



Australian Government

Department of Foreign Affairs and Trade

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# Aid Program Performance Report 2013-14

Timor-Leste

September 2014

## Key Messages

This report summarises the progress of the Australian Government's aid program in Timor-Leste from July 2013 to June 2014. The aid program is implemented in accordance with the *Australia – Timor-Leste Country Strategy 2009-14* and the priorities jointly agreed by the Governments of Timor-Leste and Australia in the *Strategic Planning Agreement for Development*.

The report finds that the program has seen solid progress, with particular success in

- ramping up our support for the Government of Timor-Leste (GoTL)'s flagship program for community development
- signing a direct budget support agreement with the Ministry of Finance (MoF), part of an increased focus on governance support and a change in the way we work
- increasing ownership of the GoTL over the development agenda and growing capacity within the government
- supporting the institutional foundations of an effective and accountable national police force through the Australian Federal Police (AFP)
- achieving progress in meaningful integration of gender equality through implementation of a gender action plan and starting a new Ending Violence Against Women program.

The reporting period saw continued consolidation in the program and the redesign of key programs such as health, to make them more flexible and responsive to GoTL priorities. Mixed progress in some sectors, such as education, stressed the importance of responsiveness to partner Ministries, both in terms of securing resources, implementing agreed actions and coordinating with other relevant ministries. Generating strong and mutually accountable relationships will remain a pillar of our implementation approach.

## Context

For a post-conflict state, Timor-Leste has made considerable progress in the past twelve years. Timor-Leste has recently enjoyed a fast growing economy and its longest period of stability since independence. Human development indicators continue to improve, albeit from a very low base. The GoTL has established a national sovereign wealth fund, called the Petroleum Fund, which holds \$16.6 billion (as at 30 June 2014) in oil and gas revenues. The World Bank estimates that post-conflict countries take, on average, forty years to achieve and consolidate stability. When viewed in this context, the security, economic and poverty reduction gains achieved by Timor-Leste to date are remarkable.

As government institutions mature, Timor-Leste is taking increasing ownership of its development agenda. The *Strategic Development Plan 2011–2030 (SDP)* outlines the GoTL's vision for using its petroleum wealth to develop the economy and alleviate poverty. Australia's commitment to aligning our assistance behind the SDP is articulated in the *Strategic Planning Agreement for Development*, signed by both countries in 2011 and updated in 2013. In its role as chair of the g7+ grouping of fragile and conflict affected states (from 2010 until May 2014), Timor-Leste has championed the importance of national ownership and tailoring development assistance to context. Timor-Leste played a key role in developing the *New Deal for Engagement in Fragile and Conflict-affected States*, an approach based on mutual accountability for development outcomes. Timor-Leste is one of seven countries globally which is piloting implementation of the New Deal, with Australia as the lead donor partner.

Timor-Leste's economic growth has been driven by public spending. Since 2007, GoTL has used its oil wealth to bolster the public service and accelerate investment in infrastructure. This front-loaded development model contributed to rapid economic growth, as well as high inflation. But with the pace

of public spending slowing from 2012, the economy may be moving to a more sustainable path. Despite gains from this strategy – such as increased reach of electricity and roads – the benefits of economic growth have not been felt evenly. Over two thirds of Timorese still live below US\$2 a day. The private sector remains weak. The country's mainly subsistence-based agriculture sector struggles with low productivity and limited access to markets. Businesses face considerable obstacles, including difficulties accessing finance, a low-skilled workforce and poor infrastructure. In this context, there is a risk the economy will not create enough jobs for the fast growing population.

Timor-Leste has made progress in improving the living standards of its people, but challenges remain. Timor-Leste is currently ranked 128th in the 2013 Human Development Index, up five places from 2008. Despite progress, Timor-Leste is not yet 'on-track' for a number of MDGs, including eradicating extreme poverty and hunger, improving maternal health and universal primary education. Nutrition is a major concern: 50 per cent of children under five have stunted growth – an improvement on 58 per cent in 2009-10, but still one of the highest rates in the world. The maternal mortality rate is the highest in the region at 557 deaths per 100,000 live births. School enrolment has improved, but the quality of education remains poor. Women face significant barriers in accessing education and employment, and there are high rates of violence against women.

Australia is the largest development partner, accounting for 39 percent of total aid to Timor-Leste in 2013. Australia provides over three times more ODA than each of the next largest donors - US, EU, Portugal and Japan. Loans to GoTL by the multilateral development banks are increasing. However aid is becoming relatively less important to Timor-Leste - in 2002, ODA accounted for 75 per cent of Timor-Leste's budget, but it now represents less than 6 per cent.

Australia's aid program has been designed to factor in the changing political and economic context in Timor-Leste. DFAT carries out regular political economy analysis, ensuring responsiveness to GoTL's increasing ownership of its development agenda. Within this context, DFAT's program is designed to work iteratively, with an emphasis on partnership, flexibility and mutual accountability. This approach is particularly important in a post-conflict environment.

Australian assistance is aligned with the priorities outlined in Timor-Leste's SDP. In 2013-14, the program focused on sectors which Australia and Timor-Leste agreed were priorities with significant capacity constraints. These were rural development, including increased agricultural productivity and improved infrastructure such as rural roads and water and sanitation systems; better access to and quality of health and education; strengthened public sector administration and governance to ensure the public sector had the capacity to provide quality services to the Timorese people; and security, in the form of police training.

## Expenditure

Table 1: Expenditure in 2013–14

Objective	\$ million	% bilateral program
STRATEGIC DEVELOPMENT PLAN PILLAR: INFRASTRUCTURE		
Objective 1: Water, sanitation and hygiene	9.13	9
Objective 2: Rural roads	6.15	6
STRATEGIC DEVELOPMENT PLAN PILLAR: ECONOMIC DEVELOPMENT		
Objective 3: Agriculture	4.41	4
STRATEGIC DEVELOPMENT PLAN PILLAR: SOCIAL CAPITAL		
Objective 4: Education (including Scholarships)	15.15	15
Objective 5: Health	6.76	6
STRATEGIC DEVELOPMENT PLAN PILLAR: INSTITUTIONAL FRAMEWORK		
Objective 6*: Security	16.75	16
– Support to Ending violence against women	2.54	2
Objective 7: Public sector management and good governance	11.58	11
Objective 8: Support to the National Program for Village Development	11.07	11
Other**		
Multi-sector	5.81	6
Regional/global (including volunteers, Australian-NGO Cooperation Program, Direct Aid Program)	15.00	14
<b>Estimated total ODA for 2013-14</b>	<b>104.35</b>	<b>100</b>

Source: AidWorks. \*Objective 6 is implemented by the Australian Federal Police. \*\*Multi-sector expenditure includes Other Government Departments, except for AFP. Regional/Global figure is an estimated outcome as complete data was not available at the time of publication.

## Progress towards objectives

Table 2: Rating of the program's progress towards Australia's aid objectives

Objective	Current rating	Previous rating
Objective 1: Increased access to and use of safe water and sanitation	Amber	Green
Objective 2: Rural population has better roads	Amber	Amber
Objective 3: Increased productivity of major staple food crops through farmers using improved seed	Green	Green
Objective 4: More children and youth attain improved learning outcomes and employability	Red	Amber
Objective 5: Households, especially the most vulnerable, increasingly practice behaviours that are conducive to better maternal and child health and nutrition and use reproductive, maternal, newborn and child health services	Amber	Red
Objective 6: Police service effective and accountable in supporting rule of law	Green	Green
Objective 7: Poverty reduction in Timor-Leste through improved economic development and delivery of services	Green	Green
Objective 8: Human and economic development enhanced by communities building small-scale infrastructure that meets their development needs	Green	N/A

Note:

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Overall progress of Australia's programs in Timor-Leste was similar to the previous year, with about half of the programs performing as expected and half requiring remedial action. Australia's performance in health improved, whereas in water, sanitation and hygiene and education, it slipped. The Timor-Leste program continued to report against an interim performance assessment framework for this reporting period, using objectives drawn from the *Australia–Timor-Leste Country Strategy 2009–2014* and the *Strategic Planning Agreement for Development*. A new performance assessment framework is being developed as part of the new Aid Investment Plan covering the period 2014-15 – 2017-18.

DFAT continued efforts to integrate gender, disability and nutrition across all programs in this reporting period. On gender, good progress was achieved: strong leadership from DFAT management drove a gender stocktake and the development and implementation of a gender action plan, which sets out concrete actions and targets for each sector program to be reviewed bi-annually. Progress on disability was mixed: DFAT continued support for the Timor-Leste Disability Association and adopted disability-inclusive approaches in new designs, but more work is needed to integrate disability across sectors. Steady steps were taken on nutrition, as DFAT supported the 2013 Timor-Leste Food and Nutrition Survey and communication of results, as well as the establishment of the President's Nutrition Awards program in 2014. Increasing GoTL focus on nutrition, together with DFAT's recent recruitment of a Dili-based Nutrition Specialist, will allow DFAT to make further progress on sharpening the nutrition focus of sector programs in the year ahead.

## Objective 1

	Current rating	Previous rating
Objective 1: Increased access to and use of safe water and sanitation	Amber	Green

*The amber rating reflects a temporary slowdown of expected results due to a year of reorientation of the BESIK water and sanitation program, with a shift from a direct service delivery approach to a partnership-style engagement with GoTL. BESIK's focus has turned to capacity building as it seeks to help GoTL institutionalise robust and sustainable systems for water and sanitation.*

The SDP goal is for all citizens to have access to clean water and improved sanitation by 2030. These are needed to address Timor-Leste's high rates of malnutrition and waterborne illness. GoTL efforts in 2013-14 to socialise the 2012 National Sanitation Policy were a good indicator of a growing commitment to these issues.

Australia's contribution through the Rural Water Supply and Sanitation Program (BESIK phase 2, \$43 million, 2012-16) continued to support the delivery of safe water to rural communities. In 2013-14, 28,607 rural people gained access to safe water, slightly less than expected, while 41 schools gained access to safe water, well exceeding the target of 12.

Progress on sanitation was slower than expected, due to challenges associated with the increased use of government systems. BESIK provided 6,760 people with access to basic sanitation in 2013-14, which was less than targeted. BESIK has been piloting new models, endorsed by the Ministry of Health, to support a more sustainable approach to rural sanitation, driven by the private sector and



NGOs. The pilots saw an additional 17,282 people (51 per cent women) gain increased knowledge of hygiene practices, such as hand-washing with soap, although influencing behaviour change remains a challenge. DFAT is monitoring these pilots with a view towards scaling up successful models.

Progress was slowed by leadership changes in the BESIK team. And the lack of coordination in GoTL resourcing continued to be a challenge to sustainable improvements to water, sanitation and hygiene. BESIK phase 2 has an increased focus on capacity building and government-led service delivery, rather than the direct investments of phase 1. But this requires increased government ownership to succeed. DFAT continued to engage in policy dialogue with the relevant ministries to highlight the importance of a sustainable transition.

The rollout of the GoTL's National Program for Village Development (PNDS), supported by DFAT, has funded communities to develop and maintain their own water systems, alongside other infrastructure. But relevant ministries need to coordinate more closely to keep local planning processes aligned. Operations and maintenance (O&M) in particular require increased government commitment. Without sufficient O&M funds, water systems break down faster than they can be built. Water User Groups, supported by BESIK-trained facilitators, have improved community-led management of water systems, with good female representation and leadership. But their work must be complemented by heightened government support and coordination.

#### Management response:

- DFAT will support key agencies to advocate for financial commitments to water and sanitation, particularly for O&M, and will develop the capacity of the relevant agencies to implement O&M.
- DFAT's water and sanitation and community development teams will continue to collaborate to advocate to the Government for alignment of local planning processes, including PNDS, that impact water service delivery.

## Objective 2

	Current rating	Previous rating
Objective 2: Rural population has better roads	Amber	Amber

*The amber rating reflects mixed progress – ultimately less than expected. Australia's support enabled increased rehabilitation and maintenance of rural roads from the previous year and created jobs. But the Ministry of Public Works faces ongoing institutional issues and has been unable to secure adequate budget and human resources, impacting the effectiveness and sustainability of progress based on a program design that was dependent on government resourcing.*

Progress towards improved rural roads was aided by the GoTL's launch of the Rural Roads Master Plan in early 2014. This plan, supported by the DFAT's Roads for Development investment (R4D, \$30 million, 2012-16, implemented by the International Labour Organisation), aims to govern coordination towards the SDP goals of rehabilitation and maintenance of the whole rural road network. President Taur Matan Ruak became increasingly engaged in the rural roads sector and inaugurated two R4D roads in this period.

After a slow first year hampered by poor weather and human resource constraints, R4D-supported road works rolled out steadily in 2013-14. Thirty-nine road rehabilitation contracts covering 92 km of roads, and 26 maintenance contracts covering 130 km of roads were awarded and completed. This was somewhat less than targeted for a range of reasons: increasing costs of materials; extended rainy seasons hampering works, and some underperformance by local contractors. R4D is now focusing its capacity building work on local contractors and district staff in order to maximise effectiveness of road

investments. The labour-based method of road works generated employment for Timorese – with 30 per cent of those employed being women (meeting R4D’s minimum target as an interim step towards an aspirational 50 per cent target).

Some improvements were made to government coordination in the rural roads sector, where a number of different ministries have responsibility and resources for road works. The Rural Roads Working Group was established, bringing together the various government agencies (led by the Ministry of Public Works) with donors, including Australia, to enhance sector coordination and oversight of investments including R4D.

Despite signs of growing coordination, the Ministry of Public Works struggled to obtain the recurrent budget and human resourcing to support the rural roads sector. Of a proposed US\$14 million put forward for Government rural roads funding this year, the Ministry secured just US\$1.5 million. Alongside delayed recruitment activities, this has impacted the extent to which R4D can effectively operate, given it was designed under the expectation that such resources could be secured. Due to this shortfall in government resourcing, R4D is turning its focus in 2014-15 to maintenance works, with most rehabilitation work held back until resourcing issues are addressed.

#### Management response:

- DFAT will respond to a mid-term review in late 2014 which will address the challenges in government engagement and program sustainability and recommend a way forward that takes into account realistic resourcing of rural roads in the short-medium term.
- DFAT rural development team and R4D to jointly work with Governance for Development program to align public financial management and civil service recruitment support to the needs of the roads sector.

### Objective 3

	Current rating	Previous rating
Objective 3: Increased productivity of major staple food crops through farmers using improved seed.	Green	Green

*The green rating reflects progress as expected in seed distribution and policy development, a result of strong collaboration between Australia’s Seeds of Life program and the Ministry of Agriculture and Fisheries (MAF). DFAT will support a sustainable transition of responsibilities to MAF as we explore broader areas of cooperation in agriculture.*

In mid-2014, GoTL launched its Zero Hunger Challenge Action Plan, an ambitious framework for ending hunger and malnutrition in Timor-Leste by 2025. President Taur Matan Ruak has become a strong advocate for better food security and nutrition, and for the Action Plan. Agricultural productivity will be a major element of the plan, although yields are currently far below the average in South East Asia for most crops. The MAF endorsement of a National Seed Policy in 2013 was a major achievement towards formalising a national system for quality seed, and it has identified key production zones for expansion of rice as a national priority crop. But greater policy coherence is needed around imports, subsidies and market access for poor farmers for this sector to make a meaningful contribution to the Zero Hunger agenda.

Australia contributes through the joint DFAT-ACIAR funded Seeds of Life program (SOL phase 3, \$25 million, 2011-16), which continued to support agricultural productivity in 2013-14 through support for high yielding seed varieties. SOL has been strengthening six research stations across the country to continue quality seed research and development. The number of farmers (14,415 with 30 per cent women) participating in 1,086 community seed groups has already exceeded the program target and

is contributing to 43,000 households across Timor-Leste using improved seed varieties. The program is likely to reach more than the 65,000 households targeted by the end of the program in 2016. SOL is implementing a gender action plan to better involve women in agricultural development. SOL's efforts to encourage female farmers to participate in training on seed selection resulted in women making up 40 per cent of attendees at 2013 field demonstrations.

Commercial marketing of seeds has picked up in 2013-14 with the registration of 31 commercial seed producers. SOL's partnership with DFAT's Market Development Facility (MDF), including on maize for livestock feed, has aided the increased push towards private sector engagement as a driver of agricultural development. MDF is working directly with entrepreneurs which help link farmers to markets.

While GoTL budget allocations to the agriculture sector remain low, the Government recently increased its budget commitment to seed research and distribution, following policy engagement by SOL and MAF. A transition plan has been drafted to hand over key responsibilities from SOL to MAF by 2016, although GoTL has signalled an impending restructure of the ministry. While progress on transition has been good, questions around ongoing budget and human resource allocation pose risks to sustaining SOL's achievements.

#### Management response:

- DFAT, together with SOL, to continue advocating for better resourcing of the sector, including support for a sustainable transition of activities to Government ownership, and for policy consistency on agricultural markets.
- DFAT to design a new program for implementation from 2016 that builds on the successes of SOL and the ACIAR partnership while moving into new areas, including deeper private sector engagement and more focus on women's empowerment and nutrition.

## Objective 4

	Current rating	Previous rating
Objective 4 : More children and youth attain improved learning outcomes and employability	Red	Amber

*The objective was rated red because DFAT's new basic education program was not finalised and progress on the training and employment support program was significantly less than expected.*

Timor-Leste made progress in providing access to quality education. More children had access to basic education, with a primary net enrolment rate of 94 per cent. The 2014 education budget increased 16 per cent from 2013, but decreased as a percentage of national budget from 22 per cent in 2004 to 10-12 per cent in 2014. Over one third of grade one children do not attend school regularly and about two thirds cannot read at a minimum standard by grade four. Participation of girls is the same if not higher than boys at primary and pre-secondary levels, but lower in secondary and tertiary levels. The vocational education system, established in 2012, continued to expand but is yet to produce quality training that links to jobs. The budget for vocational training continued to fall, impeding delivery of quality training programs.

Australia contributed to improving learning outcomes through support for teacher training, school management and school infrastructure. Australia's support to the Alola Foundation, Catholic Teachers' College and UNICEF enabled training of over 1000 in-service teachers (65 per cent female) and 49 new teachers (65 per cent female). We provided over 120 schools with child-friendly learning materials, training and infrastructure development. Our English language program provided English language resources to over 600 university students (46 per cent female). The programs are producing



results, but need stronger monitoring and evaluation systems to assess their contribution to education outcomes.

The basic education program faced a major hurdle in attempting to transition to a new consolidated program focused on improved service delivery. Following protracted negotiations in 2013, Australia and Timor-Leste could not agree on the new program, particularly on the provision of technical assistance. It was decided not to proceed with the new program, but existing partnerships continued. Despite delays, discussions continue and the design process with the Ministry of Education restarted in early 2014.

Australia supported the delivery of increased vocational training opportunities through the ILO, enabling 1,917 students (55 per cent female) to graduate from accredited training in 2013, exceeding the target of 1500 students. The program assisted the accreditation of seven training providers and development of six new competency-based qualifications, including in early childhood education and horticulture. However, progress was less than expected because of delays in recruiting advisers and constructing careers centres. The program was too ambitious for the two-year timeframe. DFAT reduced the budget from \$12 million to \$8 million and requested ILO to focus on training and labour market information activities. DFAT is currently developing our next phase of support to the Secretariat of State for Professional Training and Employment Policy. This new program in skills development and employment will start in 2014-15, focusing on the delivery of skills training that leads to jobs.

In 2013, Australia provided 22 Australia Awards (10 female) to recipients from Timor-Leste, down from 34 (14 female) in 2012. English skills of applicants continued to be a barrier to Timorese participation. Future programming aims to address this by providing up to 200 subsidies for study in tertiary institutions in Timor-Leste. Engagement with Australia Awards alumni has increased. An Alumni association was established to progress people-to-people and institutional linkages. Around 70 per cent of alumni are now working within government, with approximately five per cent in senior roles in key government ministries

A 2013 gender assessment showed that our basic education programs were addressing gender effectively in some areas, such as UNICEF's teacher training and the Alola Foundation's 200 scholarships for girls to complete secondary school. However, more effort is needed to integrate gender equality in the skills development and employment program and Australia Awards.

#### Management response:

- DFAT will continue to discuss possible support to basic education with the Ministry of Education working responsively to the Ministry's priorities and timetable. This support will be narrower in scope than originally envisioned and in line with our shared focus on improving learning.
- DFAT will continue to undertake regular budget analysis to inform discussions. DFAT will support Ministry of Education and Secretariat of State for Professional Training and Employment Policy to engage with the MoF when appropriate.

## Objective 5

	Current rating	Previous rating
Objective 5: Households, especially the most vulnerable, increasingly practice behaviours that are conducive to better maternal and child health and nutrition, and use reproductive, maternal, newborn and child health services	Amber	Red

*This objective was rated amber, which is an improvement on last year, but reflects mixed progress in Australia's efforts to support the Timor-Leste health sector. Australia's new health program*

*commenced in February 2014 and is already showing early results. However, some existing health projects continued to underperform.*

GoTL's goal is that by 2030 the country will have a healthier population as a result of comprehensive, high quality health services accessible to all Timorese people. In 2013-14, the Timorese health sector made solid gains. The 2013 Timor-Leste Food and Nutrition Survey revealed some improvements in the health and nutritional status of Timorese children under the age of five, but stunting rates, at 50 percent, remain alarmingly high. Four hundred Cuban-trained junior doctors were deployed in health facilities over the last year. Significant challenges remain in key system areas. Timor-Leste spends about USD 60 per capita on health – more than most Asian states – but the quality of public expenditure remains weak and essential drugs are frequently unavailable.

Australia remains the largest bilateral health donor, providing \$6.76 million in 2013-14. Australia's support to maternal and child health through NGOs enabled 45,511 people to access maternal health services, provided 2,795 antenatal care visits and trained 156 doctors and midwives. Through the National Health Sector Strategic Plan – Support Project we improved the coverage of health services, resulting in 623,825 people (64 per cent women) receiving basic healthcare through rural mobile health clinics. In addition, the project helped the Ministry of Health develop a Health Sector Monitoring and Evaluation (M&E) Guidelines, intended to assist the Ministry to monitor sector performance in an integrated way. However, this project has made inadequate progress due to weak implementation capacity in the Ministry of Health. The World Bank has repeatedly rated the project as unsatisfactory and as a result Australia will not disburse further funds.

Under the Australia-Timor-Leste Program for Secondary Services, nine Timorese doctors successfully completed post-graduate diplomas in surgery, anaesthesia and paediatrics. This enabled lifesaving operations to be performed on mothers and babies, as well as improved the teaching capacity of the National Hospital. Despite these achievements, in late 2013 the Minister for Health requested the program re-focus on equipping 200 new Cuban-trained doctors with basic secondary clinical skills.

Australia's new health program (\$28.8 million, 2014-18) commenced in November 2013 and represents a major change of approach to our health support to Timor-Leste. The new program is a partnership with the Ministry of Health to implement their strategic plans, and will support government-led reforms to improve the health of Timorese women and children in all 13 districts. DFAT will agree a menu of 'packages' with the Ministry, which address key problems and constraints in the health system. The first package of assistance is ensuring ambulances respond rapidly and safely transport pregnant women in emergencies. In the first two months, 14 ambulances were repaired, a GPS tracking system was installed in 20 vehicles, and over 100 drivers and nurses were trained in basic disaster management and trauma care. This solid progress against the new health program's objectives is a positive platform on which Australia can continue to support the Ministry of Health to improve health outcomes for Timor-Leste.

**Management response:**

- DFAT and Ministry of Health will decide on priorities and monitor the new health program at least every six months, through existing Ministry of Health governance arrangements (such as the Council of Directors).
- DFAT and Ministry of Health will work together in producing a human resources package of support, including addressing the distribution and shortage of midwives and improving the quality of midwifery competencies, under the new health program.

## Objective 6

	Current rating	Previous rating
Objective 6: Police service effective and accountable in supporting rule of law	Green	Green

*The green rating reflects Policia Nacional de Timor-Leste (PNTL) progress in developing and using governance and operational systems and leadership and management skills with AFP assistance in 2013-14. Sustaining an effective and professional PNTL remains challenging and the long-term nature of institutional development means ongoing support will be required.*

The Australian Federal Police (AFP) directly delivers Australia's support against this objective through the Timor-Leste Police Development Program (TLPDP). TLPDP supports the development of the PNTL and assists the Office of the Secretary of State for Security and the Office of the Prosecutor-General (OPG). The current phase of TLPDP (2010-14) ended in June 2014 and will be followed by another four-year phase. The new phase will have a strong workplace mentoring focus whereby the skills, systems and equipment developed in the 2010-14 program will be used to shape sustainable organisational change.

In 2013-14, progress was made by GoTL, the PNTL and the AFP towards creating an effective and accountable police service. TLPDP developed the leadership and management skills of senior PNTL officers through facilitating delivery of accredited Diploma level qualifications for Superintendents and Certificate III/IV level courses for Inspectors and Sergeants. This training led directly to implementation of new management strategies within the PNTL which resulted in more efficient district operations. However, the application of learning lacks consistency across districts and will require ongoing mentoring. This skills development also resulted in the PNTL executive autonomously developing its *Strategic Plan 2014-18* and *2014 Business Plan*, a significant organisational milestone.

TLPDP further supported PNTL's own systems, skills and facilities to manage training delivery in the reporting period. The PNTL's Police Training Centre in Dili was refurbished and is now positioned for national accreditation. Accreditation will equip the PNTL to deliver courses in management and investigations and enable the maintenance of trainers' accreditation. While improvements were demonstrated through training delivery throughout 2013-2014, ongoing mentoring for training delivery is still required.

TLPDP also helped implement quality control procedures for investigations, which raised the quality of files progressed to the OPG, and expanded an information management system to manage files and statistics. It also worked with UNDP to improve the PNTL's human resource management, procurement, strategic planning, public information, fleet management and information technology capabilities. Operationally, the TLPDP assisted community policing initiatives with the implementation of 24 hour PNTL mobile response patrols in Dili, and provided investigations training to 228 PNTL officers. TLPDP also supported gender initiatives, focusing on response to gender-based violence and community/institutional gender equality. The overall result has been a demonstrated increase in the PNTL's ability to respond to and investigate crime. The true success of these incremental improvements is challenging to measure and will be monitored through evaluation of improvements in community confidence in the PNTL as the program continues.

### Management response:

- The AFP will design and implement a new phase of TLPDP (commencing 1 June 2014) in consultation with PNTL. AFP will ensure that TLPDP (2014-2018) builds on achievements of the previous phase in governance, operational systems, leadership and management, operational support and gender and training support.

- The AFP will ensure that TLPDP (2014-2018) progresses to a stronger mentoring focus, where skills delivered through training are applied, monitored and normalised in the workplace.

## Ending Violence against Women

*Complementing the AFP work, DFAT broadened its support to ending violence against women in 2013-14 – continuing support to Timorese civil society organisations (CSOs) which provide services to women affected by violence and launching a major new program in April 2014. A green rating also applies to this support, which progressed as planned.*

Violence against women in Timor-Leste is widespread; in 2009, 38 per cent of women reported they had experienced physical violence in their lifetime, primarily by their husband or partner. This is likely to be under-reported. GoTL has established a strong legislative and policy framework to address the issue but implementation remains the challenge. Most specialised services (medical, social and legal services) for women affected by violence are provided by CSOs, with limited GoTL funding. Australia is the lead donor in this area. Between January 2013 and June 2014, DFAT-supported CSOs provided specialised services to 1,986 women and children affected by violence, exceeding the target (1,200 women for 2013).

In April 2014, following extensive consultation with GoTL, The Asia Foundation (TAF) began implementing a new DFAT-funded program aimed at ending violence against women (\$20 million, 2014-17). The program seeks to reduce the number of women who experience violence, and better meet the needs of survivors. It is organised around the three pillars of Timor-Leste's National Action Plan on Gender-Based Violence: prevention, support services and access to justice. It aims to improve capacity in key ministries, shift attitudes and behaviours which contribute to violence, improve support services and strengthen justice processes, including police support through TLPDP.

### Management response:

- DFAT will build on and broaden existing strong relationships in GoTL agencies, and work collaboratively through the iterative design process to build ownership.
- DFAT and TAF will identify clear and measurable targets for intermediate outcomes and monitor systematically to enable demonstration of progress towards the goal of reducing the incidence of violence.

## Objective 7

	Current rating	Previous rating
Objective 7: Poverty reduction in Timor-Leste through economic development and delivery of services	Green	Green

*The Governance for Development (GfD) program was rated green. More positive and open relationships were established with influential GoTL counterparts and DFAT has continued analysis on the key constraints to service delivery and public policy reform.*

In 2014 Australia commenced a new eight-year GfD program (\$62 million, 2014-18) that assists central government institutions to deliver services that support sustainable economic growth. Timor-Leste's SDP sets out ambitious targets to develop the economy and improve service delivery, but this requires a strong framework for making economic policy decisions, and translating those policies into sustainable public investments. To this end, the program has two objectives: first to support GoTL to improve central agency public financial management, public administration and other systems that impact on service delivery; secondly, to help the government improve economic and fiscal policy making so it can leverage better outcomes from its own spending. In 2013-14, GfD transitioned effectively from an interim program to an eight-year program. Priorities in some areas of the program

shifted over the reporting period in response to new opportunities that arose through interactions with GoTL.

One key success in 2013-14 was the MoF moving to a performance-based approach - a good example of Australia and Timor-Leste putting the New Deal principles into practice. A Direct Budget Support agreement was reached between DFAT and the Ministry in June 2014, which formalised DFAT's support to the Ministry to implement its strategic plan. To receive financial resources, the Ministry will make annual commitments and each business unit's performance will be independently assessed every six months. Some key outcomes achieved by the Ministry using this mechanism include: drafting of comprehensive financial instructions and a single procurement law; the establishment of a policy-focused economic analysis unit that has successfully advocated on fiscal sustainability; improvements in the payments process to curtail opportunities for corruption; and the establishment of a Public Financial Management training centre for improved budget execution across government.

In 2013-14, DFAT supported the Civil Service Commission (CSC) to develop and rollout a human resource manual for all Timorese public servants, which promotes gender sensitive recruitment practices. With Australia's support, the CSC has established a working group across government agencies to professionalise the civil service in accordance with the manual.

To enable the development of the private sector, GfD provided advisory support to establish an independent telecommunications regulator, which will facilitate ongoing reductions in call costs and improvements in service quality. DFAT supported the establishment of a new business registration office, which has reduced time taken to register a business from three months to five days. Through DFAT's partnership with the Australian Bureau of Statistics, the Timorese statistics agency produced quality economic and social data of critical relevance to good policy and planning. The Australian-funded Market Development Facility (MDF) analysed market opportunities for local businesses and established private sector partnerships in two priority sectors: Agribusiness, Processing and Rural Distribution (four partnerships with business) and the "Greenfields" Sector (two partnerships). MDF commenced a Poverty and Gender Study in 2014 – initial findings reveal that much of the financial decision-making is jointly made between men and women.

GfD's support to TAF saw a public perceptions survey on the government's performance in service delivery released in 2013-14, helping build the evidence base for demand for good public policy. TAF also supported female leaders to engage in the debate on decentralisation.

GfD contributes to gender equality by influencing policy frameworks, encouraging behavioural change within government ministries and through research and analysis. GfD will continue to identify entry points to promote gender equality including: opportunities to increase numbers of women in government agencies, supporting the participation of women in policy making, and supporting women's economic empowerment through MDF and support to the financial sector.

**Management response:**

- GfD will help build on political economy analysis and understanding of policy-making processes to inform programming decisions across the Country Program. GfD will share learnings and help build skills across the Country Program and with Timorese government counterparts to increase the use of evidence in policy-making.
- GfD will manage human resource needs by ensuring the right team with the appropriate mix of skills, and using a strategic mix of DFAT staff and advisers.
- MDF will develop and implement an evidence-based gender strategy.



## Objective 8

	Current rating	Previous rating
Objective 8: Human and economic development enhanced by communities building small scale infrastructure that meets their development needs	Green	N/A

*The green rating for Australia's PNDS Support Program (PNDSSP) reflects good progress made in a very short period of time to support the GoTL in implementing its community development program.*

PNDS is a GoTL-owned and managed community development program that aims to contribute to economic growth and human development in every village in Timor-Leste. PNDS is supporting communities to construct, manage and maintain small infrastructure projects. This will result in improved training, jobs, access to basic services and community empowerment. PNDS is also building better citizen-state relations in Timor-Leste with the GoTL addressing previously neglected areas of development in rural and remote villages. Australia's PNDS support program (\$55 million, 2012-17) is leveraging our funding to assist the larger contribution by the GoTL to deliver real results (US\$300 million over eight years).

PNDS has offered a unique opportunity for DFAT to partner with GoTL on a program with strong political support. Delivering DFAT's support has been a collaboration with the Ministry of State Administration (MAE), MoF, other development partners (principally the World Bank and TAF) and DFAT's contractor. To promote sustainability of PNDS, DFAT has focused its support on capacity building and establishing corporate systems in MAE, such as public financial management and human resources. PNDSSP trained and assisted GoTL to recruit 277 PNDS facilitators (72 per cent men, 28 per cent women) – exceeding the target of 250 facilitators and improving on the ratio of male to female facilitators in previous community development programs in Timor-Leste. The length and scope of this training exceeds normal practice in the Timorese civil service, demonstrating buy-in from GoTL. By the end of 2013-14, construction of PNDS projects such as community halls, water systems and repairs to health clinics was completed in 30 pilot villages. A further 250 villages had commenced the PNDS process.

A successful and constructive policy dialogue on PNDS has resulted in DFAT engaging with GoTL on other related policy areas, such as national village planning and the emerging deconcentration of basic government services. Efficiencies in civil servant recruitment and innovative approaches from PNDSSP for better public financial management have been adopted across a number of GoTL agencies. This demonstrates PNDSSP achieving a positive impact on organisational behaviour change in the broader Timorese bureaucracy. However, capacity constraints to fully manage PNDS remain in MAE.

DFAT has helped GoTL introduce a gender equality and social inclusion focus and successfully advocated for selection of more female facilitators in PNDS. Early results indicate PNDS is operating in a gender sensitive manner, including with quotas for women's representation and leadership at the community level. Further work is needed to examine the quality of women's participation and the gender impacts of PNDS infrastructure.

### Management response:

- DFAT will develop a partnership agreement with the MAE regarding how support services are delivered and support MAE to assess and improve PNDS systems following completion of the first annual PNDS cycle.
- Tightening national budget pressure may put stress on PNDS. PNDSSP will coordinate with other DFAT sector programs and support MAE to improve coordination with other line agencies and ensure common understanding of the scope and limitations of PNDS.

## Mutual Obligations

In line with the New Deal principles, Australia and Timor-Leste have acknowledged their shared accountability for achieving development outcomes in the *Strategic Planning Agreement for Development*, which commits both countries to work in partnership towards the development priorities outlined in Timor-Leste's SDP. The shared priorities and targets in the agreement were reviewed and updated in June 2013 through a high-level discussion with all Timorese cabinet ministers.

In 2013-14, the GoTL took steps to address inconsistencies between the SDP and the national budget. The MoF introduced a Development Policy Coordination Mechanism through which the 18 strategic goals in the SDP are now linked directly to each ministry's annual action plan. It was agreed in July 2014 that this mechanism would be aligned to the national budget process, which should result in clearer costing of the SDP goals and allocation of adequate resources to line ministries. This should greatly enhance Timor's ability to manage its development agenda.

The GoTL still faces challenges in implementing its development goals. It has achieved progress in security, with the country experiencing a period of peace and stability. It has made headway in roads and electricity through heavy investment in infrastructure. It has made less progress on improving basic services, creating jobs, increasing productivity, especially in agriculture, and improving the investment environment: these are all areas where progress is required to diversify the economy away from reliance on oil and gas. Government finances are in good shape at present, but with its reliance on a finite revenue source, Timor needs a balance of quality investment and careful fiscal management to secure sustainable growth and to maximise the impact of its large public investment program.

Progress on mutual goals agreed under the *Strategic Partnership for Development* has been steady. The partnership discussions in mid-2013 showed we either met or exceeded most areas of mutual agreement, especially in water, sanitation and hygiene and in agriculture. Australia has seen encouraging success in our support to the MoF under the work on governance and community driven development. We have seen less progress in mutual goals in our cooperation with the Ministry of Education, because of lack of agreement on how our support would be delivered.

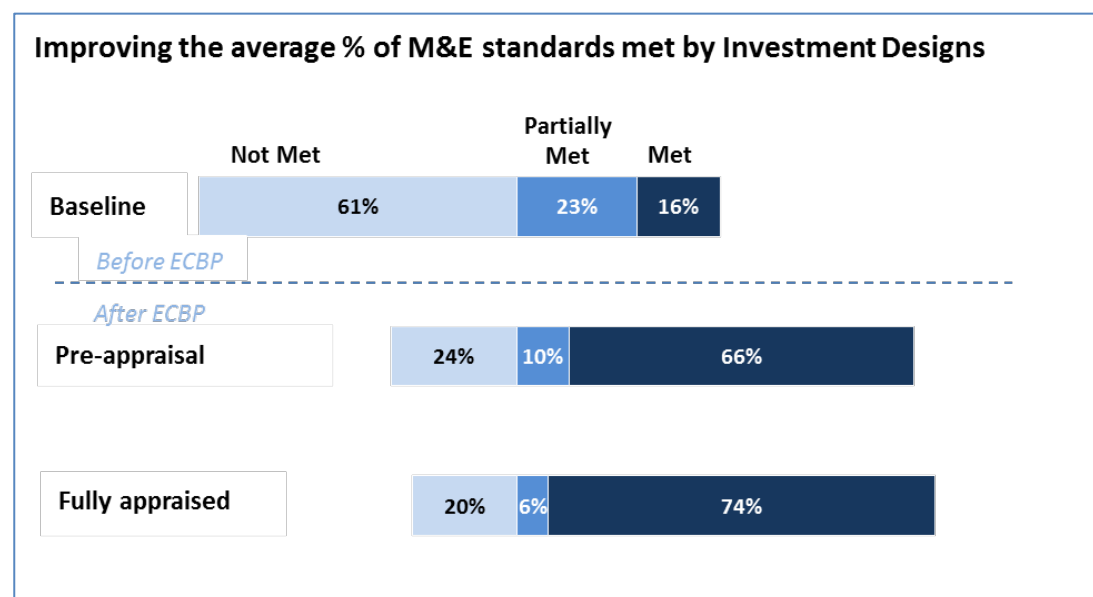
The development of a new Aid Investment Plan to replace the current country strategy will provide a good basis for updating mutual goals under the partnership arrangements. Significant redesign work has been undertaken to introduce more flexibility to Australia's programs and to align the program more closely to improving productivity and participation in Timor-Leste to drive long-term growth away from its current reliance on oil and gas and public investment.

## Program Quality and Management

### Overview

The Timor-Leste aid program continued its long-term investment in an Evaluation Capacity Building (ECB) program, to improve the generation and use of credible performance information. This includes systematic appraisals of all key M&E products against DFAT's M&E Standards; staff training, mentoring, and help desk support based around real tasks they are responsible for; supporting managers to incentivise a focus on M&E; and outreach to implementing partners.

Given the scale of design in train, support in 2013-14 focused on investment designs and M&E plans. A systematic product appraisal found that the average proportion of DFAT's M&E standards met or partially met by both products doubled between 2011 and 2013.<sup>1</sup> Much work is needed to translate these designs and M&E plans into progress reports that inform better decision-making. In 2014-15, the ECB program will focus on improving the credibility of progress reports, evaluations, and DFAT's monitoring visits.



Reflecting ongoing consolidation in the Timor-Leste program, the number of investments fell by 22 per cent between 2012-13 and 2013-14. This will continue to fall in 2014-15, as the program is re-shaped around the three strategic objectives of the new Aid Investment Plan.

Independent evaluations planned for 2013-14 occurred as planned, apart from the National Health Sector Strategic Plan Support Program, for which Australia participated in an evaluation led by the World Bank implementing team.

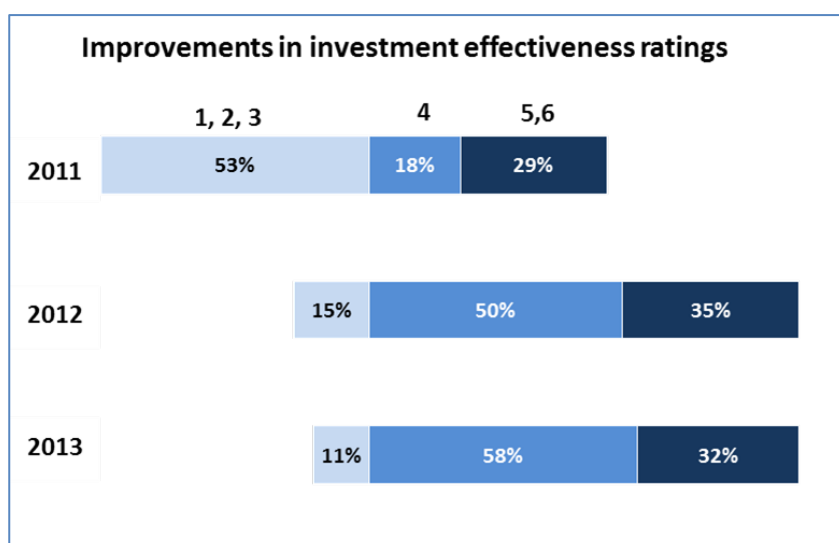
### Analysis of Quality at Implementation Reports

Investment quality ratings show the program maintained the dramatic reduction in underperforming investments achieved last year. In addition, purposeful efforts M&E and gender saw increases in the proportion of investments rated very highly. However, across all criteria, there remains scope to extend several investments from adequate to high performance.

Portfolio relevance remained strong, in stark contrast to two years ago. This reflects a suite of recent investment designs with in-built flexibility to adapt to changes in the operating environment. The few investments deemed of low relevance will end in 2014, or be re-designed.

<sup>1</sup> The baseline included all Designs (15) and M&E Plans (15) of investments over \$3m that were active on 30 June 2011. To assess changes since ECBP started, Designs (11) and M&E Plans (10) for all investments over \$3m that commenced after 30 June 2011 were assessed.

Recent improvements in effectiveness were also maintained. Whereas over half of the investments in 2011 were rated unsatisfactory, this is now at 11 per cent. Half of the portfolio was rated 4, showing opportunities for improvement.



Investment efficiency and M&E also improved, but still have a long way to go. The proportion of inefficient investments dropped by about two thirds over the past two years, while the proportion of investments with weak M&E dropped by about half. However, there are still too few investments with high ratings for either criterion (about 10 per cent and 20 per cent respectively). M&E systems that benefited from systematic appraisals under the ECB program rated best.

Investment sustainability has slightly deteriorated after major gains last year. About a third of initiatives are considered unsustainable – a major improvement on 2011, but worse than 2012, and still too high. Forty-two percent of initiatives are considered moderately sustainable.

There was good progress on gender, but still a way to go. In 2012, there was a significant reduction in unsatisfactory investments, and this remained steady in 2013. There was also a marked increase in highly rated investments this year, to 42 per cent. Investments rated adequate decreased from 30 per cent to 21 per cent.

There are no 'Investments Requiring Improvement' in the portfolio, but there are some weak performers. Across all criteria, the most disappointing was the World Bank administered Health Sector Support Program, to which Australia will provide no further funding. All investments rated unsatisfactory for more than one criterion will end or be re-designed in 2014.

## Performance of Key Delivery Partners

In 2013-14, Australia instituted two country-level arrangements for engaging the World Bank and TAF at a more strategic level, rather than on an investment by investment basis. Priorities are agreed and progress reviewed through country level governance bodies. This has been a welcome shift away from project-level recipient-executed trust funds with the World Bank, to which no further funding disbursements are planned.

Australia and Timor-Leste agreed to a direct budget support program with the MoF. Funding is provided on the basis of MoF delivering on its output targets, drawn directly from its strategic plan. This has changed the conversation from what sort of adviser Australia will hire, to how the Ministry is progressing on their own reforms.

QAI efficiency scores show good program management by delivery partners for most investments, particularly managing contractors and larger NGOs. But there were major concerns about three partners. The World Food Program was unable to demonstrate results in reducing malnutrition (investment now complete). The implementing capacity of the World Bank's recipient-executed trust fund in health was weak (no further funds will be provided). Finally there were issues with the management and sustainability of the Royal Australasian College of Surgeons' work, which have since been addressed through a re-design process.

## Risks

Table 3 Management of key risks to achieving objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?
Political change leads to delays to implementation	Broad and continuous engagement with counterpart ministries at a range of levels to maintain shared understanding.	Continue existing measures. Aid Program to be aware and ready to respond to change in circumstances.
Lack of role/budget clarity in GoTL causes delays and poor or unsustainable results	Targeted policy engagement around the annual budget processing key ministries. Identification of opportunities for GfD and sector programs to promote coordination between MoF and line ministries.	Continue policy engagement in budget process, drawing on lessons. Deliver on coordination priorities between GfD and sector programs.
Most sector programs hinge on GoTL's performance and ownership to varying degrees.	DFAT continued to invest in policy engagement with GoTL in all sector programs, and take a long-term view in programming.	Ensure that programs have realistically assessed (and do so on an ongoing basis) how GoTL can contribute to outcomes, and build in sufficient support for government capacity. Ensure an appropriate balance between long timeframes and iterative approaches in programming. Ensure a balance of programs which deliver through GoTL and NGOs.
Reduced access to professional development limits staff retention and effectiveness	Management ensured all staff attended organised training and career development where applicable. This was identified through the IPP process. Post-merger, proposals were developed for more cost-effective means of meeting these needs.	Implement a Learning and Development Plan, including peer to peer learning, locally contracted training, systematic mentoring, and targeted attendance at overseas professional development opportunities.

## Management Responses

The Program Management Team<sup>2</sup> will focus on the following key management issues in response to program-wide opportunities, challenges and risks:

- The Post will engage the GoTL on the new Aid Investment Plan for Timor-Leste and negotiate new mutual obligations under the existing *Strategic Partnership Agreement for Development* arrangements.

<sup>2</sup> The Program Management Team is led by the Head of Mission and includes the four Counsellors in Dili and the Assistant Secretary Indonesia Program Delivery and Timor-Leste Branch and the Director of the Timor-Leste section in Canberra.



- The Post will continue to emphasise the importance of robust and evidence based analysis to underpin investment decisions while at the same time ensuring we are thinking and working politically, including by being responsive to key political developments.
  - This will include political economy training for staff and inputs by the Principal Sector Specialist for Governance to sector programs on constraints to improved governance.
- The Post will engage the GoTL on key policy challenges including economic diversification, decentralisation, access to and quality of basic services, and sustainable government finances through improved public financial management.
  - This will include continued efforts to engage the GoTL on the national budget process, linking line ministry priorities into national planning and helping the GoTL plan for and implement its decentralised local government model using a coordinated approach from all our programs.
- The Post will continue to focus on three key cross-cutting issues: women's empowerment, nutrition and inclusive development.
  - The program will sustain our strong focus on women's empowerment across all sector programs through dedicated leadership by the Deputy Head of Mission of the existing internal gender working group. All sector programs will be required to implement the gender action plan endorsed by the Head of Mission in September 2014. A review mission to assess progress will be undertaken by June 2015.
  - The program will support GoTL leadership on nutrition through the Zero Hunger Action Plan and sharpen the nutrition focus of sector programs including health, education, water and sanitation, and agriculture through the existing internal nutrition working group. Impacts across the program will be tracked, including through a nutrition benchmark in the Aid Investment Plan.
  - The program will continue to work with local disability organisations to build capacity. We will also improve the performance of sector programs in line with the broader Australian Government strategy on inclusive development through a dedicated disability working group.
- The Post will ensure 90 per cent of priority M&E products are quality assured through the ECB program. A particular focus will be given to improving the credibility of progress reports and evaluations – including a baseline and follow-up study to assess whether this is improving.

## Annex A

### Progress in addressing 2012-13 management responses

Management consequences identified in 2012-13 APPR	Rating	Progress made in 2013-14
Finalise a country strategy and performance framework by December 2013.	Partly achieved	Development of an Aid Investment Plan (AIP) and accompanying Performance Assessment Framework (PAF) continued, through ongoing analysis and active internal working groups. Finalisation of the draft was delayed to ensure alignment with new Aid Policy, released in June 2014. The Aid Investment Plan will be finalised by the end of 2014.
High-level partnership talks between Australia and Timor-Leste, which review achievements and agree annual targets.	Achieved	Completed in June 2013.
Achievement of basic standards for adviser recruitment and management as described in the 2010 Timor-Leste Adviser Review.	Partly achieved	Some programs, e.g. GfD, introduced more rigorous approaches to adviser recruitment and management. However, country level system for monitoring adherence not developed. This has been included as a priority in the draft Aid Investment Plan and this APPR's cross-program management responses (above)
Develop a coherent approach to food and nutrition security that exploits linkages between our health, education, water and sanitation, and agriculture programs. Refocus our major programs to directly benefit nutrition. Support National Nutrition Survey and advocacy.	Partly achieved	Support provided to National Nutrition Survey and dissemination, as well as establishment of Presidents Nutrition Awards. Design process for new rural livelihoods program commenced, with strong focus on food and nutrition security. Stunting recorded as benchmark in the draft AIP. However, a coherent, cross-program approach. A Nutrition Specialist was recruited in late 2013-14, who will help sharpen the nutrition focus of relevant sector programs as noted in this APPR's management response (above)
Develop a budget engagement strategy. Finalise the policy enabling delivery strategy by August 2013, then agree and resource an activity plan by December 2013.	Partly achieved	Budget engagement principles agreed. Policy enabling delivery strategy principles were included in draft AIP Implementation Approaches. Yet to be operationalised systematically across Country Program and work is ongoing across the program (led by GfD) towards this.
Undertake a gender stocktake and action plan by December 2013 linked to a gender outcome in the new country strategy by 2014. Continue inclusive development analysis to understand barriers to people with disability to influence design and implementation of programs.	Achieved	A gender stocktake was conducted and a gender action plan was developed – implementation of which has commenced. The draft Aid Investment Plan requires gender to be addressed in every investment (with a benchmark on addressing violence against women). Disability was considered in all new designs. DFAT's internal disability working group continued to promote disability-inclusive development but more work remains to be done in sector programs.
90 per cent of priority monitoring and evaluation products quality assured by the Evaluation Capacity Building Program during 2013–14.	Partly achieved	81% of priority monitoring and evaluation products were quality assured by the Evaluation Capacity Building Program (including 100% of priority Investment Designs and M&E Plans). Priority products are those nominated by management for quality assurance at the beginning of each year.

Finalise the 2012 independent civil society organisation review and implement key recommendations	Achieved	The review has been finalised and key recommendations will be incorporated into the new aid investment plan and in the design and implementation of new programs. Some internal principles for engagement with civil society have been developed.
<b>Objective 1: Water, sanitation and hygiene</b>		
BESIK will work closely with the Timor-Leste Government to institutionalise operation and maintenance by increasing community and government capacity to prevent and respond to breakdowns in a timely manner. BESIK will work with government and stakeholders on communication campaigns around household responsibility to build a toilet and have affordable sanitation products available in rural areas.	Partly achieved	Securing government funding for O&M continues to be a challenge, with better prospects for policy dialogue in 2014-15 with a permanent Program Director appointed. The number of community water user groups has grown with our support, and sanitation pilots are trialling new ways to reach communities with affordable sanitation products.
BESIK will be analytical in identifying the bottlenecks, barriers and de-motivating factors and through policy dialogue with government – including central agencies – and building partnerships –including resourcing for civil servants –and through gaining recognition for their work.	Achieved	BESIK has taken positive steps forward in refining its approach to capacity building to support the under-resourced ministries it works in, based on analysis of the most realistic way to make progress in a challenging sector. This means being more selective about the areas we engage in.
<b>Objective 2: Rural roads</b>		
Australia Minister Counsellor and International Labour Organization Country Head continue to intensify engagement with the Minister of Public Works. This will include a meeting in 2013 to discuss the recommendations of the first independent monitoring group and formation of the program steering committee. Identify through policy dialogue at the working level actions to improve effectiveness of coordination.	Partly achieved	\$1.5 million of a requested \$14 million has been allocated to the Ministry of Public Works for rural roads. While this is far below what is needed, it is evidence of incremental gains of policy dialogue around budget and the role of the Ministry of Public Works.
R4D implements a staged approach to support Ministry of Public Works development, and reviews its contractor training modules after the first cycle of road works in 2013.	Achieved	A training plan was finalised in July 2013 and is being implemented with a focus on practical skills training for local MPW staff and contractors directly relevant to road works. Findings of reviews of training modules are progressively being incorporated into the program.
<b>Objective 3: Agriculture</b>		
The department will increase engagement with the ministry on budget planning in 2014. Seeds of Life team leader to continue regular engagement with the ministry's director general to ensure sufficient inputs provided for the 2014 budget planning process.	Achieved	Due to DFAT and SOL's advocacy efforts, some recurrent budget to absorb SOL components was secured through the GoTL budget. A draft transition plan has been written and transition activities are well underway.
Commence design theory of change first quarter 2013–14.	Achieved	DFAT has engaged a rural development specialist to support its transition from Seeds of Life to a new investment that addresses key development challenges in the sector. A design will be completed in 2014-15
<b>Objective 4: Education and training</b>		
In 2013 the department will develop a comprehensive and rigorous monitoring and evaluation framework for the education and training program to identify issues early.	Partly achieved	DFAT continued to develop the Delivery Strategy for the education sector with a comprehensive monitoring and evaluation framework.

DFAT will better communicate the work of Australia with the government, partners and communities, and engage with the government to identify key priorities and challenges.	Partly achieved	DFAT engaged in ongoing policy dialogue with the government, partners and communities on education.
DFAT will devise a budget engagement strategy, and undertake regular analysis to inform discussions. DFAT will support Ministry of Education and Secretariat of State for Professional Training and Employment Policy to engage with the MoF.	Partly achieved	DFAT continued to undertake analysis of Timor-Leste budget allocations for basic education and engaged in dialogue with the Secretariat of State for Professional Training and Employment Policy on the decreasing budget for training.
<b>Objective 5: Health</b>		
The Director Health and Education and the Senior Health Specialist jointly design the new health program with ministry staff.	Achieved	The Timor-Leste Minister for Health endorsed the Health Program on 4 November 2013, after 18 months of consultations.
The DFAT health design team and the nutrition, disability and gender focal points will participate in cross-cutting working groups and coordinate with other sectors to improve nutrition, gender equality and disability. The team will work with the government and development partners to raise the profile of these cross-cutting issues and advocate for evidence based interventions.	Partly Achieved	The Australian Embassy health team will recruit disability and gender advisers in the next 12 months, as well as the new Nutrition Specialist, to ensure the new health program is inclusive of people with disability and gender-sensitive. We will continue participating in Government of Timor-Leste working groups.
We will strengthen monitoring and evaluation to improve performance. We will use monitoring and evaluation to encourage the Ministry of Health to use the sector monitoring and evaluation framework to make informed decisions. We will support development of monitoring and evaluation skills through the Evaluation Capacity Building Program.	Partly Achieved	The Australian Embassy health team worked with partners to improve their monitoring and evaluation, although there were delays in finalising documentation. We will continue looking for opportunities to encourage the Ministry to use the sector monitoring and evaluation framework. Staff have continued to participate in the Evaluation Capacity Building Program.
Close monitoring of these programs, identify management issues, undertake policy dialogue with the Ministry of Health to improve adequacy of progress.	N/A	In responding to Ministry of Health's urgent priority, the Royal Australasian College of Surgeons (RACS) have reprioritised their support to focus on secondary skills development for junior Timorese doctors. Together with Ministry of Health, RACS is implementing a two year course (Family Medicine Program) focussed on developing basic secondary skills to approximately 200 junior doctors at Community Health Centres. The program was designed and implemented in close collaboration with the Cuban Brigade and other relevant partners.
<b>Objective 6: Security</b>		

<p>Continue evaluating Policia Nacional de Timor-Leste progress and AFP-TLPDP effectiveness. This includes continuous improvement processes through reassessment of activity plans, quarterly evaluations and reviewing alignment of the program with the Timor-Leste Government. AFP-TLPDP will conduct an independent review of the current program in 2013, to inform its design for the new funding cycle in 2014.</p> <p>Continue to advocate for Policia Nacional de Timor-Leste commitment to higher levels of management training and maintain appointment of AFP-TLPDP advisors to assist with the provision of management skills.</p> <p>Conduct executive police management programs, three levels of investigations training, complete ongoing training centre infrastructure development, strengthen key areas in governance, and accreditation of the police training centre and its programs, further strengthen the incident management system, and implement and deliver gender equality programs.</p>	Partly Achieved	<p>An independent review of TLPDP was conducted in 2013. The outcomes of the review were considered in structuring the <i>TLPDP – First Phase of Drawdown NPP</i> (2014-2018). Implementation of this NPP commenced on 1 July 2014.</p> <p>TLPDP conducted Police Management training and Investigations training and supported PNTL governance including the development of PNTL's <i>Strategic Plan 2014-18</i>. The Police Training Centre has been positioned for accreditation as a nationally recognised higher education learning institution. TLPDP has supported the expansion of the PNTL Incident Management System with ongoing training in its use. TLPDP has also provided IT infrastructure support for the PNTL Incident Management System</p>
<p>Work with National Directorate of Aid Effectiveness and other development partners to look at new structures for effective donor coordination. AFP-TLPDP meets weekly/monthly with other donors and the government to coordinate delivery of aid to police.</p>	Partly Achieved	<p>TLPDP participated in GoTL's Development Policy Coordination Mechanism ensuring the application of aid was in line with GoTL priorities. TLPDP participated in a joint project with United Nations Development Program to develop the governance systems within PNTL. TLPDP has conducted regular meetings with other donors to ensure a coordinated approach to aid program delivery.</p>
<p>Implement a new program of support for ending violence against women. Align this with the objectives of Timor-Leste's National Action Plan on Gender-Based Violence. Better reflect the Australian aid program's commitment to gender equality and women's empowerment in the partnership agreement.</p>	Achieved	<p>New \$20m three-year program addressing violence against women launched in April 2014, structured around the three pillars of the Timor-Leste Government's National Action Plan: prevention, services and access to justice.</p> <p>The draft 2014/15-17/18 Aid Investment Plan places a high priority on gender equality and women's empowerment. This will be reflected in updates to the Strategic Planning Agreement.</p> <p>TLPDP assisted in the development of DFAT's Ending Violence Against Women program, ensuing coordination with TLPDP strategic gender priorities and aligning to GoTL's <i>National Action Plan on Gender-Based Violence</i>.</p>
<p><b>Objective 7: Public sector management and good governance</b></p> <p>Ensure that Governance for Development prioritises this request [support for the new Economic Planning and Investment Agency, EPIA] and dedicates sufficient and appropriate resources to effectively meet this.</p> <p>DFAT management will work with the internal workforce planning area to develop strategies for a pipeline of appropriately skilled and experienced personnel to implement the new governance programs.</p>		
	Partly Achieved	<p>GfD undertook an institutional analysis of the existing National Development Agency and discussions about the implications of that analysis continue. However, It is not clear whether the Government remains committed to establish EPIA from the existing National Development Agency. There has been no public discussion of its implementation for over a year. That said, the capacity of the MoF's Economic Policy Unit, supported by GfD, has expanded and it has become much more prominent in debates about fiscal policy and some structural policy</p>
	Achieved	<p>Appropriately skilled personnel were recruited and the program has the right mix of skills covering public financial management, public administration, economic analysis and in program implementation.</p>



<p>Australia's Governance for Development Program will support new partnerships in 2013 with the World Bank and The Asia Foundation to build our understanding of the Timorese context and secure relevant expertise to the country program.</p>	<div>Partly Achieved</div>	<p>Mechanisms were established with these bodies and initial programs of work were set. More work needs to be done to ensure the outputs are appropriate and have a link back to policymakers.</p>
<p>Australia will monitor decentralisation developments closely to ensure the aid program is well placed to respond to potentially rapid reforms to decentralisation.</p>	<div>Achieved</div>	<p>The program provided ad hoc support to the policy development process for decentralisation during 2013. When the Government settled on a policy, the program rapidly responded to its technical needs with a small policy team placed in the Ministry of State Administration in mid-2014.</p>

Note:

- Achieved

 Achieved. Significant progress has been made in addressing the issue
- Partly achieved

 Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved

 Not achieved. Progress in addressing the issue has been significantly below expectations

## Annex B

### Quality at Implementation ratings

Investment name	Approved budget and duration	Qal year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Objective 1: Water, sanitation and hygiene								
BESIK II – Rural Water Supply and Sanitation	01/06/2011-30/06/2020 \$60,398,179	2013	5	5	4	5	4	5
		2012	6	5	5	5	5	5
Objective 2: Rural roads								
Roads for Development	01/06/2011-29/02/2016 \$30,500,000	2013	5	4	4	5	3	5
		2012	5	4	4	4	4	5
Objective 3: Agriculture								
Seeds of Life	22/04/2005-30/06/2016 \$32,332,718	2013	5	5	5	5	5	5
		2012	6	5	6	4	5	4
Objective 4: Education and training								
Education	01/07/2012 – 30/06/2017 \$22,520,628	2013	5	4	4	3	4	5
		2012	5	4	3	4	4	3
Vocational Education Program	Included in above	2013	5	3	3	4	3	4
		2012	4	4	4	4	3	4
Australian Development Awards East Timor	01/01/2010 – 30/06/2017 \$10,917,803*	2013	4	4	4	4	4	4
		2012	4	4	4	4	4	4
Objective 5: Health								

Health Sector Support Program	21/09/2011 – 15/12/2015	2013	4	3	2	3	3	3
	\$1,500,000	2012	4	3	4	3	4	3
Family Planning and Reproductive Health Services	01/12/2009 – 31/03/2015	2013	5	5	5	4	3	5
	\$17,613,520	2012	5	4	4	4	3	5
ATLASS Phase II - Specialised Medical Services Program	01/04/2012 – 30/06/2016	2013	3	4	3	5	3	4
	\$8,950,000	2012	5	3	3	3	3	4
Objective 6: Security								
Justice Sector Development Program	01/07/2007 – 30/06/2014	2013	5	4	4	3	3	5
	\$32,194,092	2012	4	5	4	2	4	5
Objective 7: Public sector management and good governance								
Governance for Development	31/05/2013 – 30/06/2017	2013	5	4	4	4	4	3
	\$52,864,050	2012	5	5	4	3	4	4
Planning and Finance Capacity Building Program	01/07/2008 – 30/06/2014	2013	5	5	4	3	5	1
	\$13,000,000	2012	5	4	3	2	4	1
Interim Support to the Ministry of Finance	28/10/2011 – 30/06/2014	2013	5	5	4	3	5	1
	\$4,101,000	2012	5	5	4	3	5	1
Market Development Facility	29/04/2013 – 30/06/2017	2013	5	4	4	4	4	3
	\$8,000,000	2012						
Objective 8: Community driven development								
National Program for Village Development	01/07/2012 – 30/06/2017	2013	5	5	5	5	5	5
	\$55,833,320	2012	6	5	4	3	4	5
Cross-sector								
Public Sector Linkages Program	28/04/2005 – 30/06/2015	2013	4	4	3	2	3	3
	\$6,964,040	2012	2	3	3	2	2	2

Humanitarian Response	16/08/2007 –	2013	3	3	3	2	3	4
	31/03/2014	2012	3	3	3	2	4	4
\$8,928,666								
Climate Change Adaptation	01/04/2009 –	2013	4	4	4	4	4	5
	28/02/2015	2012	5	5	4	3	4	5
\$3,942,822								

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

## Annex C

### Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	Aidworks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into Aidworks	Date Management response uploaded into Aidworks	Published on website
Seeds of Life	ING104	Mid Term Review	September 2013	September 2013	November 2013	Pending
Timor-Leste Police Development Program	N/A: directed implemented by AFP	Independent Review	2013	N/A	N/A	N/A
Management of Scholarships in Timor-Leste 2012-14	INK737	Australia Awards and New Zealand Development Scholarships in Timor-Leste Tracer Study 2013	February 2014	September 2014	N/A	Pending
N/A (Cross-program)	N/A	Review of Civil Society Engagement in Timor-Leste 2013	August 2013	N/A	N/A	Pending

List of evaluations planned in the next 12 months

Name of Investment	Aidworks number	Type of evaluation	Purpose of evaluation	Expected completion date
Roads for Development	INK211	Independent Progress Review	Independent assessment of program's progress against objectives	October 2014
Basic Education	INK585	Progress Review	To assess effectiveness of education sector activities and inform the new program	December 2014



## Annex D

### Performance Benchmarks 2014 -15

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
<b>Objective 1: Improving livelihoods</b>		All of these benchmarks were decided upon as part of the Aid Investment Plan development process. They were chosen in line with guidance provided on AIP process to reflect the direction and spread of the program (and particularly to capture high value programs). A mix of outputs and outcomes are presented
300km of additional rural roads are rehabilitated	25 km	
50% of TVET trainees and scholarship awardees are in employment after successful completion of their courses	50% (75 graduates)	
<b>Objective 2: Enhancing human development</b>		
6500 additional women and girls affected by violence are accessing legal, medical and social support services	1200 women and girls	
80% of village infrastructure built by the National Program for Village Development is rated 'good' against technical standards and assessments	70% (309 Villages)	
157,000 additional men and women with improved access to clean water or exposure to sanitation and hygiene behavioural change programs which have been funded or co-funded by DFAT	23,000 men and women	
<b>Objective 3 Performance benchmarks:</b>		

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
<b>Strengthening governance and institutions</b>		
80 per cent of the work units of the MoF are rated as a 'B' or higher <sup>3</sup>	65%	
Improvements in the rating of police in a small set (4) of specific questions in a yearly national Community Perceptions Survey	Improvement on 1 or more measure	
<b>Multi-sector performance benchmark</b>		
By 2017-18, the prevalence of stunting among children 0-23 months in target sub-districts reduces by 10% of 2014-15 prevalence.	Conduct 2014-15 Baseline for AIP Impact Study.	

<sup>3</sup> This is above average performance using the international Public Expenditure and Financial Accountability (PEFA) public financial management performance diagnostic.