



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

Timor-Leste

September 2017



KEY MESSAGES

Timor-Leste is developing rapidly and has achieved substantial progress since independence in 2002. Elections in 2017 were peaceful and transparent – and for the first time managed entirely by the Government of Timor-Leste. Timor-Leste has a *Strategic Development Plan 2011-2030* that guides government and donors in development goals, priorities and areas of work.

Australia and Timor-Leste are close neighbours, with a shared history. Australia is committed to a stable and prosperous Timor-Leste. We work with the Government and people of Timor-Leste to support their priorities and their programs. We assist in three strategic areas – economy, people and society.

In the last year, we supported Timor-Leste to improve its **economy** by creating jobs and a stronger private sector, increasing rural incomes and helping more people become workforce ready. We helped the government improve the business environment and promote private sector development by passing new laws that encourage investment, make it easier to set up and run businesses and increase commercial certainty. We prepared 477 unskilled workers from Timor-Leste for seasonal work on Australian farms and in accommodation.

Our support to improve **people's** lives helped deliver higher quality frontline services, increased the number of people that benefit from services and ensured that more women and girls are safe and empowered. We have supported partners for over ten years to deliver family planning services, which has contributed to a drop in the birth rate over the last five years from 5.7 births to 4.2 per woman (Demographic Health Survey, 2015). We trained 327 teachers and school leaders across 233 schools, reaching over 20,000 students, with early indications of improved student literacy and teaching practice in classrooms.


We also work to improve **society**, by making it easier for people to participate in decision-making, improving governance at the sub-national level and improving government decision making and use of evidence to develop policy. Our support to Timor-Leste's village infrastructure program helped more than 250,000 people be involved in decisions about how to develop and improve their villages since the start of the program in 2012. We assisted the Office of the Prime Minister implement new public financial management reforms to improve transparency of government budget allocations and service delivery.

This report summarises the performance of Australia's development program in Timor-Leste from July 2016 to June 2017. During the year, we developed a new Performance Assessment Framework (PAF). This report provides an assessment against three newly adapted strategic themes – economy, people, and society – and nine outcomes that align with the new Framework (which is still under development). The PAF is an integrated approach to assess the impact and progress of the Australian Development Cooperation as a whole, rather than collating impacts of individual programs. The new PAF is a better strategic and reporting framework for assessing Australia's overall achievement and impact.

CONTEXT

Timor-Leste is at an important moment in its history. It has made significant economic development, social progress and stability gains since independence, but still faces major challenges to achieve the ambitious goals set out in its *Strategic Development Plan 2011-2030*. These include reaching upper-middle income status, eradicating extreme poverty and establishing a diversified non-oil economy by 2030.

Timor-Leste's oil and gas revenue has been the foundation of its economic development and continues to drive economic growth. However, oil and gas revenue is slowing, and at planned levels of spending the government may exhaust its savings in the next ten years. It has embarked on a program of economic diversification to reduce reliance on the oil and gas sector. This includes promoting private sector growth, in particular in agriculture and tourism. The Government is investing heavily in big infrastructure projects. While this approach is intended to contribute to a broader economic base in the future, it will be important for these investment decisions to be based on evidence and cost benefit analysis.



Timor-Leste faces significant social challenges. Despite gains, poverty levels remain high – particularly in rural areas where most people live¹. Stunting rates are among the highest in the world, and one in twelve children die before they turn five due to poor neonatal health care and preventable disease. While there are high rates of female participation in parliament (38 per cent) due to quotas, gender inequality is still very high. The 2016 World Economic Forum’s Global Gender Gap Report ranked Timor-Leste 125 out of 144 countries.

Timor-Leste’s people are one of its biggest assets. Education outcomes are improving and the government is reforming the education system, including progressively updating basic education curriculum since 2015. However, the sheer number of young people – 60 per cent of people are under 25 years of age – will mean that the Government will need to continue to increase access to and the quality of education. Vocational skills and training, and giving people access to work experience and jobs, will be important areas of future focus for both Timor-Leste and Australia.

The 2017 elections showed that Timor-Leste is consolidating its democracy. The Government has embarked on a decentralisation process that will transfer service delivery responsibilities in key areas like education, health and public works to municipal authorities. As a nascent process, it will continue to present financial, human resource, infrastructure and implementation challenges before delivering higher quality, more responsive government services.

Australia is an effective, responsive and long-term partner for Timor-Leste. Australia is Timor-Leste's largest bilateral development partner and Timor-Leste is Australia’s fifth-largest bilateral development cooperation program. In 2016-17, Australia’s development assistance was around 40 per cent of all development support to Timor-Leste and four per cent of Timor-Leste’s annual budget. Australia is also Timor-Leste’s largest Defence Cooperation Program partner and Timor-Leste is Australia’s third largest bilateral police development program partner.

EXPENDITURE

In 2016-17, Australia’s total estimated official development assistance (ODA) to Timor-Leste was \$93.4 million. It was \$96.8 million in 2015-16.

Table 1: Total ODA Expenditure in FY 2016-17

| Aid theme | A\$ million | % of total ODA |
|--|---------------|----------------|
| Economy | 18.06 | 19% |
| People | 24.91 | 27% |
| Society | 14.23 | 15% |
| Operations and M&E | 11.56 | 12% |
| Sub-Total Bilateral | 68.818 | 74% |
| Regional and Global programs | 17.508 | 19% |
| Other Government Departments (AFP and ACIAR) | 7.033 | 7% |
| Total ODA Expenditure | 93.4 | 100% |

PROGRESS TOWARDS OBJECTIVES

In 2016-17, we started developing a new Performance Assessment Framework that captures shared outcomes across the program beyond results in individual investments. This report reflects the new

¹ Timor-Leste Living Standards Survey, 2016

Framework's three strategic themes and nine outcomes (see Annex E). We are finalising indicators and targets to support reporting in future years. This year, we have reported against new indicators and against existing program targets (including four performance benchmarks).


Overall, the Timor-Leste program performed well in 2016-17 and progress of most investments is on track. Against the new outcomes, seven of the nine are rated green, which means results and progress are tracking well. Two of the outcomes require closer monitoring 'more women and girls are safe and empowered' and 'improved governance at subnational levels'. Against the four performance benchmarks (see Annex B), the program met one of four performance benchmarks; two were partly achieved due to challenges in government processes and a focus on quality services rather than quantity; and one was not achieved because the survey referenced in the benchmark was not conducted due to two elections held in 2017.


We are not able to compare directly with last year's progress, as we have new outcomes. Last year, five of the nine objectives were rated green and on track (see Annex F). This reporting period marks the halfway point of the Timor-Leste AIP (2015-16 to 2018-19). The strategic themes replace the objectives in the *2015-16 to 2018-19 Timor-Leste Aid Investment Plan* (AIP). This responds to the changing context of budget stability and changing priorities in Timor-Leste. Work on the PAF (including determining targets for outcomes indicators) will continue in 2017-18 and will inform an internal review of the AIP in 2018. The cross-program themes: improving nutrition, empowering women and girls, and supporting disability-inclusive development, remained important and we continued to deliver specific programs as well as mainstream inclusive development. The Embassy's gender and disability working group monitored progress towards inclusive development in all our programs. Programs are also increasingly considering how to best respond to the challenges of climate change in Timor-Leste.


ECONOMY

Table 2: Rating of the Program's Progress towards Australia's Aid Strategic Theme Economy

| Outcome | Current Rating |
|---------------------------------------|----------------|
| More jobs and stronger private sector | Green |
| Increased rural incomes | Green |
| More people are workforce ready | Green |

 **Green.** Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

 **Amber.** Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.



OUTCOME: MORE JOBS AND A STRONGER PRIVATE SECTOR

*The progress towards this outcome is rated **green**, because progress was as expected in the Governance for Development and Markets for Development programs in their efforts to create jobs, increase incomes and encourage more private sector investment. Despite some uncertainty on government budget for rural roads, our Roads for Development program created jobs and increased community involvement.*

A strong private sector is essential to build a diverse economy with a broad base, and to provide business opportunities and jobs to people. Australia helps the Timor-Leste Government enable private sector development through policy, regulatory and legal reform. The **Governance for Development** (GfD) program funded five long term advisers and additional short-term advisers to work with the Coordinating Ministry of Economic Affairs. The advisers supported the drafting and approval of key business enabling laws, on mediation and arbitration, bankruptcy, secured transactions, private investment, export promotion and company regulation. These efforts resulted in new laws, passed in 2017, that create a legal framework to encourage more private sector investment. GfD provided advisory support to the Law Reform Commission to review these business law reforms; and to help the Commission provide further analysis and advice for government, businesses and civil society on future policy reform.

We also work directly with business. The **Roads for Development** (R4D) program helps the Government to support local private sector contractors to win and complete contracts for rural road rehabilitation and maintenance. In 2016, R4D awarded 41 contracts to 36 local contractors, with a value of over USD13.3 million (AUD16.8 million²), which resulted in 47 kilometres of rehabilitated roads and 353 kilometres of maintained roads. This was lower than the performance benchmark of 75 kilometres of rehabilitated roads. Slow confirmation of the annual capital funding allocations for rural roads by the Timor-Leste Government delayed construction start dates and made planning more difficult.

Contractors hire labourers from communities near the roads projects, in turn creating jobs. As of December 2016, R4D generated over 611,000 labour-days of short-term employment for local communities. Women comprised 25 per cent of the workforce. This fell short of the program target of 30 per cent women's participation. The second phase of the R4D program (commenced in April 2017) will address constraints through advocacy for improved government efficiency in contract administration and payments.

Our **Market Development Facility** (MDF) partners with businesses that are working in agriculture, manufacturing and tourism to create jobs and increase incomes. In 2016, MDF started eight new business partnerships and generated over half a million US dollars of additional income for 3250 people (1800 men and 1450 women, which benefits 9420 household members). In 2016, an additional USD1.64 million (AUD2.08 million) was invested directly by MDF private sector partners, leveraging USD196,000 (AUD248,500) invested by MDF. For example, in agricultural business, MDF helped Acelda, the first commercial rice milling plant in Timor-Leste, to source from more locations and train farmers to meet quality standards. This year Acelda sourced 98 metric tonnes of rice from 170 farmers, and sold all its stock through four local supermarkets.

Through MDF's support, Agi Agricultura, an agricultural supplies shop, helps small farmers to increase agriculture production and reduce workloads. MDF encouraged Agi Agricultura to understand the constraints farmers face, especially women, to be able to increase crop production. They found women struggled to carry the pesticides. So they introduced smaller pesticide sprayers that are easier for women to handle.

MDF and Agi Agricultura also identified that mainly women were responsible for preparing crops and seedlings and gave these women training on ways to improve the germination rates. These efforts have been successful.

*"I learnt that putting hot water on seeds prevents pests from ruining seeds during the germination process. Before the pests would ruin most of my seeds but now the germination rate has improved and most of my seedlings survive". **Ana Maria Ximenes, female farmer.***



Female farmers at a training session on the use of agro-inputs and tools in Baucau, Timor-Leste.

² Exchange rate calculations throughout the APPR are based on USD1=AUD1.26780 as at 23 August 2017.



OUTCOME: INCREASED RURAL INCOMES

*The progress towards this outcome is rated **green** because the establishment of DFAT's new agriculture program was faster than anticipated, and the PNDS Support Program reported significant financial return to communities after building small scale infrastructure.*

In Timor-Leste, 80 per cent of households rely on agriculture activity as the major source of income and for their direct food needs. Households experience an annual 'hungry season' from November to March.

Building on the improvements to agricultural productivity achieved through Australia's Seeds of Life program (2001-2016), DFAT's new **agriculture program (To'os ba Moris Diak or TOMAK- Farming for Prosperity)** commenced in July 2016 and completed the inception phase five months ahead of schedule. The program will improve nutrition, food security and support farmers to improve the commercial viability of particular products. Although it is too early to report results, the program has identified four initial focus products (mung bean, peanuts, red rice and red onions) and has set up demonstration plots to promote better technologies and production approaches. TOMAK will also promote household production of chicken, pigs and fish and teach people how to grow more nutritious food in home gardens. Food production activities will improve household and community resilience to the impacts of climate change, in particular using climate-smart farming approaches for intensive production of crops using inter-cropping strategies on smaller plots. The program has started collecting baseline data, which will enable assessment of changes in income in future years.

The National Program for Village Development (PNDS) is a Timor-Leste Government community infrastructure program that aims to improve human development and economic growth at the village level. Australia's **PNDS Support Program (PNDS-SP)** helps the government provide annual grants to communities to construct, manage and maintain small-scale infrastructure projects, worth around \$50,000 each. Our program provides technical support, which has enabled government to deliver the grants to every village in Timor-Leste.

In the budget for 2017, the Timor-Leste Government did not commit funding for new PNDS community grants due to the elections. They did continue to fund staff costs to implement existing grants, so the PNDS Support Program continued to help complete earlier grant rounds. A mid-term review in February 2017 noted overall impressive results. The program generated more than USD5.7 million (AUD7.2 million) in additional income for 14,878 people men (74 per cent) and women (26 per cent) involved in the construction of the PNDS infrastructure projects. The 2016 PNDS Economic Impact Study (July 2016) sampled 53 projects across five municipalities and confirmed very high rates of economic returns – 72 per cent internal rates of return for irrigation projects and 133 per cent for water supply projects. For example, average annual sales for vegetables increased from USD425 (AUD538) to USD8,155 (AUD10,330) per year as a result of PNDS-supported irrigation projects. This contributes to reducing communities' vulnerability to climate change by improving food security and water availability during the dry season.

Through our **Partnership for Human Development (PHD)**, we support peak disability organisation, Ra'es Hadomi Timor Oan (RHTO), to provide small grants for livelihood activities of self-help groups in five municipalities (Aileu, Baucau, Lautem, Manatutu and Oecusse). We supported 49 people with disabilities (28 female and 21 male) to run small businesses (kiosk, tailoring, handicraft, horticulture and fish culture). It is too early to report to what extent these income-generating activities have increased incomes.

The **Australian Centre for International Agricultural Research (ACIAR)** commenced two new agricultural research for development projects in Timor-Leste in 2016-17 worth a total of approximately AUD7.2 million over five years. Working closely with TOMAK, the Ministry of Agriculture and Fisheries, the National University of Timor Lorosa'e, civil society and the private sector, the projects aim to improve market access and increase incomes for smallholder crop and livestock farmers and promote more efficient, profitable and sustainable farming systems. In the future, results will be reported under this outcome.



OUTCOME: MORE PEOPLE ARE WORKFORCE READY

*The progress towards this outcome was **green**, because training to people in the Workforce Development Program and other programs is on track. We helped make sure a significantly increased cohort of Timorese seasonal workers were work-ready for jobs in farming and hospitality in Australia.*

With a large increase in the available workforce each year, increasing skills in targeted areas is critical to leveraging economic opportunity and meeting the nation's service delivery and economic expectations.

The **Australia Awards program** supported 12 people (5 females, 7 males including 1 person with disability) to start Masters-level studies at Australian universities in 2017, and 71 students (34 female and 37 male) continued their studies in Australia (4 at PhD, 22 at Masters and 45 at Bachelors level). In 2016-17, 23 (13 female and 10 male) students completed their studies in Australia (with the vast majority reporting high satisfaction) and returned to Timor-Leste. Twenty of these returned students are now employed in roles relevant to their qualifications (regular surveys of Alumni reported in six monthly report, July 2017).

The **Workforce Development Program (WDP)** helped the Secretariat of State for Vocational Training and Employment Policy (SEPFOP) develop five new nationally accredited qualifications in hospitality (certificate I, II and III levels). Training in these new qualifications will be delivered in 2017-18 and will increase the number of skilled people available to work in the growing tourism sector.

The Seasonal Worker Program provides access to work opportunities for Timorese people to work in the Australian agriculture and tourism sectors for up to six months. Since 2012, the number of seasonal workers from Timor-Leste has steadily increased and Timorese workers have a good reputation for reliability. In 2016-17, Timor-Leste sent 477 workers (124 female, 353 male), compared with 224 in 2015-16, and was the third-largest participating country. The WDP supported 24 pre-departure training courses run by SEPFOP to ensure that workers have English language and work-ready skills. The specific work-ready skills training included English language for 346 people (128 female and 218 male), driving instruction for 47 women and fork-lift training for 50 people (three female and 47 male). On their return to Timor-Leste, the program provided workers with financial training, links to potential employers and information about starting small businesses. Tracer studies undertaken in November 2016 and March 2017 show that on average remittances are high: AUD10,000-15,000 for hospitality workers and AUD5000-10,000 for agriculture workers.

The **PHD program** funded the Alola Foundation to provide scholarships to young women (38) to complete tertiary education at local universities, and each additional year of schooling made a positive difference to women's income, health and wellbeing. We continued to support pre-service teacher training through Baucau Teachers' College as planned, with 156 students currently studying a Diploma of Education. These graduates are well regarded and sought after by the Ministry of Education.

The mid-term review of the **PNDS Support Program** reported that almost 450 government personnel and 52,599 community management team members had been trained (since the start of the program in 2014) to implement PNDS. In 2016-17, the PNDS Support program trained 2,886 PNDS staff in community facilitation, infrastructure design and construction, women's leadership and financial management to support PNDS. This included new accredited qualifications for participants delivered by national training accreditation agency and providers. This has contributed to skills development at both national and sub-national level and resulted in high quality community project implementation. The independent technical audit found that 86% of infrastructure audited was rated as good or excellent in their overall construction quality assessed against PNDS and national construction standards. This exceeded the target of 80%.

PEOPLE

Table 3: Rating of the Program's Progress towards Australia's Aid Strategic Theme People

| Outcome | Current Rating |
|---|----------------|
| Higher quality frontline services | Green |
| More people benefit from services | Green |
| More women and girls are safe and empowered | Amber |

Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

Amber. Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.



OUTCOME: HIGHER QUALITY FRONTLINE SERVICES

*The progress towards this outcome was rated **green**, because our program that mentors teachers and school leaders exceeded expectations in relation to teacher performance and our ending violence against women program, health and policing investments made progress as expected.*


The constraints to better service delivery in Timor-Leste include insufficient national budget allocations to social sector priorities (such as education and health) and poor links between municipalities and central government that affect supply chains, finances and human resources.

The **Ending Violence Against Women Program – Nabilan** continued to support six local service providers to deliver better support and legal services for individuals affected by violence. This year the quality and reach of services provided by civil society organisations increased beyond expectations, as confirmed by client satisfaction reports and program assessment tools. Nabilan supported the Ministry of Social Solidarity (MSS) to finalise new Standard Operating Procedures for Case Management and Coordination to improve services for survivors of domestic violence, sexual assault and other forms of violence against women and children.

Our Nabilan Program worked with the National Institute for Labour Force Development to develop the first accredited training for social services. Nineteen people from eight service providers and MSS completed the Certificate III in Social Services. This will improve the professionalism and confidence of frontline support workers, and improvements in services from more qualified staff will be reported next year.

In the health sector, the **PHD program** improved the skills of medical doctors through partnering with the Royal Australasian College of Surgeons (RACS) and the National Hospital. As expected, 29 Timorese doctors (13 male, 16 female) trained by RACS graduated from the National University of Timor-Lorosa'e (UNTL) in May. RACS specialists have also trained 40 junior doctors in obstetrics, internal medicine, surgery, anaesthetics, paediatrics and family medicine. In the last year, the national postgraduate embargo was lifted by UNTL, which had prevented the accreditation of RACS trained doctors. A review of the health sector activities in 2017-18 will inform decisions about the focus of assistance Australia will provide in future years.

In the basic education sector, PHD continued to implement the Professional Learning and Mentoring Program (PLMP). The PLMP supported and mentored teachers and school leaders to deliver the Ministry of Education's new curriculum and teaching approach in 233 schools (19 per cent of all schools). The program expanded into an additional 85 schools in three new municipalities (seven municipalities in total). In



agreement with the Ministry of Education, we extended the duration of the program's interventions at school level to ensure the new approaches were well embedded in the schools and the Ministry of Education. This has meant that the roll out to a fourth municipality has been postponed to 2018. The program results are better than expected. Evidence from monitoring demonstrates that teachers remain at school after hours to prepare lessons; teachers are being creative in using resources to engage students; there is better use of group work and more calling on both girls and boys in the class; and teachers and school leaders are more punctual. To verify teaching and student improvements, we will undertake a multi-year evaluation from 2017 to 2020. There are early indications of improved student literacy and teaching practice in classrooms (from unreleased data in the Early Grade Reading Assessment recently undertaken).

The **Australian Federal Police** (AFP) continued to support the National Police Force - Policia Nacional de Timor-Leste (PNTL) (through the Timor-Leste Police Development Program, TLPDP) to improve operational policing capacity and services provided to communities. With the assistance of the AFP, the PNTL is now taking responsibility for delivery of more training programs. For example, in 2016-17 PNTL delivered First Responders Courses to 242 PNTL members; Command, Control and Coordination (C3) courses to 158 PNTL members; and Investigations Training to 99 PNTL members. The AFP continued to promote the role of women in the PNTL with 352 training opportunities provided to women. Thirty-two female officers participated in leadership and management training programs and 135 female officers attended investigations training.

The AFP provided training, scenario planning and technical assistance to the PNTL to provide a visible frontline police service during the elections. The 2017 International Republican Institute national public opinion survey of Timor-Leste found that 44 per cent of respondents felt that crime had reduced in the last year and 96 per cent of respondents did not observe any violence during the presidential election.

OUTCOME: MORE PEOPLE BENEFIT FROM SERVICES

The progress towards this outcome is rated green because Australia has continued to reach many people with health, education services and supported women affected by violence.

The Government faces constrained capacity to provide services for all, as systems for financial management, public administration and service delivery are still maturing. In some sectors, such as family planning, Australia supports partners to provide services directly to people who need them, and works to ensure that the Government can manage services later.

The **PHD program** is supporting better access to services in social protection, health and education. In social protection, through our advocacy, the Ministry of Social Solidarity re-opened registrations for its conditional cash transfer program, Bolsa da Mae, after closure for five years. Registrations are still open and will allow more poor families (in particular female-headed households and families with people with disabilities) to access to basic financial support to relieve some of the poverty burden.

In 2016-17, partners provided over 24,000 family planning services to people in 11 municipalities. Implants that provide five years' contraception were an important feature of these services, with 5,666 long-term methods of contraception provided. These services protected over 19,000 couples from unplanned pregnancies. We gave family planning education to more than 56,000 people. More than 23,000 callers accessed a youth information hotline on sexual and reproductive health that we supported.

Australia continued to improve health transport services (ambulances) so people can access emergency care. During 2016-17, a transport emergency hotline was set-up, with a call centre team and a stand by midwife. Eleven babies were delivered on-the-road in Dili under supervision of the midwife. This year the call centre maintained a response rate of over 90 per cent (consistent with rates last year and vast improvement compared to 12 per cent in 2012). This means there are more ambulances on the road, faster response times and therefore faster care to people that need it.

The Liga Inan program connects pregnant women and new mothers to health professionals to receive pre- and post-natal care and birth assistance. This program has expanded from five to eight (of 13) municipalities.

An impact evaluation in 2015 reported that a Liga Inan mother is twice as likely to deliver with a skilled birth attendant and five times more likely to take her child for a post-partum check-up. At June 2017, more than 20,000 women were registered in the Liga Inan system (compared with 12,000 in June 2016).

PHD supported the recruitment and training of additional field officers for a local disability inclusion organisation (RHTO). All 13 municipalities now have one male and one female RHTO field officer in place, who help people with disabilities link to services and support self-help groups.

The **Ending Violence Against Women** program increased the reach of support services for survivors of violence to 6928 (up from 5353 in the previous year), of whom 95 per cent are women and children. The program provided services to both new and existing clients and included legal support, medical treatment, shelter, counselling and life skills training. These figures also include services for 1073 new female survivors of violence (28 were persons with a disability). We did not reach the performance benchmark of 1,300 new clients, because the focus has been on improving the quality of services and the service providers have reached maximum capacity for client intake.

Timor-Leste has among the world's highest fertility and maternal death rates. Accessing health support is difficult for pregnant mothers and most babies are born at home without a skilled birth attendant. The **innovative Liga Inan "Connecting Mums"** program uses simple mobile phone technology to connect expectant mothers with community health workers. These mothers are more likely to have a healthy pregnancy, birth and post-natal period.

"A pregnant woman came to our health facility last week. Her daughter usually reads Liga Inan messages to her. Her daughter informed her that according to the message from Liga Inan, she was expected to deliver in a couple of days. So the pregnant woman came to the health facility and delivered with the assistance of a health provider. Both mother and baby are well." Casilda, Midwife, Gleno Ermera.



Midwife Justa Pereira and mother-to-be Rosalia Juella test the project's SMS messages. / Catalpa International

OUTCOME: MORE WOMEN AND GIRLS ARE SAFE AND EMPOWERED

The progress towards this outcome was rated amber, due to some delays in gender specific programming under the Partnership for Human Development. Efforts to improve gender equality in all programs have had notable successes and gender outcomes are monitored through an embassy wide Gender and Disability Working Group. A review of the Nabilan program highlighted the magnitude of the challenges involved to reduce violence against women and expectations should be realistic in future years.

In Timor-Leste, women's economic and political participation remain low and significant barriers remain for women to lead equal, safe and healthy lives. Especially concerning is the high rate of violence against women. Forty six per cent of all partnered women have experienced violence in the past twelve months and the lifetime prevalence rate for intimate partner violence is 59 per cent

Australia's Nabilan (**Ending Violence Against Women**) program works with government and civil-society organisations to develop research, prevent violence and provide services and access to justice for survivors of violence. Nabilan has achieved most outputs and targets expected and is on track to achieve its expected outcomes. Nabilan gave technical input into the Government's revised National Action Plan for Gender-Based Violence (2017-21), launched in June 2017. However, anticipated increased funding from Government for support services to survivors has not yet eventuated. In 2016-17, Nabilan expanded its violence prevention work to 2494 people (1268 women and 1226 men). Surveys before and after the interventions confirmed that interventions have changed attitudes towards gender equality and violence.

Courts are starting to change sentencing in cases of violence against women, and have greater sensitivity to the needs of women and children witnesses. Nabilan's work with peak disability organisation, RHTO, resulted in new research on the experiences and needs of women with disabilities who experience violence. These findings inform improvements to support services for people with disabilities; training on disability inclusiveness for partners; and physical adaptations to partner facilities to improve access.

Nabilan continued to face challenges in implementation. The Government has not increased budget for critical services for survivors of violence and collaboration with civil society organisations (CSOs) has weakened. CSOs are at maximum absorptive capacity for technical assistance and client support.

Through PHD, DFAT funded a television series (called *Domin Nakloke* or Unlocking Love), which aims to shift social acceptance of violence against women and children. The series was launched in early July 2017 and viewed over 160,000 times on social media in the first month, and will be broadcast on national television later in 2017. There have been some delays in further gender-specific programming to improve women's voice and leadership through PHD due to staffing constraints in the first year of its implementation.

Our PNDP Support Program helped PNDP to meet gender targets - women represent 45 per cent of community management teams and 50 per cent of community facilitators. Our efforts to promote gender equality at policy and program implementation levels have resulted in women having a more legitimate voice in decision-making and pathways to leadership opportunities.

A tracer study about the experiences of seasonal workers in Australia (through the regional Labour Mobility Assistance Program) found unexpected positive changes in attitudes on gender issues. For example, on return to Timor-Leste men said they respected women more and several indicated that violence was not an acceptable way to handle disagreement. Quotes from returned workers include "I told my young sisters they could not go to school, but when I got back I took them to register at the school and paid for them", and "I help in the house now and look after the children when my wife is busy, which I did not do before".

The AFP upgraded facilities of three vulnerable persons units (VPUs) to create suitable and safe environments for survivors and witnesses reporting gender based violence; and upgraded information systems for VPUs. The AFP also helped develop a gender based violence best practice model that will be piloted in Ermera in 2017-18. The AFP supported activities to help raise awareness of laws against domestic violence in eight municipalities. During the Mid Term Review, PNTL VPU officers commented that following these activities, there had been an increase in reports of domestic violence and women had reportedly felt more confident in the PNTL's response. The AFP also funded Psychosocial Recovery and Development in East Timor (PRADET) to facilitate gender-based-violence investigations training in five municipalities. Following the training, PRADET reported a significant increase in domestic violence referrals in Covalima and Viqueque and a slight increase in Dili, Baucau and Ermera.

SOCIETY

Table 4: Rating of the Program's Progress towards Australia's Aid Strategic Theme Society

| Outcome | Current Rating |
|--|----------------|
| More people participate in decision making | Green |
| Improved governance at subnational levels | Amber |
| Better decision making and evidence based policy | Green |

Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

Amber. Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.



OUTCOME: MORE PEOPLE PARTICIPATE IN DECISION MAKING

The progress towards this outcome was rated green because there has been good progress on activities in the Governance for Development program to enable more participation in decision-making, and PNDS-Support Program continued to implement inclusive decision making at the village level.

Many civil society organisations and communities benefit from assistance to access policy makers and influence policy making. There is limited experience using evidence and information to support advocacy, or how to go about building coalitions to achieve change. As a result, there is little guarantee that public policy formulation happens in a manner that best serves Timorese people.

To help diversify Timor-Leste's economy, Australia supported Timor-Leste to develop a brand identity for tourism in Timor-Leste to attract more tourist. In March 2017, the Council of Ministers approved a 'Tourism Policy for Timor-Leste: Growing Tourism to 2030 – Creating a Sense of National Identity.' This policy draws on surveys and research, is more evidence-based than the previous approaches, and was informed by consultations with stakeholders across and outside of government.

Australia supported two public opinion surveys to inform policy-making in Timor-Leste. The Asia Foundation's 'Tatoli' Survey ('message' in Tetun) results indicate that people are most concerned about jobs and the country's economic future. People in Dili are most concerned about access to water and sanitation and those living in rural areas are concerned by the poor quality of roads and bridges. These findings provide the next Timor-Leste Government and the Australian development program with a clear indicator of priority issues for ordinary Timorese people. We also supported an International Republican Institute public opinion survey in April-May 2017, which indicated people were somewhat pessimistic about the future direction of the country and concerned about the poor condition of roads.

Australia also supported the Judicial System Monitoring Program (JSMP) to support 234 people (including leaders, women and youth) from 60 villages in Baucau, Dili and Suai to engage with national judicial and government systems. JSMP helps communities engage with decision making by helping them access information to understand what is happening, and how they can make their voice heard. Combined with other efforts by Nabilan partners, JSMP's advocacy on domestic violence has contributed to changed attitudes by the courts towards perpetrator accountability, and increasing use by the courts of additional monitoring orders imposed during sentencing (reported in six-monthly progress report, January 2017).

PNDS provides communities with control of decision-making and planning for small-scale infrastructure in their own villages. Our support to PNDS helped more than 250,000 people be involved in decisions about what small scale infrastructure is built in their community since the start of the program in 2012. A monitoring report (June 2017) found that 95 per cent of interviewed village leaders believed PNDS had improved the position of women in the community and had encouraged women to stand in local government elections. PNDS-SP monitoring data showed that at least 184 women who had been engaged in PNDS management and implementation were elected to village councils in the 2016 local elections.

OUTCOME: IMPROVED GOVERNANCE AT SUB-NATIONAL LEVEL

The progress towards the outcome was rated amber, because overall our response to the Government-led decentralisation process has been not well defined. The Government is still rolling out plans for how decentralisation will work and what the changes for service delivery will be. Our programs have had some successes, PNDS Support Program has strengthened sub-national delivery systems for PNDS. Plans for water and sanitation programs and our nutrition program, Hamutuk, are well advanced but no results can yet be reported.



During the last 12 months, the Government of Timor-Leste has implemented processes and policies to start to decentralise government functions and service delivery responsibilities from the national level to the municipalities. Following the direction of the new Timorese Government, we will be flexible and ready to work with municipal authorities and national government as opportunities arise in 2017-18.

To disburse funds for PNDS grants to every village, the **PNDS Support Program** and **GfD** helped the Ministry of State Administration and Ministry of Finance establish a system for direct government transfers from the national treasury to village bank accounts, with appropriate safeguards and audit provisions. The joint financial audits of PNDS, with Ministry of Finance, confirmed these new systems and practices are sound. Monitoring tools used by PNDS support program staff in the municipalities, found that 69 per cent of villages achieved a moderate or higher rating in community financial management (below target of 90 per cent) and 87 per cent achieved moderate or higher rating for community accountability (above 80 per cent target).

Our **PHD program** designed a new water and sanitation initiative as anticipated and supported the establishment of water sanitation and hygiene (WASH) Secretariats in four municipalities (Aileu, Ainaro, Bobonaro and Liquica). These sub-national authorities have committed to strengthen the management of community water systems and to eliminate open defecation in communities. Manufahi and Viqueque Municipal Administration and Health Services have requested that the Ministry of Health also implement the Open Defecation Free Initiative in their communities.

This year we also started a multi-sectoral nutrition pilot, **Hamutuk**. Through Hamutuk we continued to strengthen the National Council for Food Security, Sovereignty and Nutrition (KONSSANTIL) at national and sub-national levels, supporting cross-sectoral coordination for better nutrition outcomes at community-levels. Due to the complexity of coordinating between a wide range of partners, progress has been slower than expected and it is too early to report on results.


The **AFP** supported the PNTL to strengthen governance mechanisms at national and subnational government levels. During 2016-17, AFP supported increased engagement between the PNTL and government agencies to clarify roles and improve coordination. The AFP supported the establishment of a Prosecution Liaison Officers (PLO) network across six municipalities, which has improved the management and completion of investigations and improved justice outcomes for victims of crime. For example, in 2014, the Deputy Prosecutor General highlighted that the PNTL lacked fundamental investigative skills and there were 4000 outstanding investigation case files within PNTL. At the end of 2016, PNTL data reported an increase in case files completed within the 72-hour case time line; a reduction in outstanding case files from 4000 to between 25-30 at any given time; and improved relationships between PNTL and the Office of Prosecutor General.

OUTCOME: BETTER DECISION-MAKING AND EVIDENCE BASED POLICY

Progress towards this outcome was rated green, because Australia has helped develop better systems across government, which will improve decision-making efficiency and effectiveness. Australia has contributed to policy-making processes through direct assistance to policy-makers, as well as supporting the use of evidence and helping with consultation. Policy areas where Australia has helped include private sector development and business law reform, tourism and health.

Government systems are often inefficient and have limited reach. They are also constrained by limited access to information and expertise, as well as poor inter-ministry coordination. Policy-making processes can be weak and unable to use what limited evidence is available. People and groups working outside the government can find it challenging to engage with government to help develop good policy.

Our **GfD program** supported the Timor-Leste Government to reform its public financial management system. We worked with the Prime Minister's Office to change the way government ministries plan, manage and report on their finances through providing technical expertise and advisers to work across line ministries to develop the new system. This financial year, 25 ministries and agencies linked financial planning to program and service delivery outcomes for the first time (included in 2017 Budget Papers). Information about what the government has spent money on is available online and updated daily. We helped ensure that gender



markers were included in budget plans and reporting, and that all budget reforms are gender-responsive. We are working with the remaining ministries and agencies to shift to this approach next financial year. This has improved budget decisions across government and increased access to information about spending and priorities. Building on this important reform, we supported the OECD to work with government to draft a roadmap for future public financial management reform. The roadmap, approved by Government in March 2017, sets out a plan for public financial management reform and improvements.

The **AFP** supports development of systems within the police service – for example, by helping to develop a new incident management system to better track information about domestic violence offences, including on victim and offender gender. This has improved the way the police handle domestic violence incidents and helped with operational decisions and resource allocation. During the mid-term review, PNTL and key stakeholders reported improved and increased incident recording in Dili Municipality, and increased demand for and use of IMS reports, including monthly reporting to the Prime Minister and President.

Our **PHD program** has worked with the Ministry of Health to develop indicators for use in the Health Information System, increasing the amount and quality of data collected in seven municipalities. This will help the Government make informed decisions about health policy.

PHD also worked with the Ministry of Education to provide access to classroom data to inform decision making at the national level. Through PLMP, PHD provided 395 tablets to mentors to record classroom observations. PHD also developed an IT and communications platform enabling real time recording of classroom performance and aggregation of performance results. This is the first time that the Ministry of Education has access to data to inform policymaking related to school support. This information has been used to advocate within the Ministry of Education for the expansion of PLMP.

Australia has supported the **President's Nutrition Program** since 2014. The program has raised awareness among leaders of the importance of good nutrition and including nutrition issues in programs such as health, water, sanitation and education. This was demonstrated by high-level public dialogue on malnutrition and stunting in Timor-Leste, hosted by the previous President. We have supported the President's office to give annual nutrition awards to recognise communities that are addressing nutrition problems.

MUTUAL OBLIGATIONS

In 2016-17, Australia continued to deliver a high-quality program in line with Timor-Leste's *Strategic Development Plan*. Timor-Leste demonstrated commitment to the achievement of the Sustainable Development Goals (SDGs) and its leadership among g7+ countries. For example, in May 2017, Timor-Leste's Prime Minister hosted a g7+³ conference to share its experience and lessons on implementation of the SDGs in fragile and conflict-affected states. Our development assistance aligns with Australia and Timor-Leste's commitments under the *New Deal for Engagement in Fragile States* and Timor-Leste's national priorities to promote strong support and ownership for our programs. For example, in March 2017, the Prime Minister of Timor-Leste launched the Australia and Timor-Leste Partnership for Human Development, building on our strong relationships with the Ministry of Education and Ministry of Health. Our Governance for Development program works directly with key agencies, including the Prime Minister's Office and ministries responsible for economic coordination, to support economic development and better government service delivery.

Our Roads for Development Support Program (R4D-SP) and PNDS Support Program (PNDS-SP) provide technical assistance to support the Government's own programs that implement and maintain rural infrastructure. Australia places a high importance on these mutual obligations to ensure the effectiveness of our investments. Where financial obligations are not met, we adjust our approach.

³ The g7+ is a voluntary association of countries that are or have been affected by conflict and are now in transition to the next stage of development <http://www.g7plus.org/en/who-we-are>.



PROGRAM QUALITY AND PARTNER PERFORMANCE

Our monitoring and evaluation systems produced good performance information for program level decision-making. In January 2017, we started a new monitoring and evaluation (M&E) program (called M&E House) to improve the way we assess whole-of-program-level and investment-level performance. M&E House is helping DFAT and implementing partners improve M&E systems. This includes whole-of-program assessments and design, implementation and evaluation of individual investments. The M&E house has helped us develop a new portfolio-wide PAF to inform future aid program performance reporting. The new Performance Assessment Framework at **Annex E** reflects key themes of economy, people and society, and our strong focus on improving gender equality. The indicators and related targets within the Framework are not yet finalised. The Framework includes strategic questions that we will answer through evaluations, think pieces and research to inform the new AIP.

In 2016-17, we completed mid-term reviews of our policing program and PNDS-SP. We undertook a monitoring review and design update of our ending-violence-against-women program to inform the next phase of our support. We also completed monitoring reviews of our new agriculture program TOMAK to inform implementation and commenced a longitudinal assessment of teacher quality in Timor-Leste, which provides a systematic approach to assessing DFAT's contribution to teacher development in Timor-Leste. A forward evaluation pipeline is outlined in **Annex C**.

Aid Quality Checks (AQC)s

Aid Quality Checks (AQC)s showed varied investment performance in 2016-17 (see **Annex D**). We completed eight AQC)s in early 2017, which were rigorously contested through peer review. High scores for relevance were consistent across the program. Effectiveness, efficiency, gender equality, monitoring and evaluation, and sustainability scores for all investments were mostly consistent at four or higher, which is satisfactory but suggests room for improvement. Roads for Development received a number of reduced ratings and was rated less than adequate on efficiency. While still receiving satisfactory ratings, sustainability for our Ending Violence Against Women program was reduced to four because civil society partners rely on Nabilan's financial and technical support. These scores reflect the complex challenge of improving gender equality in Timor-Leste and ensuring Government ownership and commitment. We will continue policy dialogue with the Government to encourage its work to address gender inequality.

Performance of key delivery partners

We continued to work with a range of partners in Timor-Leste including government, non-government organisations (NGOs), multilateral organisations and private sector contractors. We conducted ten partner performance assessments (PPAs) in early 2017 (five commercial suppliers, four NGOs, and one multilateral organisation). All PPAs found that partners had performed adequately across the assessment criteria in 2016-17. Where concerns were identified, for example with recruitment and reporting challenges, DFAT raised the issues with partners and timely action was taken to address the concern. In this period, we worked with the multilateral banks to coordinate on economic analysis and policy advice. We also continued an arrangement with the World Bank to monitor student literacy and numeracy outcomes under our education program.

RISKS

Table 3: Management of Key Risks to Achieving Objectives

| Key risks | What actions were taken to manage risks over the past year? | What further actions will be taken to manage the risks in the coming year? | Risk Rating (low, medium, high, very high) | Post's Risk Register (Yes/No)* |
|---|--|---|--|--------------------------------|
| Political or bureaucratic uncertainty (especially following the formation of Government in 2017) affects program implementation | Close engagement with counterpart ministries. Where appropriate, we responded to new priorities and provided technical assistance. | Risk remains following the elections. Work with Embassy political team to understand the new Government's priorities. Proactive engagement with incoming government officials. | High | Yes |
| Discussion between Australia & Timor-Leste on maritime boundaries affects the development partnership | Close communication and deepening of relationships with central and line ministries at all levels. | Risk remains. Strong relationships with key government counterparts. Enhance public diplomacy efforts. | High | Yes |
| Weak quality of expenditure by Government of Timor-Leste undermines social and economic development | Continued support to government central and key economic agencies to progress reforms and improve systems. Support to budgeting reforms has increased the information available about spending priorities in 2017. | Monitor the Government's ambitious reform agenda (especially decentralisation) and target support to areas where progress is being made. Continue to advocate to the Government on budget commitments for service delivery, fiscal sustainability and economic diversification. | High | Yes |
| M&E House is not effectively supporting monitoring and evaluation across the program | Commenced M&E House program and provided close oversight of operations including relationships established and weekly management meetings. | Continue close management oversight and Technical Advisory Group reviews to assess quality and inform performance assessments. | Low | Yes |
| Non-compliance with DFAT policies puts program outcomes at risk (especially fraud and child protection) | Updated DFAT risk registers for all investments. | Oversight and monitoring of DFAT staff and implementing partners to ensure compliance with relevant policies. Regularly review risk registers. | Medium | Yes |

The overall risk to the Timor-Leste development program has not changed. While we will continue to monitor this risk, the risk of consolidation of one-third of the program into the Partnership for Human Development identified in 2015-16 was not realised. Our human development investments have not become less effective or efficient and we maintain strong relationships with all partners.

MANAGEMENT ACTIONS

The program made good progress on the management responses identified in the 2015-16 Aid Program Performance Report (see **Annex A**). Out of the 15 across the program, 12 were achieved and three were partly achieved. Progress was tracked on a monthly basis as part of regular aid management meetings between senior and program staff in Dili and Canberra.

In 2017-18, Australia's aid program will:

Strategic

- Engage closely with the newly elected Timor-Leste Government to understand priorities and manage bureaucratic and political changes that may affect our programs. We will remain responsive to new opportunities and strengthen our partnership through effective and regular policy dialogue.
- Continue to strengthen coordination with the Government and donor partners to improve coordination of policy advocacy efforts and maximise development cooperation effectiveness.
- Continue policy advocacy efforts with the Timor-Leste Government and closely monitor R4D and PNDS to ensure adequate resource commitments and program progress based on mutually agreed commitments.



Operational

- Finalise the new PAF and indicators (including targets) for the Timor-Leste program with M&E House and use this as the reporting framework for the 2017-18 APPR.
- Continue policy advocacy for increased funding for support services to survivors of violence, as part of our Nabilan program, and pay particular attention to progress on the roll-out of gender-specific programming under the Partnership for Human Development to improve performance against outcome 'more women and girls are safe and empowered'.
- Continue to engage with the Government on the planned decentralisation process and consider how the Australian development cooperation program can best support this process to improve performance against outcome 'improved governance at subnational level'.
- Closely monitor newer investments (Partnership for Human Development, TOMAK and M&E House) to ensure they continue to perform effectively.
- Review and undertake a strategic analysis of workforce issues and the TVET sector in Timor-Leste to inform future programming in workforce development.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

| Management responses identified in 2015-16 APPR | Rating | Progress made in 2016-17 |
|--|-----------------|---|
| Closely monitor political developments related to the 2017 presidential and parliamentary elections. We will respond to opportunities to support good reform work as the current Government completes its term and manage risks as government business slows around the election. | Achieved | In 2017, we maintained relationships with counterpart ministries to maintain momentum across our development programs during the election period. The Office of the Prime Minister was keen to implement public financial management reforms. We responded with technical assistance and supported the implementation of significant changes to budget planning and reporting systems. The introduction of program classifications in the budget process will guide budget planning across the civil service. |
| Ensure active management of relationships with Government, other development partners and across the sectors of programs as we transition to new programs. We will leverage the Partnership for Human Development and hold regular team leader meetings to break down silos and share program successes and lessons learned. | Achieved | Senior Managers in DFAT held semi-regular meetings with team leaders from every development program to share lessons and to align our programs with the Government's emerging decentralisation agenda. These meetings will continue in 2017-18. In March 2017, we held a development program showcase in the main Dili shopping plaza. The Prime Minister launched the showcase and over 10,000 attended over two days. |
| Take a stronger lead in donor coordination with a view to better coordinate policy advocacy with the Government of Timor-Leste. We will establish a more formal structure for donor coordination in the infrastructure sector and continue to chair sector working groups. | Partly Achieved | While donor coordination has been good in some sectors (eg agriculture), overall progress on coordinated policy advocacy has been limited. During 2016-17, R4D held discussions with the Timor-Leste Government and other donors to establish an inter-ministerial forum and working group on infrastructure. DFAT continued to co-chair the Agriculture and Fisheries Development Partners working group. |
| Improve program performance reporting. With assistance from the M&E House, we will finalise a performance assessment framework in line with the AIP to strengthen our ability to measure and communicate results. We will review the framework every six months. | Partly Achieved | DFAT and the M&E House started developing a performance assessment framework. However, this is not complete. Senior managers have agreed the PAF key outcomes, but the M&E house is still working with implementing partners and DFAT staff to finalise the indicators. While we have used the PAF outcomes to report on progress in this year's APPR, the 2017-18 APPR will use the PAF in its entirety as the program reporting framework. We will also refresh the Timor-Leste AIP in 2018 to align with the new PAF. |
| Focus on smooth transition and implementation of new investments in human development, agriculture and monitoring and evaluation. We will ensure transition plans are in place, there is effective communication with partners and that senior management has ongoing visibility of progress. | Achieved | Three new programs, Partnership for Human Development, TOMAK and M&E House, are well established and delivering their intended outputs at this stage of implementation. Senior managers have closely monitored progress and reporting in the inception periods. |
| Progress opportunities for disability inclusive development mainstreaming and improved reporting in each of our programs. The new Partnership for Human Development will ensure disability is central to work in health, education, nutrition and gender sectors and we will focus on support to existing and new programs such as PNDSSP, TOMAK, M&E House and GfD. | Achieved | In 2016-17, the Embassy expanded its quarterly Gender Working Group to track progress towards disability inclusion in development programs, economic, foreign and public policy issues. The working group is chaired by Australia's Deputy Ambassador to Timor-Leste and Counsellor Human Development and ensures accountability against the Embassy's gender and disability strategies and provides a forum for sharing and learning across teams. Embassy teams report on their achievements and challenges from the previous quarter and identify actions for the next quarter. The expansion of the gender working group to also consider disability was effective, helping to lift the profile of disability, shift the mind-set of staff to consider social inclusion issues holistically and help to maximise the impact of investments. In 2016-17, the Partnership for Human Development recruited two additional personnel focused on disability-inclusion, providing additional resources to support Timor-Leste Disabled Peoples Organisations as well as to PHD sector teams to mainstream disability inclusive development. Other development programs continued to be supported in their efforts towards disability inclusion by DFAT's technical partnership with CBM Australia. CBM Australia technical advisers visited Post three times over the year, consulted with programs and provided training to 17 Embassy staff and implementing partners. |

Objective 1: Improving livelihoods

1.1 Rural Population has better roads

As part of the planned second phase, DFAT will work closely with the Government of Timor-Leste and partners to manage the transition from 2017 incorporating lessons and successes of R4D to date. As part of the second phase, DFAT will seek to enter into a new subsidiary arrangement with the Government of Timor-Leste, linking Australian technical assistance to Government commitments of resources for capital funding, adequate staffing and operational budgets.

Achieved

DFAT and the Minister for Public Works, Transport and Communications (MPWTC) signed a subsidiary arrangement in January 2017, which included mutual commitments of resources, capital funding, staffing and operational budgets. Phase II of our support to R4D, now known as the R4D Support Program, then commenced in April 2017.

1.2 Increase productivity of major staple food crops through farmers using improved seed

Management response: DFAT's main priority in 2016-17 will be to support implementation of TOMAK during its inception period with a focus on nutrition and its linkages across the whole bilateral program. DFAT will also use its position as the donor representative on the National Seed Council (NSS) and Australia's close relationship with MAF, including through TOMAK and ACIAR's programs to monitor and advocate for the sustainability of the NSS.

Achieved

TOMAK completed its inception period ahead of schedule in December 2016 (anticipated May 2017). The program guiding strategy developed during inception underpins implementation, which began in early 2017. To develop the strategy TOMAK consulted with government, other donors, other agriculture programs, civil society and the private sector on focus areas (nutrition, agriculture, market systems, gender, disability etc.).

Throughout the reporting period, the Embassy continued to monitor key achievements of Australia's Seeds of Life program (2001-2016). The Ministry of Agriculture and Fisheries' seed systems continued to operate functionally in collaboration with the national association representing all commercial seed producers (ANAPROFIKO). In June 2017, at an agriculture development partners meeting the Minister of Agriculture noted that the establishment of the seed system means Timor-Leste can purchase seed from Timorese producers rather than relying on expensive and often inappropriate imported seeds.

Objective 2: Enhancing Human Development

2.1 Increased access to and use of safe water and sanitation

DFAT's budget for water and sanitation has been substantially reduced over 2016-17 to allow time to consider support to the sector as part of our Partnership for Human Development. Staff from the Human Development team will work with counterparts at the Ministry of Health (MoH) to progress Australia's support in sanitation and will consult with counterparts from the MPWTC and other stakeholders as they consider possible future support in water.

Achieved

In 2016-17, new sanitation and water programs were designed and implementation commenced in June 2017. Municipal Authorities in Aileu, Ainaro, Bobonaro, and Liquica have committed to the Open Defecation Free (ODF) Initiative – a key element of our water and sanitation program

DFAT assisted the MoH to develop the National Sanitation Roadmap, with non-government organisation partners, and implementation has already commenced. DFAT finalised the design for a Hygienic Initiative, and commenced a pilot with Bobonaro Municipal Administration and the Atabae Administration in June 2017.

The new water program aims to improve community management of water systems and strengthen municipal leadership on operations and maintenance of systems. The program will focus on improving connections to water supply at health facilities and schools, repairs of community water supplies, and strengthening local maintenance groups. This work commenced in July 2017.

2.2 More children and youth attain improved learning outcomes and employability

We will formally transition our support to the Alola Foundation and the Baucau Catholic Teachers College to work as part of Professional Learning and Mentoring Program (PLMP) in 2016-17. We will also work to enhance our support to assist school leaders and teachers understand and respond to the needs of children with a disability, and assist the Ministry of Education (MoE) to realise their goal of inclusive education.

Achieved

The Alola Foundation and the Baucau Catholic Teachers College (ICFP) are now implementing partners under the PLMP. We continue to fund some additional activities including pre-service teaching training by ICFP and Alola's mobile libraries. These investments support the objectives of PLMP – improving literacy and numeracy for children through support for the Ministry of Education child centred learning reforms. Our education program has trained 228 school leaders on inclusive education potentially influencing more than 15,000 students. A team of disability specialists are working to develop simple referral pathways for teachers to use. We are currently exploring support for the Ministry of Education's Inclusive Education Resource Centre in Dili (Taibesi).

2.3 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

The Health team will support the transition of the program to the Australia Timor-Leste Partnership for Human Development from July 2016. The current investments will be reviewed as part of the transition to take on board research findings and to ensure our investments are best targeted towards improving maternal and child health.

2.4 Reduced violence against women and improved support and legal services for women and children affected by violence

DFAT will apply for Gender Equality Fund and Innovation funds to more widely use the baseline data for prevention activities including through the development of a TV series aimed at opening the conversation around violence and changing the behaviours of teenage boys. An independent review will inform the decision about a possible second phase of Nabilan post-2018.

2.5 Human and economic development enhanced by communities building small-scale infrastructure that meets their development needs

DFAT will advocate to ensure Timor-Leste budget support for 2017 PNDS grants. Post will also look to build stronger links between civil society organisations (CSOs) and PNDS.

Objective 3: Strengthening governance and institutions

3.1 Poverty reduction in Timor-Leste through improved economic development and delivery of services

Elections in Timor-Leste in mid-2017 will provide challenges and opportunities for Australia's economic governance programs. There will be more opportunities to support good reform work in support of economic diversification and private sector growth as the current Government completes its term, and then challenges as government business slows ahead of the election. DFAT's economic governance team will make the most of chances to support good work, while also ensuring that reforms are given enough time and resources to survive beyond the pre-election period.

Achieved

The Health team supported the transition of health investments to the Australia Timor-Leste Partnership for Human Development. Marie Stopes, Health Alliance International, the Ambulance Program, the Royal Australian College of Surgeons Family Medicine Program, Catalpa International and health advisory services all transitioned by May 2017. The health review commenced in June 2017 and will be finalised by November 2017. The main purpose of the review is to evaluate existing DFAT support to the health sector and inform decision-making about future program priorities.

Achieved

The Embassy was unsuccessful in its bid for central funding for the development of the series. Despite this, DFAT was able to fund a three-part series called *Domin Nakloke* or *Unlocking Love* through the Partnership for Human Development. The series builds on Nabilan baseline data and tells stories of four high school aged female friends. The series explores issues of healthy sexual relations, domestic violence and sexual assault, with each episode accompanied by a talk show to discuss issues in detail and provide information on support services. DFAT and partners launched the series on 5 July 2017 and it has been viewed more than 165,000 times through social media. The series will be broadcast on Timorese national television in late 2017.

Nabilan was designed as an eight year program in two four-year phases. Nabilan's third Technical Advisory Group mission in October 2016 strongly argued for a continuation of the program into a second phase, based on the scale of need, the policy commitments of both the Australian and Timorese Governments to address violence against women as well as the great deal of goodwill towards Nabilan. The Review recommended a Design Update for the second phase. Therefore, DFAT commissioned an independent team to develop the Design Update. The document was submitted in April 2017 and will inform the program strategy for Phase 2.

Partly Achieved

In 2016-17, the PNDS Support Program and DFAT increased its focus on stakeholder engagement and advocacy for PNDS. Despite these efforts, PNDS grants were not allocated in the 2017 Government of Timor-Leste budget because of the focus on national elections. However, the Government did allocate funds for operations and salaries of more than 400 national staff.

CSOs, including peak women's and disabled people's organisations, were involved in program activities in 2016-17.

Achieved

The GfD program identified and responded to opportunities to support business enabling legal reforms and tourism with the Coordinating Ministry for Economic Development.

3.2 Police service effective and accountable in supporting rule of law

The AFP will work to consolidate the Policia Nacional de Timor-Leste (PNTL)/Timor-Leste Police Development Program (TLPDP) Program Coordination Board and monitor progress on work plan activities during 2016-17. The national elections in 2017 are likely to create scheduling and accessibility challenges for the mainstream activities of TLPDP, but also provide opportunities to support the PNTL in its role in the lead up to and during the elections.

Achieved

Four Program Coordination Board (PCB) meetings have been held since May 2016. The PCB provides a platform for the PNTL and AFP to discuss proposals; ensuring program alignment with the PNTL Strategic Plan; and set clear expectations on what the program can/will deliver. The PCB has also allowed the program to adopt a more adaptive approach to managing assistance. For example, the PNTL and AFP redirected and reshaped support towards some election related priorities, including assistance for targeted training and the National Operations Centre.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

ANNEX B – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2016-17

Discussion on progress against specific performance benchmarks in 2016-17 should also be included as part of the text assessing progress against individual program objectives in the main body of the APPR.

| Aid objective | 2016-17 Performance Benchmark | Rating | Progress in 2016-17 |
|---|---|-----------------|---|
| Improving Livelihoods | 75km of additional rural roads are rehabilitated | Partly achieved | In 2016-17, 47km of road rehabilitation was contracted by the Ministry of Public Works, Transport, and Communications (MPWTC) and 353 km (including both periodic and routine maintenance) were contracted for Maintenance in 2016. Achievement of this benchmark is reliant on MPWTC procurement processes and budget allocation. Next year, we will change this benchmark to one that relates to rural development more broadly and other programs can also report on it. |
| Enhancing Human Development | 1300 additional women and girls affected by violence are accessing legal, medical and social support services | Partly achieved | 1073 additional women and girls affected by violence accessed legal, medical and social support services. This number falls short of the target of 1300. However, overall number of services increased over the reporting period. A new phase will commence in March 2018 and targets for social service to women affected by violence will be incorporate into new performance benchmarks. |
| Enhancing Human Development | 80% of village infrastructure built by the National Program for Village Development is rated 'good' against technical standards and assessments | Achieved | The 2017 independent technical audit found that 86% of infrastructure audited was rated as good or excellent in their overall construction quality. The audit criteria included assessment of projects against PNDS and national construction standards. |
| Strengthening governance and institutions | Improvements on one or more ratings of police in a small set (4) of specific questions in a yearly national Community Perceptions Survey | [Not measured] | Due to the election, the CPS was rescheduled for 2018. We were therefore not able to measure any changes in perception on police services in Timor-Leste this reporting period. The program is exploring more sustainable and effective means to capture benchmark data moving forward, outside of the externally delivered CPS process. |

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

Performance Benchmarks for remainder of Aid Investment Plan

Performance benchmarks and targets for future years will be confirmed as the PAF is finalised in late 2017.

| Strategic theme | Outcomes | Performance benchmark | Targets for 2017-18 | Units of measure | Disability data |
|-----------------|--|--|---------------------|----------------------|-----------------|
| Economy | More jobs and a stronger private sector | Improvement in business environment | tbc | Narrative | |
| | Increased rural incomes | Number of rural people with increased income | tbc | Disaggregated by sex | Yes |
| | More people are workforce ready | Number of people with work ready skills | tbc | Disaggregated by sex | Yes |
| People | Higher quality frontline services | Number of people who use improved skills to deliver better quality services | tbc | Disaggregated by sex | Yes |
| | More people benefit from services | Number of additional services received (or provided- does it make a difference?) | tbc | Disaggregated by sex | Yes |
| | More women and girls are safe and empowered | tbc | tbc | tbc | tbc |
| Society | More people participate in decision-making | More inclusive policy | tbc | Narrative | Yes |
| | Improved governance at sub-national level | tbc | tbc | tbc | tbc |
| | Better decision-making and evidence-based policy | Improved policy or systems | tbc | Narrative | Yes |

ANNEX C- EVALUATION PLANNING

List of evaluations completed in the reporting period

| Investment number and name (if applicable) | Name of evaluation | Date completed | Date Evaluation report Uploaded into AidWorks | Date Management response uploaded into AidWorks | Published on website |
|---|--------------------|----------------|--|---|-------------------------------|
| Timor-Leste Police Development Program | Mid Term Review | May 2017 | N/a (not managed in Aidworks) | N/a (not managed in Aidworks) | No, available upon request |
| INK784 - National Program for Village Development (PNDS) | Mid Term Review | February 2017 | March 2017 | August 2017 | September 2017 |

List of program prioritised evaluations planned for the next 12 months

| Evaluation title | Investment number and name (if applicable) | Date – planned commencement (month/year) | Date – planned completion (month/year) | Purpose of evaluation | Evaluation type |
|-----------------------|---|---|---|---|-----------------|
| Nutrition Evaluation | Across relevant Timor-Leste programs | July 2017 | December 2017 | Consider DFAT approach to nutrition programming | DFAT led |
| Workforce Development | INL092 Workforce Development Program | November 2017 | February 2018 | Inform new design and strategy | DFAT led |
| Health programming | As part of INL910 – Partnership for Human Development | August 2017 | November 2017 | Assess context and review current approaches and activities | DFAT led |

ANNEX D- AID QUALITY CHECK RATINGS

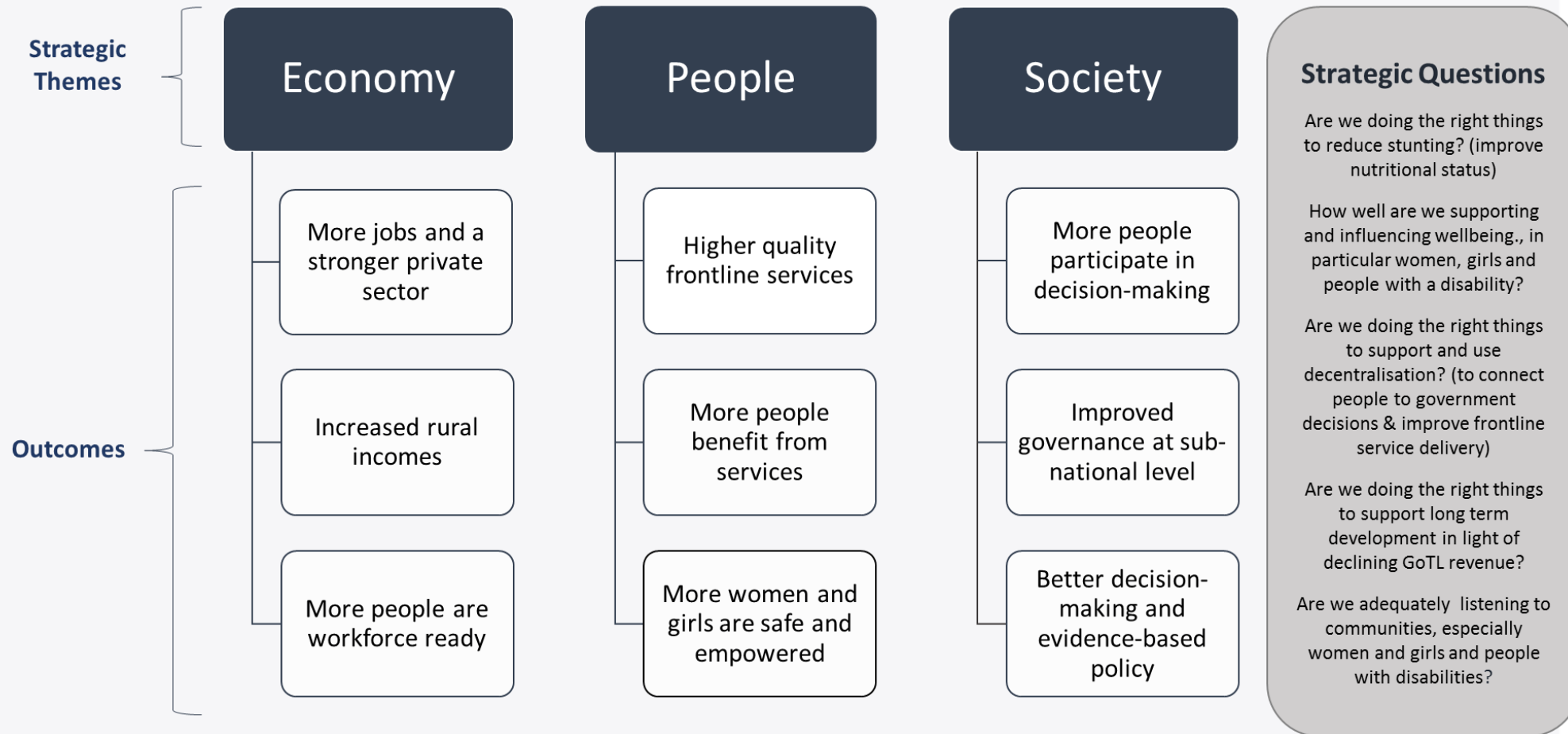
AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

| Investment | Approved budget, duration | Year on Year | Effectiveness | Efficiency | Relevance | Gender equality | Monitoring and evaluation | Sustainability | Risk and safeguards |
|---|---------------------------|--------------|---------------|------------|-----------|-----------------|---------------------------|----------------|---------------------|
| INK211 - Roads for Development - R4D | \$62m | 2017 | 4 | 3 | 5 | 4 | 4 | 4 | |
| | 2012-20 | 2016 | 5 | 4 | 5 | 5 | 5 | 4 | 5 |
| INL676 – TOMAK- Framing for Prosperity (Timor-Leste) | \$25m | 2017 | 5 | 4 | 5 | 6 | 4 | 4 | |
| | 2016-21 | 2016 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| INL910 - Partnership for Human Development | \$120m | 2017 | 5 | 4 | 5 | 4 | 4 | 5 | |
| | 2016-21 | 2016 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| INK784 - National Program for Village Development – Support Program | \$26m | 2017 | 5 | 5 | 5 | 6 | 5 | 5 | |
| | 2012-18 | 2016 | 5 | 5 | 5 | 6 | 5 | 5 | 5 |
| INK815 - Ending Violence Against Women in Timor-Leste | \$18m | 2017 | 5 | 4 | 5 | 6 | 5 | 4 | |
| | 2012-18 | 2016 | 5 | 5 | 6 | 6 | 5 | 6 | 6 |
| INL073 - Governance for Development Timor-Leste | \$14m | 2017 | 5 | 5 | 5 | 5 | 5 | 5 | |
| | 2014-17 | 2016 | 5 | 5 | 6 | 4 | 5 | 5 | 6 |
| INL092 - Workforce Development Program | \$13m | 2017 | 4 | 4 | 5 | 4 | 5 | 5 | |
| | 2014-18 | 2016 | 5 | 5 | 5 | 4 | 5 | 5 | 5 |
| INL113 - Market Development Facility | \$8.6m | 2017 | 5 | 4 | 6 | 5 | 4 | 5 | |
| | 2013-17 | 2016 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

PAF + Timor-Leste (DRAFT)



ANNEX F – PREVIOUS RATINGS AGAINST OLD OBJECTIVES

Rating of the Program's Progress towards Australia's Aid Objectives

| | 2015-16 Rating | 2016-17 Rating |
|---|----------------|----------------|
| Objective 1: Improving livelihoods | n/a | |
| Rural population has better roads | Amber | Amber |
| Increase productivity of major staple food crops through farmers using improved seed | Green | Green |
| Objective 2: Enhancing Human Development | n/a | |
| Increased access to and use of safe water and sanitation | Green | Amber |
| More children attain improved learning outcomes | Amber | Green |
| Households, especially the most vulnerable, increasingly practice behaviours that are conducive to better maternal health | Amber | Amber |
| Reduced violence against women and improved support and legal services for women and children affected by violence | Amber | Green |
| Human and economic development enhanced by communities building small-scale infrastructure that meets their development needs | Green | Green |
| Objective 3: Strengthening Governance and Human Development | n/a | |
| Poverty reduction in Timor-Leste through improved economic development and delivery of services | Amber | Amber |
| Police service effective and accountable in supporting rule of law | Amber | Green |

Note:

- Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.