data' is conventionally understood as data collected and analysed within the same study or by the same research team, while 'secondary data' is understood as data collected for one study and used for another study. See, for example, Joop J. Hox & Hennie R. Boeije (undated) *Data Collection, Primary vs Secondary*, Utrecht University, summary and glossary available on website: http://www.apnet.com/refer/measure/Outlines/data_collection_primary_secondary.htm.

¹³ Head Contract, Schedule 1, Clause 13.4 (a) (i).

Table 1: Suggested Amendments to ‘Three Questions’ in respect of PSCDP’s Monitoring and Evaluation of its own Activities

Original PAF Questions	Retain, Revise or Delete	Suggested amendment in respect of Program’s primary monitoring functions
Question 1: What was the extent and quality of what the program delivered?	Retain	Not Applicable
Question 2: What changes are taking place in the areas that the Program is intending to influence?	Amend	Question 2: What changes are taking place in the areas that the Program is intending to influence <i>as a result of Program activities?</i> (Emphasis added.)
Question 3: What is the significance and value of contribution that the Program is making to the changes that are taking place?	Delete	Not Applicable
Note: Original PAF questions continue to apply to Program’s secondary monitoring as intended in Program Design Framework and Head Contract. Program’s undertaking of baseline and annual updates of institutional capacity of its four main counterpart agencies under the Head Contract, Schedule 1, Clause 13.6 (a), maintains the original PAF framework (as the exercise is situation mapping not activity evaluation) and will only seek to gather information on Question 3 only.		

Table 2 below summarises the adviser program’s performance assessment framework. During the Monitoring and Evaluation Specialist’s three week input in October 2006, most time and attention was spent on refining the adviser-program’s PAF with Program staff and orienting them to the revised tools. The adviser program is in full swing with eight operational, novated contracts inherited from a previous program (the ‘Capacity Building Facility’). Several new adviser activities are in the pipeline. To avoid confusion and discontent, it has been agreed to introduce the revised PAF as described in Table 2 to new adviser activities commencing after November 2006. The current portfolio of adviser activities will continue to run under the earlier adviser-program PAF developed in July 2006.

Table 2: Adviser Program's PAF						
No	Focus Area	PAF Function	Method	Tool	Tool No.	Frequency of PAF function
Question 1: What was the extent and quality of what the program delivered?						
1	Quality of Activity Design ¹⁴	Coaching of designers to prepare activity design	One-to-one coaching	Activity Assessment Criteria and Guidelines and Proposal template	1,2	Ongoing (for each new activity)
		Appraisal of Quality of Proposed Activity Design	Documentary review	Appraisal checklist	3	Ongoing (for each new activity)
		Coaching of designers to improve quality of draft design	One-to-one coaching	Individualised coaching (no tool required)	-	Ongoing (for each new activity)

¹⁴ The PAF starts with an activity plan rather than, say, a standalone five-year capacity-development plan between PSCDP and each GOTL agency for several reasons. A new GOTL National Development Plan will be prepared in 2007. The GOTL institutions and context are rapidly changing. Creation of medium term planning blueprints runs the risk of outdated/irrelevant planning documents and inefficient expenditure of precious time and resources going into 'planification'. Also, there are already GOTL institutional and national strategic plans that offer guidance, hence the inclusion in Point Two of appraisal of the consistency between proposed Program activity and current GOTL strategies and plans. This PAF is aligned with the Program's preferred planning approach that is consultative, paper-light, flexible and responsive, more in line with the more process-sensitive planning approach of John Forester (e.g. 'Planning in the Face of Power',) than the rational-comprehensive, blueprint approach of Andreas Faludi (e.g. 'Planning Theory', Pergamon Press, 1973). Like Roosevelt, the Program puts more emphasis on planning than planning documents. (As Roosevelt put it, 'plans are not important, planning is'). Drawing on *informatics* literature, the Program's planning approach is closer to a 'sluice-gate' rather than traditional 'waterfall' approach to system design. The *waterfall* model involves the production of a blueprint of the total system to be changed within a short period of time. The sluice-gate approach is modular, flexible and responsive to changing ideas and context through time. For good discussion of waterfall and sluice-gate approaches, see Weiderhold, G. and T. C. Rindfleisch (2001). 'Essential Concepts for Medical Computing' in Shortliffe, E. H. and Perreault, L.E (eds) *Medical Informatics: Computer Applications in Health Care and Biomedicine*. New York, Springer-Verlag. 2nd edition, pp. 180-210. A publication on new directions in public sector management expressed the same practice wisdom as 'start small, test and evaluate' (Khadenian, A.M. (1999) *Recent Changes in Public Sector Management*, Education Commission of the States, Denver, p. 11, available on website: www.ecs.org). The Program's approach is also aligned with the Head Contract's injunction to the Program to achieve 'flexibility in design and implementation' (Schedule 1, Clause 4.1).

Table 2: Adviser Program's PAF						
No	Focus Area	PAF Function	Method	Tool	Tool No.	Frequency of PAF function
2	Consistency of Activity Design and Host Agency's mission and plans (strategic plans or Annual Activity Plans)	Monitoring consistency	Documentary review	Appraisal checklist	3	Ongoing (for each new activity)
3	Consistency of Work Plan and Activity Design	Monitoring of consistency between design (as in proposal and Terms of Reference) and activity proposal	Documentary review	No special tool required. TOR template is tool 4. Counterpart Profile & Work Plan is Tool 5	4, 5	Ongoing (for each new activity)
		Coaching of work plan designers to improve consistency between design and work plan	One-to-one coaching	Individualised coaching (no tool required)	-	Ongoing (for each new activity)
4	Extent of Work Plan Implementation	Monitoring of implementation of work plan	Review monthly and Six Monthly Progress Reports (against work plan)	Progress Report template	6	Monthly and Six Monthly
		Advising activity implementers on managing off-work plan requests and/or revising work plan to reflect	One-to-one communications	Individualised (no tool required)	-	Ongoing, especially at end of each month
						PB, JW, AGC, MB
						PB, JW, AGC, MB
						PB, JW, AGC, MB
						PB, JW, AGC, MB

Table 2: Adviser Program's PAF							
No	Focus Area	PAF Function	Method	Tool	Tool No.	Frequency of PAF function	Responsibility
		new priorities (and provision of other 'troubleshooting' advice)					
			End-of-activity assessment of extent of work plan performance	End-of-activity assessment tool (7)	7		
5	Quality of Work Plan Implementation	Monitoring and evaluating quality of implementation (i.e. "process evaluation")	Semi-structured interviews with sample of activity clients	Quality and Outcome Question Guide	8	At least twice for each activity extending for six months and more. Once for activities less than six months. Two clients per activity.	Interview team (Liaison Officers* plus possible 'Monitoring and Evaluation Officer' pending further discussion)
			Content analysis of client feedback on quality of activity services: also summarised into program report	Atlas.ti (Qualitative Data Analysis software)	-	At least twice for each activity extending for six months and more. Once for activities less than six months.	AGC, MB
			End-of-activity assessment of quality and outcomes of performance	End-of-activity assessment tool (7)	7		
6	Synthesis of activity data into program report (on quality and performance across	Create and use PSCDP <i>program</i> information system	Create and use database that contains key data on each <i>activity</i> to enable generation of summary <i>program</i> reports	Excel table	9	Six monthly	AGC, MB

Table 2: Adviser Program's PAF							
No	Focus Area	PAF Function	Method	Tool	Tool No.	Frequency of PAF function	Responsibility
	activities)						
Question 2: What changes are taking place as a result of Program activities in the areas that Program is intending to influence?							
7	Outcomes of Activity	Monitoring and evaluating achievement of adviser-activity objectives (set at the outcome level e.g. improved GOTL staff behaviour/practices) and other outcomes	Semi-structured interviews to collect data on quality and achievement of objectives of service from each activity every six months. Two clients interviewed from each activity (Director and one other randomly-selected counterpart). Selection of 'best' outcome MRG: Validation of selected stories through checking on selected stories and collecting more information on changes where necessary. Content analysis of outcome data and identifying main directions of changes raised in stories.	Quality and Outcome Question Guide 'Most Significant Outcome' Selection Guide Validation Guide Atlas.ti (Qualitative Data Analysis software)	8 		

Table 2: Adviser Program's PAF							
No	Focus Area	PAF Function	Method	Tool	Tool No.	Frequency of PAF function	Responsibility
			Content analysis of outcome-related data reported in activity progress reports.	Atlas.ti (Qualitative Data Analysis software)	-	Six monthly	AGC, MB
			Investigation of possibility of incorporating quality-and-outcome monitoring into CDCU and for CDCU to spread the technique to other core agencies as part of GOTL primary monitoring system.	Question guide and story-selection guide	8,10	Six monthly	GOTL staff
			Coaching of activity implementers to promote linkages between their daily activities and their activity objectives and to improve monthly reporting on outcomes.	Individualised	-	Monthly or as required	PB, JW, AGC, MB
			Tracking of scholarship holders' graduation results and first post-graduation position compared to pre-scholarship position.	MS Access database	-		
8	Data Utilisation	Feedback of learning from PAF functions into future planning, policy and strategy	Team members adjust plans (both activity plans and program plans) in response to feedback and learning.	No tool required	-	Ongoing and at least one example of data utilisation appearing in each six monthly report.	PB, JW, AGC, MB

* Liaison Officers have been trained to conduct adviser-program quality and effects interviews using Tool 8 and all relevant Program staff oriented to revised tools.

Gender

Data on the sex of advisers and counterparts will be collected through the Counterpart Profile and Work Plan form (Tool 5) prior to the start of each adviser activity. Changes to quantity, level and sex of counterparts will be monitored through the monthly report form (Tool 6) and Program staff discussions with advisers. Sex disaggregated data on advisers, counterparts and on participants formally trained by advisers will be reported six monthly.

Gender analysis of client feedback on advisers' performance and outcomes will be conducted and reported six monthly.

ADS PAF

The ADS Program has been described in the Program's Annual Plan 2006. The Program has installed AusAID's ADS database (SIMON: Scholarship Information Management Online). The database is comprehensive, containing a wealth of fields on the background and profile of each ADS awardee and includes all the basic fields required for the ADS Annual Statistics Report as outlined in the Head Contract (including data on awardees' educational achievements).¹⁵ The database is also designed to provide baseline and endline employment-data on award recipients (that is last position prior to receiving award and first position after graduation) to ascertain the short-term outcomes of the award on awardees' labour-market position. A sample of graduates will be interviewed annually to assess the usefulness of their studies for their current positions.

The key PAF-related reports required under the Head Contract¹⁶ are the:

- ADS Annual Training Strategy;
- ADS Annual Student Progress Report;
- ADS Annual Statistics Report.

Gender

The ADS annual reports listed above will disaggregate data by sex and present a gender analysis of profiles, trends and make gender-related recommendations in line with AusAID's Gender and Development Policy, including improving female participation in higher education and employment (including the public sector).

Of course, the limited number of annual awards (eight) is unlikely to have significant large-scale impact on female participation levels in education or employment. However, the relative allocation of awards and employment outcomes to men and women will be closely monitored and assessed. The most recent Public Sector Management (PSM) Sector Investment (SIP) report cites an estimate that only 25% of civil service positions are filled by women.¹⁷

Other Modes of Assistance

In addition to the provision of advisers and educational scholarships, the modes of assistance are:

- Provision of technical advice;
- Provision of tailored training programs;

¹⁵ Head Contract, Schedule 1, clause 15.6(b)(iii).

¹⁶ Head Contract, Schedule 1, clause 15.6(b)

¹⁷ PSM SIP (April 2006), p. 8.

- Design and delivery of projects delivered jointly by counterparts and sub-contractors and advisers;
- Support of third-country training;
- Facilitation of placement and/or support for volunteers such as Youth Ambassadors and AVIs;
- Possibly, coordination and support to Australian government officers under partnership linkages program.

The PAF of adviser activities (described above) will apply to all modes of assistance that are project-like, including volunteer placements, provision of technical advice, projects and possibly support to Australian government officers (all Tools in Table 2).

A special reporting guide (Tool 12) for participants of conferences in third countries has been developed and is being trialed.

The PAF of other modes will be developed jointly with the sub-contractors who will be expected to report consistently with the requirements of the Head Contract. For example, all sub-contractors will report on the extent and quality of agreed activities and on the effects of activities using Tool 11 or other agreed tool(s).

More detail on the PAF for non-project-like Program activities will be given in the more detailed and comprehensive to be completed during the next visit of the MES in March and April 2007.

GOTL Primary Monitoring

Snapshot

GOTL's basic M&E system, GRIMS, is mainly focussed on quarterly tracking and reporting on implementation of agreed actions, described in NDPEAC's quarterly summary Progress Reports as 'activities'.

The GRIMS system is operational, but, like all systems, has room for improvement. In the third quarter of FY2005-06, 233 of 1,135 (21%) activities scheduled for implemented in that quarter were not reported by implementing agencies.¹⁸ In the same quarter and same Progress Report, data on 51 of the 125 activities (41%) under the *Consolidation Support Program 1* were unavailable and not provided by the implementing agency.¹⁹ In the fourth quarter of FY2005-06, performance data on 17% of scheduled activities were not reported.²⁰

At present, Ministry annual reports are not a feature of GOTL's information system. Routine self-monitoring and -evaluation of changes in GOTL's own capacity (apart from rudimentary tracking of numbers of civil service positions, not yet sex-disaggregated) is not currently part of GOTL's M&E system. There is no uniform GOTL personnel Management Information System. GOTL has not yet established a whole-of-government system of staff performance management (including staff work plan development and performance assessment) linking with corporate Annual Action Plans (AAPs) and Quarterly Reporting Matrices (QRMs). As noted earlier, there is a low level of human and financial resources devoted to GOTL M&E.

¹⁸ NDPEAC Progress Report for Third Quarter, FY2005-06.

¹⁹ Ibid.

²⁰ Personal communication, Jose Abilio, Deputy Director, NDPEAC.

The publication “Public Sector Management: Priorities and Proposed Sector Investment Program”, produced by GOTL with UNDP assistance and released in April 2006, notes the plethora of separate and unconnected information systems across GOTL and calls for a government-wide information-system strategy.²¹

‘A wide and growing range of information systems exist in government. Much of this development has been to address perceived urgent needs for information, often in spite of centrally based information systems [e.g. GRIMS] that are not providing service to the growing demand for management information... A Government-wide strategy is needed to ensure [that] information systems fulfil their objectives’. [Bracketed words added.]

Table 3 below summarises the availability of data for secondary analysis by the MRG.

Table 3: Data availability on PAF's three questions in GOTL primary monitoring system				
No.	PAF Questions	Data available (Y/N)	Data Source	Comment
1a	What was the extent of what the program delivered?	Yes	Annual Action Plans (AAP) and (QRMs)	Detailed information on what program delivered is not available, but only brief information on whether action areas complete, incomplete, ongoing or not reported and a brief comment on the activity or delay.
1b	What was the quality of what the program delivered?	No	-	PSCDP will conduct an in-house demonstration exercise to show to GOTL and donors the usefulness of client feedback on quality and effects of external advisers' activities and has already been discussing the possibility of introducing such a system into CDCU with CDCU and UNDP.
2	What changes are taking place in the areas that Program is intending to influence?	Yes (but not rich data in short-term)	-	Little direct, detailed, routine, rich evidence explicitly on 'changes' to GOTL collected by GOTL primary system. Can deduce some aspects of change from some QRM data. In next two years, most evidence of change will come from overseas-aid funded projects such as the reviewing and updating of National Development Plan, evaluating SIP effectiveness etc. In these cases, data are collected and written up by external advisers. All going well, GOTL's own system should be producing more relevant data for MRG in around two years time (if SIP-SWG M&E capacity-building project is funded, implemented to schedule and successful).
3	Question 3: What is the significance	No	-	If the generalisations above are correct, there is a risk that MRG's

²¹ GOTL (April 2006) *Public Sector Management: Priorities and Proposed Sector Investment Program*, UNDP, p. 5.

Table 3: Data availability on PAF's three questions in GOTL primary monitoring system				
No.	PAF Questions	Data available (Y/N)	Data Source	Comment
	and value of contribution that the Program is making to the changes that are taking place?			fishing for data in the waters of GOTL's primary monitoring system will yield a poor catch for secondary data analysis in the short-term. There is another risk that most contributions of most advisers will not show up in available GOTL GRIMS data. Donor reports may pick up only broader or bigger changes, not the micro changes of capacity development resulting from Program activities. Because of the underdeveloped status of the GOTL primary monitoring system, there is the risk that it will not provide a fair, comprehensive basis for monitoring and evaluation of the Program's achievements, setbacks or failures. (In which case, the MRG still has its primary-data collection methods such as key informant interviews and Program-specific documents, but these would not do justice to the range and depth of Program activities if the Program were not to collect data on activities and effects. But there is also the risk that the MRG's four weeks per year for research and reporting will be insufficient to do justice to an assessment of the quality, efficiency, effectiveness and possible impact of the Program if it needs to engage in extensive <i>primary</i> data collection to compensate for the dearth of existing primary data on Program contribution to situational changes (outcomes and impact). As a hedge against these risks, because the Head Contract requires the Program to maintain its own information system on extent, quality and effects of its activities and because such M&E systems are part of professional program management, Program plans to collect, analyse and use such data to improve its programming and to promote its own transparency and accountability.

PROPOSED M&E-RELEVANT PROJECTS AND IMPLICATIONS FOR PSCDP M&E

The lifetime of the current National Development Plan ends in 2007 and UNDP has committed to fund a Public Sector Management project 'Evaluation Update of the National Development Plan (NDP)'.²² As the project name suggests, the project will review the current

²² GOTL (April 2006) *PSM SIP Project Information Sheets*, UNDP, pp.52ff.

plan and prepare a new national five-year plan (2008-2012). It will be this plan that will be most important in guiding the direction of the GOTL and PSCDP during the lifetime of PSCDP Phase 1 (2006-2010).

Another intended PSM project titled ‘Support the SIP Processes & SWGs’ includes an M&E capacity-development component ‘Component 2 - *Monitoring and Evaluation and SWGs Support*’.²³ No donor or implementing agency has been identified as yet. PSCDP will explore options of how it may support this PSM project with PSM SIP and UNDP. The M&E component of the project is budgeted at USD 300,000 over a two year period. It entails a consultant planning a 12 month pilot M&E project in one SIP over a full budget cycle, followed by a roll-out to all sectors of the ‘road-tested’ SIP M&E system. The M&E system will be designed to enable ‘progress against the implementation of the Government goals (as laid out in the MDGs²⁴) to be monitored’.²⁵

The SIP Handbook provides useful background to the monitoring and evaluation component of the PSM ‘Support the SIP Processes & SWGs’ project. See Textbox 1 below.

²³ Ibid., pp. 56ff.

²⁴ MDG indicators represent a mix of levels. Most indicators are clearly impact level (e.g. indicators on prevalence of HIV, malaria and tuberculosis). Some can be seen as service-utilisation indicators (e.g. ratio of boys to girls in primary, secondary and tertiary education), although such changes in service-utilisation represent outcomes of specific interventions. Some MDG indicators can be seen as input level (e.g. percentage of Overseas Development Assistance that is untied) albeit outcomes of earlier change processes.

²⁵ Ibid., p. 56.

Textbox 1: Background to the M&E Component of Proposed SIP-SWG Project

“Improve monitoring and evaluation of individual sector programs. With the completion of all 17 SIPs, there is now a need for improved monitoring and evaluation of performance and results in each sector. The Government believes that the basis now exists for serious work on the detailed definition of an M&E framework for each of the 17 sectors. Information from M&E programs would facilitate understanding of the progress being made towards agreed goals and objectives for the medium and longer term, and would allow more informed decisions of budgetary allocations where progress is more or less rapid than planned for in prior budget allocations. The issue of monitoring and evaluation of sector objectives should be discussed within the respective SWGs. It is proposed that a pilot initiative for the design and implementation of an M&E system be developed within one SWG as soon as possible. Experience with the development of this pilot can then be transferred to other sectors. The Government would welcome the support of one or more donors for this pilot initiative.

“The issue of monitoring and evaluation of sector objectives should be discussed within the respective SWGs. To ensure a fully effective system of M&E, the government believes that thorough discussions must be conducted before actual implementation of an M&E system for each sector. Such discussions will need to provide a consensus on what indicators are to be used, how information for each indicator will be collected (from surveys, or from periodic reporting by civil servants, for example), the frequency with which data will be collected, the assignment among government agencies for the collection, storage and analysis of these data, related training programs and the costs of such M&E programs. Donors involved in these sectors will be expected to guide the SWG in this issue and provide the necessary institutional support to ensure its effectiveness. It is proposed that a pilot initiative for the design and implementation of an M&E system be developed within one SWG as soon as possible. Experience with the development of this pilot can then be transferred to other sectors.”

Source: GOTL (October 2005) *Sector Investment Program Handbook: A Guide to the Preparation and Use of the Sector Investment Programs of the Democratic Republic of Timor-Leste*, GOTL, Dili (revised draft).

When this project is completed (2008?), and if operating as intended, the resulting M&E system is likely to provide data relevant to an assessment of ‘effectiveness of SIP processes’ by the end of 2009.

The Head Contract conveys the idea that it is PSCDP’s responsibility to design an activity that results in SIU-NDPEAC collecting evidence on ‘Effectiveness of SIP processes’.²⁶ The OECD’s Development Assistance Committee defines ‘effectiveness’ as ‘The extent to which the development intervention’s objectives were achieved, or are expected to be achieved,

²⁶ Head Contract, Schedule 1, clause 13.6(b).

taking into account their relative importance.’ Given that the proposed SIP-SWG project is designed to monitor and evaluate progress towards achievements of sector objectives, it should result in data relevant to monitoring the effectiveness of SIP processes. As a by-product, it appears likely that the resulting M&E system (on the assumption that all goes well!) will produce data specified in the Head Contract on ‘Implementation of the Public Sector Management SIP (evidence collected by the PSM SWG with assistance and tools developed by the SIU-NDPEAC as an activity under the Program)’.²⁷ If all does not go well, PSCDP will explore the option of developing a specific activity under the Program to assist SIU-NDPEAC to develop tools to monitor and evaluate implementation of PSM SIP.

The Program will discuss with GOTL and donors the option of supporting at least the monitoring and evaluation component of the SIP-SWG project through its adviser program.

OTHER PSCDP M&E CAPACITY-DEVELOPMENT OPTIONS FOR GOTL

PSCDP has been considering, and/or already commenced discussions with a partner agency on, the following directions:

- Work with UNDP and CDCU on reviewing the CDCU’s current performance assessment system for external advisers.²⁸ PSCDP will continue to explore the option of introducing client-based quality and effects monitoring of external advisers’ services into CDCU to cover PSCDP-supported external advisers and possibly external advisers working through UNDP’s *Support to the Civil Society in Timor-Leste* Project (see Textbox 2 below).
- Under the same Program activity as above, PSCDP will develop CDCU’s capacity to provide M&E capacity-development services to other three core GOTL agencies (NDPEAC, INAP and NDPS) on the basis of participatory capacity-development assessments.
- Introduce two additional M&E-related scholarship positions to the ADS program in 2007. The scholarships would be tied to Post Graduate Certificate or Master of Arts courses in Assessment and Evaluation at the University of Melbourne and tied to new positions in CDCU and possibly NDPEAC.
- Include in-country training on assessment and evaluation into CDCU’s proposed *Timor-Leste Young Graduates Programme*.²⁹
- Develop a specific Program activity to assist CDCU to develop and implement a system to monitor and evaluate GOTL’s coordination of, and quality of support to, capacity-building.
- Develop a Program activity to improve NDPEAC quarterly Progress Reports and Ministries’ AAPs and QRMs. The first part of the activity would focus on assisting NDPEAC to progress its quarterly Progress Reports from merely reporting mechanically on activities completed, incomplete, ongoing (as generated by the GRIMS’ software program called ‘Prosis’) to adding succinct findings, lessons and recommendations based on the data presented and follow-up interviews.³⁰ The same

²⁷ Head Contract, Schedule 1, clause 13.6

²⁸ The current system was established by UNOTIL and, according to its Director, data from the adviser database established by UNOTIL are not used by CDCU. Also, there appears to be key fields in the database (e.g. competency assessments of counterparts by advisers) that do not appear to have data entered.

²⁹ CDCU (September 2006) *Timor-Leste Young Graduates Programme to support the Public Sector Management: Towards a better functioning of government and service delivery to the people*, draft proposal.

³⁰ Follow-up interviews with implementing agencies are already part of NDPEAC’s quarterly monitoring system. For example, the Deputy-Director on the basis of follow-up interviews has concluded that problems in GOTL’s procurement system (including voucher payment system) are mostly responsible for delays to completion of activities.³⁰ However, possible reasons for the comparatively high percentage of activities listed

activity should also work with NDPEAC and other Ministries (in cooperation with existing activities) to prepare improved quality AAPs and QRMs.

- For the next two years, PSCDP staff (ODA with support of CBTA and MES) intend to work mainly with CDCU and the SIP Coordination Unit of NDPEAC to conduct baseline and annual monitoring of their respective institutional capacity using simple and easy tools developed with them.³¹ Pending re-assessment of the work load and absorptive capacity for additional capacity-development activities in NDPS and INAP, PSCDP's institutional capacity assessment may be broadened to NDPS and INAP.
- Contribute to the development of the new National Development Plan (NDP) and its M&E Framework in 2007. Support options will be discussed with GOTL, UNDP and other donors.

By way of background to the preceding point, PSCDP proposes to focus its attention for the next couple of years on CDCU (and through CDCU) on NDPEAC. In particular, it is reluctant to demand too much of INAP at this point, for a number of reasons: including lack of absorptive capacity, limited focus on provision of generic civil service training and pre-existing challenging commitments. INAP is just about to roll-out an ambitious training program brought about a recently promulgated regulation which, on its face, requires them to train up to 8,000 or 9,000 civil servants prior to them being allowed to transition to a new career structure/salary scale, with of course nothing in place - a recipe for significant industrial and morale problems. On top of this, INAP will be required to develop training/information sessions for the remainder of the civil service regulations as they are promulgated.

Nevertheless, the M&E capacity-building activity that will work through CDCU proposes to include INAP and NDPS as partner institutions.

In summary, PSCDP intends to focus mainly on working through CDCU to provide M&E capacity-development services and support to the other three core GOTL agencies.

To date, the Program has focused on exploring the feasibility of the first option (namely, the evaluation of quality and achievement of objectives and other outcomes of adviser services) with partner agencies, CDCU and UNDP. The Program has developed a demonstration or pilot M&E system for monitoring the quality and effects of external adviser assistance as part of its Adviser Program PAF. The Adviser Program PAF has been described in Table 1 above and its *Quality and Outcome Monitoring Question Guide* is available on request. The Program will demonstrate and disseminate to GOTL and other donors what its system of monitoring and evaluating the quality and outcomes of advisers' activities can deliver. The Program has discussed the system with the Director of CDCU who is cautiously supportive. The Director has intimated that he will be willing to discuss the matter further when his number of staff has increased to the level flagged in CDCU's Annual Action Plan for FY2006-2007 (funded by PSCDP) and where PSCDP and UNDP put forward a harmonised proposal.

as delayed ('incomplete' and 'ongoing') or not reported by implementing agencies are not presented in the Progress Report. In the third quarter of FY2005, NDPEAC's summary Progress Report showed only 39% (450) of all 1,135 activities scheduled for completion in the quarter had been completed on time. No data analysis or explanation is provided in the Progress Report.

³¹ Mapping of institutional capacity of the four main counterpart agencies is mandated by the Head Contract, Schedule 1, clause 13.6(a). The frequency of data collection is not specified in the Head Contract.

PSCDP has had several meetings with UNDP's Regional Governance adviser (Patrick Keuleers) to discuss monitoring and evaluation of UNDP's external adviser program. PSCDP's Adviser Program PAF, including all tools, have been shared with UNDP. The Regional Governance adviser has provided excellent, useful feedback on the tools from UNDP's perspective. He has indicated that UNDP is likely to use some of the PSCDP's Adviser Program tools (such as the proposal and appraisal guides and possibly the quality and outcome tool) for its *Temporary Advisory Services Initiative* (TASI). The Regional Governance adviser likes the dialogical and simple approach to quality and outcome monitoring that addresses some of the problems of the UNOTIL-developed database, particularly the latter's absence of adviser effects-tracking apart from adviser judgements about improvements in counterpart job skills. The database has fields for counterpart self-assessments but in practice it appears that external advisers have usually completed the data entry themselves directly online without counterpart contribution³² (and such data entry does not appear to have commonly included data on counterpart competency).³³

Textbox 2: UNDP's Current M&E of External Advisers' Effects: Shortcomings and UNDP's Suggested Response

"UNDP *Support to the Civil Society in Timor-Leste's* Output 2.3: Monitoring system in place to assess the results of capacity development efforts on the performance of government agencies.

"In 2004, UNMISSET and UNDP developed a monitoring and evaluation system (M&E) to assess the quality of the work of the international advisors recruited under the ICDS project (UNDP) and the Civilian Support Group (UNOTIL). While this M&E system assesses the performance of the advisors, it does not allow the government to monitor the degree of organisational effectiveness that would result from the capacity development efforts. Even where advisors reached great levels of performance, there is often no clear indication on whether, how and why such performance (or the sum of various capacity development efforts) also resulted in increased levels of effectiveness/efficiency of the counterparts, recipient organisations, translated in better delivery of public services. In collaboration with other development partners, the project will continue to adjust the capacity development monitoring and evaluation system, through the development of specific indicators that will allow, for each state institution that is recipient of capacity development efforts, to assess and evaluate the effectiveness of these interventions. This will be done as a development of the existing system in order to improve it. This requires the collection and development of key performance indicators for the various advisors, counterparts and state institutions which will be periodically compared to assess the impact of the capacity development efforts."

Source: UNDP (July 2006) Project Document: Support to the Civil Society in Timor-Leste, UNDP, Dili, p. 18.

³² Personal communication, UNDP staff member.

³³ PSCDP Monitoring and Evaluation Specialist's observation of UNOTIL computerised database on external advisers. Attempts to generate on-screen reports of sample counterparts' skills-development between several specified baseline and endline periods brought up data-free reports.

SUGGESTED CONTRACT AMENDMENT

Only one contract amendment concerning the PAF is proposed. PSCDP proposes that the following clause of the Head Contract be deleted: ‘The Contractor shall ensure that specific indicators have been developed for each of these areas [of influence] with the responsible parties and that specific methods and tools are developed for their assessment and reporting’.³⁴ The case that the Design Framework made for avoiding the use of logframes and associated indicators also applies to this clause. The Design Framework suggested that logframe and indicators were inappropriate as PSCDP activities are likely to have multiple effects, more than easily picked up by indicators, and changes in GOTL agencies are likely to be caused by more factors than PSCDP alone due to multiple interventions and agencies working with GOTL. The Design Framework noted that multiple effects and multiple causes breached the assumptions of logframe and indicators (of a small number of directly-caused effects measured by a small number of indicators). In addition, each Program activity is likely to have multiple *unintended* effects that will be missed by any set of indicators based on expected changes. If the indicators mentioned in the Head Contract (above) are seen as Program-specific indicators and the Contractor accountable for achieving them, then the logical assumption is that the indicators mentioned in Clause 13.5(a) represents effects that are directly and solely caused by the Program. If this analysis is correct, then the Head Contract is inviting the Program to set up an additional, parallel indicator-system for each counterpart GOTL agency that applies to only its own interventions (whereas the GOTL’s own plans and targets will reflect multi-agency interventions). This is the likely interpretation of the Head Contract, also suggested by the phrase ‘specific indicators’ as in ‘Program-specific indicators’ (see Clause 13.5(a) above). On the other hand, if the Head Contract is inviting the Program to ensure that GOTL indicators reflecting the contributions of all change-agents and causes are established in the Program’s areas of influence then the Head Contract is inviting the Program to either use, replace or add GOTL NDP indicators. New NDP indicators will be created along with the new NDP and the Program will be at best one player among many with potential to influence the NDP and its indicators.

Overall, it would appear likely that Head Contract is requesting the Contractor to ensure that *Program-specific* indicators are developed in counterpart GOTL agencies.

However, the Head Contract’s Schedule 1, Clause 13.5(a) is based on the Design Framework’s Paragraph 64 that reads as follows:

“64. The program is expected to influence the following areas directly and indirectly. Responsibility for collecting evidence of changes in these areas – **primary monitoring** – is already a responsibility of a GOTL agency, and there is often existing or planned donor support to assist them in this function, unless specifically identified as an activity under the Program. Specific indicators have been developed for each of these areas, or will be developed with assistance from the AusAID ODA.”³⁵

The focus of the Design Framework in Paragraph 64 is clearly on GOTL indicators of changes irrespective of causes and change-agents (that is, indicators that are not PSCDP-specific). For this reason, the Design Framework notes that they are already developed by GOTL or will be developed by a position outside PSCDP. The AusAID Organisational Development Adviser (ODA) is described in the Design Framework as a six month position

³⁴ Head Contract, Schedule 1, Clause 13.5(a).

³⁵ Design Framework, p. 28.

occurring prior to the commencement of PSCDP.³⁶ However, interpretation of Clause 13.5(a) is rendered more difficult as the Design Framework provides contradictory advice on responsibility for developing ‘specific indicators’ on the Program’s areas of influence. In Paragraph 68, the Design Framework indicates that responsibility lies with the Contractor. In Paragraph 64, the Design Framework sees responsibility lying with GOTL and AusAID ODA. See Textbox 3 below for the Program Manager’s concerns about Clause 13.5(a).

Textbox 3: Program Manager’s concerns about Clause 13.5(a)

In paragraph 68, sentence 2 of the PDD, it states that the Managing Contractor – among other things – is responsible for the ‘identification of specific indicators against each of these areas (which areas, the ones referred to in paragraph 64 or 67 or 64 to 67 inclusive?) and development of tools for information collection and analysis’ (parentheses added). This direction is repeated in the last sentence of clause 13.5(a) of Schedule 1 of the HC. This appears to contradict the earlier statement in sentence 3 of paragraph 61, which states unambiguously that the ‘performance framework’ should be based on the ‘analysis of *available evidence*’ (bold italics added). It also appears to contradict a statement in sentence 1 of paragraph 64, which states that ‘**primary monitoring** – is already a responsibility of a (unnamed) GOTL agency’ (bold in the original) (parentheses added). This statement is repeated in clause 13.5(a) of Schedule 1 of the HC. Whichever one it turns out to be, both have severe attendant problems. If the PAF is to rely on ‘available evidence’, the existence and quality, reliability, up-to-datedness and comprehensiveness of such evidence will vary between different parts of government, but will nearly always score low on all of these criteria. This makes the ‘available evidence’ route at best very difficult. If, on the other hand, it is the direction in paragraph 68 that is to be followed (and similar references in paragraph 64 dot points 3 and 4), then the Program would need to spend most of its resources helping the many different parts of government that it supports to establish and maintain means for generating such data. Neither option seems sensible to us.

Source: Program Manager’s *Notes on PAF*, unpublished.

It is also unclear if the Head Contract (Clause 13.5(a)) and Design Framework (Paragraphs 64 & 68) mean ‘indicator’ in the strict sense of the term as *target-free*, for example, ‘number of borrowers under micro credit schemes disaggregated by gender’ or in sense of ‘indicator target’ such as ‘at least 6000 borrowers under credit schemes during lifetime of NDP’.³⁷

In addition, the scope of the ‘areas of influence’ in the Head Contract and Design Framework is unclear (see Textbox 3) and will change over time as the Program’s rolling design and implementation proceeds. Specific indicators are not able to handle the ‘flexible’ and ‘responsive’ rolling-design approach recommended by the Design Framework, Head Contract and adopted by the Program. The precise nature and content of Program activities will unfold over time in response to changing circumstances and context. The proposed system of indicator-free monitoring of Program quality and effects matches the Program’s planning approach like a glove fits a hand.

PSCDP suggests that the following sentence of the Head Contract’s Schedule 1, Clause 13.5(a) be deleted: ‘The Contractor shall ensure that specific indicators have been developed

³⁶ Design Framework, p. 19.

³⁷ GOTL (May 2002) *National Development Plan*, GOTL, Dili, paragraph 10.20 (c).

for each of these areas [of influence] with the responsible parties and that specific methods and tools are developed for their assessment and reporting'. The scope and content of the duty imposed by it is unclear. It is quite possible that the envisaged scope and likely content of the indicators has changed between the Design Framework and the Head Contract. Establishing the new indicators is inappropriate whether they are seen as Program-specific or GOTL's own. The former creates a new parallel layer of indicators in counterpart agencies specific to the scope of the PSCDP. The latter (as intended in the Design Framework) would have involved altering the existing NDP indicator-set. See Textbox 3 below for the Program Manager's concerns.

Whether Clause 13.5 (a) is deleted or not, PSCDP is committed to making a contribution to the development of the new NDP, including its M&E framework. As flagged earlier, the Program will discuss support options with GOTL, UNDP (that is funding the development process) and other donors. However, its power to influence the new NDP indicator set (given that many other players will be involved) is likely to fall short of the absolute power required to 'ensure that specific indicators' are developed.

PAF: A WORK IN PROGRESS

This document reports on a work in progress. Some parts of the PAF are developed in more detail than other parts. The full PAF will be completed in the next visit of the MES to the Program in March and April 2007.

Key parts of the PAF to be elaborated are:

- More detailed description of the PAF for each Mode of Assistance and inclusion of such description in the Program Operations Handbook (including standardised reporting formats and information flow and PSCDP and relevant agencies).
- Development of tools and methods with responsible entities for those entities to collect and analyse information on:
 - Donor coordination and complementarity (by AusAID and PMG/PSM SWG);
 - Quality and performance of advisers working in GOTL (by CDCU);³⁸
 - Flexibility and responsiveness of the Program to changing needs (by PMG).
- Guidelines for PMG meetings to ensure that 'their agenda [is] structured to consider achievements, performance and relevance of the Program's assistance' and that the 'minutes... reflect the analysis undertaken routinely'.³⁹
- Provision of assistance, as required, to MRG to develop tools and methods appropriate to secondary analysis of primary data from GOTL, PSCDP and other donors.

³⁸ As mentioned earlier, tools have been developed and discussed with CDCU and UNDP. This task may take some time depending on complex factors described earlier.

³⁹ Head Contract, Schedule 1, Clause 13.8 (b).