



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2018-19

Timor-Leste

October 2019



KEY MESSAGES

This report summarises the performance of Australia's aid program in **Timor-Leste** from **July 2018 to June 2019** against the Timor-Leste Aid Investment Plan 2015-16 to 2018-19 (AIP).

Australia has an enduring interest in a stable, peaceful and prosperous Timor-Leste and throughout 2018-19, we invested comprehensively in Timor-Leste's economic and social development. We are proud to be Timor-Leste's largest development partner and continued to deliver an effective program, with all AIP objectives assessed as either on track or partially on track in the reporting period.

The July 2018 Joint Communique signed by Foreign Ministers of both countries gave depth to the 'bilateral reset' that commenced with the signing of the Maritime Boundary Treaty in March 2018. A commitment to annual Foreign Ministers' talks, and the inaugural annual senior officials' meeting (October 2018) furthered the reset. A new *Development Partnership Arrangement* (presaged in the Joint Communique) provides an opportunity for us to turn the reset into a more aligned and effective partnership.

Our development program made a strong contribution to **improving livelihoods and economic development** in 2018-19. Timor-Leste maintained its position as the third-largest contributor to the *Seasonal Worker Program* (over 1,500 participants in 2018-19), with participants remitting an average AUD6,000 per work period. We helped 3,885 people increase their incomes, and a review undertaken in 2018 confirmed that our support to develop the private sector is appropriate and addresses key constraints to growth. However, we fell short of targets for number of jobs created (116 against a target of 1500), due to the budget impasse (see 'Context') which saw a pause on funding for government programs that we support. This led to an overall rating of 'partially on track' for this objective.

We delivered results that **enhanced human development** in 2018-19, leading us to assess this objective as 'on track'. Australian-funded partners provided 119,131 services such as legal aid for survivors of violence, family planning services, and support for improved nutrition and sanitation. We also supported the Timor-Leste government to sustain these services over time by building Timorese capability: 2,358 people applied improved skills including in areas such as emergency obstetric and neonatal care, improved nutrition and paramedicine. Our successful primary education program supported an additional 502 teachers to adopt methods that have been globally proven to improve learning for children. In 2018-19, this benefitted nearly 12,000 students bringing the total of students reached since 2016 to 48,000 (approximately 30 per cent coverage of public schools across Timor-Leste). Some human development investments – while delivering strong results – need to work more closely with the Timor-Leste government to ensure sustainability. We have started reforming our programs to this end, but this will take time (see Objective 2).

Our support to Timor-Leste **to strengthen governance and institutions** was assessed as 'on-track' in 2018-19. We worked closely with the office of the Prime Minister to reform Timor-Leste's budget process, including rolling out *Dalan Ba Futuru* (an online budgeting system) which enables decision-makers to consider detailed financial and performance data when making budget decisions. We also supported the first presentation of a 'Gender Budget Statement' to Parliament, and the first merit-based promotion process since the Timor-Leste's civil service started in 2002. The Australian Federal Police worked to improve the professionalism of the Timor-Leste police force and support its transition towards a community-based policing model.

While gender inequality remains a significant issue in Timor-Leste, initial findings from a 2018 evaluation by the Office of Development Effectiveness (ODE) found that **Australia's ending violence against women work is best practice and has real prospects of shifting social attitudes on violence against women and children.** But to have broad impact, it needs to be taken to scale. Finding ways to achieve this will be key going forward.

As the reporting period ended, we prepared for a series of high-level visits, including the first visit by an Australian Prime Minister in more than 10 years. These visits signalled a strengthening of bilateral relations and underscored Timor-Leste's importance to Australia. Delivering on our leaders' commitments to enhance cooperation, and exploring ways to support Timor-Leste's priorities such as south coast development, infrastructure and connectivity, will be management action in the coming year.



CONTEXT

Australia and Timor-Leste are close neighbours, with shared history, geography and democratic values. We are the largest development partner (Australian ODA is roughly 30 per cent of total ODA) and our cooperation is guided by Timor-Leste's goals and priorities as set out in its *Strategic Development Plan 2011-2030*.¹ We work with a range of partners to maximise the impact and effectiveness of our program.

A political standoff between the new government (May 2018) and opposition-aligned President continued in 2018-19, bringing political and budget impasse. A prolonged period of emergency budget measures came to an end in September 2018 when the 2018 budget was finally promulgated. However, the appointments of nine key ministers – many relevant to our development program – have not been approved by the President. This has created complex political dynamics between designated ministers and their interims, and is impeding policy and program development in some ministries. For its part, the government has yet to approve any of the President's plans for international travel. We expect that political uncertainty may be Timor-Leste's 'new normal' for the rest of this electoral cycle.

Despite this period of uncertainty, our relationships strengthened and deepened with the Timor-Leste government throughout the reporting period. The announcement towards the end of 2018 that Timor-Leste would be able to access Pacific initiatives including the *Australia Infrastructure Financing Facility for the Pacific* and the *Pacific Labour Scheme* was received by Timor-Leste with great enthusiasm, and has opened up opportunities for greater collaboration. Our efforts to work more closely with the Timor-Leste government to support its development priorities have been appreciated, and our commitment at the Timor-Leste Development Partners Meeting (the first since 2016) to work towards increasing our use of Timor-Leste's government systems was well received. Negotiations on a new *Development Partnership Arrangement* were nearly completed, and will effectively position our partnership for enhanced cooperation.

Timor-Leste continued to consolidate its impressive progress in establishing a stable, democratic nation-state. It is a significant achievement that stability was maintained throughout the reporting period despite protracted political and budget uncertainty. **But considerable challenges remain.** Timor-Leste is one of just three countries in the Indo-Pacific region considered 'severely off-track' to meet the SDGs.² Ninety-five per cent of children attend school, but the quality of the education they receive is generally poor. Maternal mortality is down by two-thirds since 2009, but stunting prevalence in children under five years is the third highest in the world. With 74 per cent of the population under 35, Timor-Leste has one of the youngest populations in the world. This, combined with widespread unemployment and a history of violence, means the re-emergence of conflict remains a long-term risk. High rates of gender-based violence and gender inequality continue to limit the full participation of women and girls in political, social and economic life.³ Climate change and the exacerbating effects of monsoonal and drought conditions present a significant threat to Timor-Leste, particularly in relation to agricultural production, food security and health outcomes.

The key policy challenge for the Timor-Leste government remains managing its petroleum revenues to develop human capital and create economic opportunities for its people. Timor-Leste has one of the most resource-dependent economies in the world, with more than 80 per cent of public spending financed from petroleum wealth. But returns from Timor-Leste's only producing oil field are declining, and on current projections the sovereign wealth fund could be depleted within the next decade. While development of onshore oil and gas processing will dominate the agenda in coming years, investing in human capital remains key to sustaining growth. Timor-Leste's private sector is small and highly dependent on government spending – particularly on infrastructure and public administration. The business enabling environment is underdeveloped and unemployment is widespread.⁴ Just 10-15 per cent of people work in the non-farming private sector and 95 per cent of agriculture is subsistence.

¹ Source: OECD Development Co-operation Directorate and Timor-Leste government Aid Transparency Portal.

² This means it is unlikely to reduce extreme poverty to below 20 per cent of its population by 2030.

³ Timor-Leste is ranked 124 out of 149 countries on the World Economic Forum's 2018 Global Gender Gap report (the lowest ranking in East Asia).

⁴ Timor-Leste is ranked 178th out of 194 countries in the World Bank's 2019 Ease of Doing Business survey.

EXPENDITURE

Australia provided an estimated AUD95.7 million in ODA to Timor-Leste in 2018-19, slightly down from AUD95.8 million in 2017-18.

Table 1 Total ODA Expenditure in FY 2018-19 (Estimated Outcome)

Objective	AUD million	% of total ODA
Objective 1 – Improved Livelihoods and Economic Development	14.6	15
Objective 2 – Enhancing Human Development	39.3	41
Objective 3 – Strengthening Governance and Institutions	19.3	20
Sub-Total Bilateral	73.2	76
Regional and Global	20.1	21
Other Government Departments ⁵	2.4	3
Total ODA Expenditure	95.7	100

PROGRESS TOWARDS AID INVESTMENT PLAN OBJECTIVES

Australia's performance against Aid Investment Plan (AIP) objectives was measured using our Performance Assessment Framework (PAF, Annex E) and annual Aid Quality Checks summarised at Annex D. All AIP objectives were assessed as either on track or partially on track in 2018-19.

Table 2 Rating of the Program's Progress towards Australia's Aid Objectives

Objective	Previous Rating	Current Rating
Objective 1 – Improved Livelihoods and Economic Development	Green	Amber
Objective 2 – Enhancing Human Development	Green	Green
Objective 3 – Strengthening Governance and Institutions	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.

OBJECTIVE 1: IMPROVED LIVELIHOODS AND ECONOMIC DEVELOPMENT (ECONOMY)



■ **Progress towards this objective is rated amber.** The budget impasse saw government programs that we support paused, especially rural infrastructure, which impacted progress against targets under this objective. Due to this impasse, the number of new jobs created through our programs was 116, significantly less than

⁵ Note that the Police Development Program Timor-Leste, implemented by the Australian Federal Police is included under the bilateral program.

our target of 1,500. However, we exceeded targets for the number of people with increased incomes. We achieved 64 per cent of our target for the number of people with work-ready skills. Good progress was made on long term policy reforms including increasing women's participation in agricultural policy-making and increased government investment in rural roads (the 2019 budget increased by 350 per cent from the last full budget delivered in 2017). There was also impressive growth in the number of Timorese women and men gaining new skills and income through labour mobility opportunities in Australia.

Economic diversification is essential for Timor-Leste's development – to create jobs, raise household income and reduce poverty. There are many challenges – the local private sector is weak with few exports and high production costs. Improving the business enabling environment to encourage investment and create new opportunities for a young, predominantly rural population is the focus of Objective 1.

In 2018, an independent review found that Australia's approach to private sector development addresses key constraints in an integrated way that is relevant to Timor-Leste's specific challenges. Our main investment targeting private sector development – the *Market Development Facility* – delivered results in agriculture and tourism, and continued to overcome barriers to private sector growth in the reporting period. However, ensuring implementation of the new policies and laws we have supported is challenging, and there is a long-way to go to address skills gaps in the private sector.

Through the *Market Development Facility*, we helped increase incomes for 3,885 people (57 per cent women and 97 per cent were farmers). Our support to develop a coffee quality control facility (cupping laboratory) to improve the value of coffee exports helped farmers capitalise on a good coffee season and increase their earnings. *Acelda* – a rice milling company in Baucau – established Timor-Leste's first rice and maize processing facility, helping substitute imports with domestic goods and establishing a consistent market for rice farmers. Farmers supplying *Acelda* increased the area they use for rice farming by an average 30 per cent, with 1,300 women and men increasing incomes as a result.

There was also some success in manufacturing – a partnership with the *Mahanaim Garment Factory* helped to establish Timor-Leste's first women led-and-run garment manufacturing facility, which launched an export-orientated fashion label in 2018 (products are available online and from a boutique store in Perth).

There were some positive results in tourism but constraints exist and overall tourism levels remain low. Our partnership with *Dive Trek & Camp* helped promote new activities and services for cruise ship tourists, and supported greater coordination of government and private service providers for cruise ship arrivals.


Our flagship agriculture program, *Farming for Prosperity (TOMAK)*, supported communities to earn more money by selling surplus produce. The private sector development review found that *TOMAK* supports farmers to improve their farming techniques in targeted agricultural value chains. During 2018, 51 Farmer Field Days (1,071 participants, 436 women) helped farmers understand improved agriculture techniques and

the benefits associated with using them. Early results show a 20-35 per cent yield increase, enhancing resilience of communities to shocks including extended droughts associated with climate change.

***TOMAK* advanced advocacy on agricultural policy and its implementation – especially to enhance women's representation, leadership and decision-making.** Advocacy related to a *TOMAK*-led gender gap assessment for agricultural extension workers has supported government policy on providing financial support for transport – a key barrier to women's employment and more equitable working conditions. While production and productivity gains have been encouraging, we need to work further in 2019-20 to address challenges in agricultural value chains.



TOMAK is supporting farmers to increase yields of four key crops – onions, red rice, mung beans and peanuts. With improved production capacity farmers are earning more money.



In 2018-19, we continued to support the *Programa Nasional Dezenvolvimentu Suku (PNDS)*, Timor-Leste's nationwide village development program. Our job creation targets associated with this program were not met in 2018-19 due to the budget impasse-related suspension of government grants under *PNDS*. However, we used this pause to support the Timor-Leste government to test whether *PNDS* could be used to deliver other infrastructure (for example, Australia provided technical assistance for 14 police houses and 26 playgrounds funded by New Zealand). We also helped our partner Ministry to measure and demonstrate the significant economic impacts of *PNDS* infrastructure which was used for budget advocacy. The approval of the 2019 budget in February 2019 saw a return to routine delivery for *PNDS* – 488 infrastructure projects will be built in the 2019 calendar year (see Objective 3 for more detail).

Support for rural roads is also a key component of improving livelihoods and economic development. In 2018-19, our support to the Timor-Leste government's *Roads for Development Program (R4D)* helped the government deliver 70 existing contracts, with a total value of AUD10.1 million, rehabilitating 23.15 kilometres and maintaining 552 kilometres of roads (more than a quarter of the rural roads network). This supported 122,518 work days (less than our target of 187,500 work days) due to the delay to the government's budget. We slightly exceeded our target of 30 per cent for women's participation in projects. Many of these women are working in paid jobs outside the home for the first time, challenging traditional views about the role of women in the workforce.

An independent review of the *R4D Support Program* in 2018 pointed to the importance of rural roads in providing access to key services and markets. The review also found that civil servants are now better able to plan, procure and manage rural road works, but we need to find ways to address long-term constraints including the lack of government funding for rural infrastructure and underinvestment in operations and maintenance. Advocacy from the Ministry of Public Works – which we supported – resulted in the first substantial allocation to rural roads (AUD28 million in the 2019 budget). All roads built under *R4D* consider potential environmental impact using guidelines developed by our program.

In 2019, we supported the Ministry of State Administration and the United Nations Development Programme (UNDP) on Timor-Leste's successful bid for financing under the Green Climate Fund. This will leverage an investment of just under AUD33 million over three to six years (starting in 2020) to climate-proof rural infrastructure, with a focus on the government's *PNDS* and municipal development programs – areas where Australia is the major donor.

There were significant gains in getting people ready for workforce and labour mobility opportunities in 2018-19. The main priorities were reaching the increased target for deployment of workers under the *Seasonal Workers Programme*, strengthening oversight by the Secretary of State for Vocational Training and Employment (SEFOPE), reintroducing undergraduate scholarships and ensuring a smooth start to Timor-Leste's participation in the *Pacific Labour Mobility Scheme*. All these priorities were achieved.

In 2018-19, we met our target of sending over 1,500 people from Timor-Leste on the *Seasonal Workers Programme*. This brings the total number of people who have worked in Australia under the program since 2012 to more than 3,500, with numbers almost doubling every year. Workers are gaining both technical skills (for example modern agricultural techniques) and soft skills (such as customer service), and in a single deployment, workers typically bring back between AUD5,000 to AUD15,000. In 2018-19, we worked closely with SEFOPE, to strengthen the 'Labour Sending Unit' to recruit and mobilise high quality workers to meet increased demand from Australian employers.

Timor-Leste also joined the *Pacific Labour Scheme* in 2018-19 presenting important labour mobility opportunities for Timorese in low to semi-skilled work. Working with SEFOPE, we fast-tracked arrangements for Timor-Leste's participation in the scheme and the first cohort of 25 workers departed in August 2019. With remittances now the largest non-oil contributor to the Timor-Leste economy (over AUD59 million in 2017), and one in five Timorese households receiving payments from overseas, support for labour mobility is one of Timor-Leste's most promising prospects for economic diversification.



In response to demand from Timor-Leste, we reintroduced undergraduate scholarships as part of the *Australia Awards Scholarships* program. These will complement our existing postgraduate awards and are targeted at the priority areas of economics, nutrition and disability. In 2018-19, 20 new scholars took up scholarships at Australian universities (40 per cent women and 15 per cent people with a disability). An alumni reintegration study in 2018 showed that 91 per cent of alumni are working and utilising their skills, 23 per cent in senior positions. Four alumni are serving as ministers or secretaries of state in the current Timor-Leste government.

We also helped develop new qualifications and delivered training to assist more Timorese to be workforce ready. Australia supported the development of a Certificate III in Hospitality, and delivered traineeships that received high levels of satisfaction from hospitality employers. We helped provide English language training for more than 200 people, and 15 new technical and vocational education trainers achieved their Certificate III in English language to become master trainers, along with 35 high school teachers. Women were well represented – constituting 90 per cent of hospitality trainers, 88 per cent of hospitality students, 53 per cent of English vocational trainers, and 31 per cent of English high school teachers.

OBJECTIVE 2: ENHANCING HUMAN DEVELOPMENT (PEOPLE)



Progress towards this objective is rated green. Australia's partners delivered 119,131 services in 2018-19 – including counselling services, legal assistance, ambulance care, skilled birth attendance, family planning services, National Youth hot-line customers, nutrition-sensitive agriculture services and mental health services for individuals and families with disabilities – a significant increase on our 2017-18 achievements of 76,000 services.⁶ We also supported the Timor-Leste government to sustain these services over time by building Timorese capability: 2,358 people applied improved skills to deliver quality services. While we had some successes in supporting farmers to improve year-round access to nutritious foods, nutrition remains a complex, multi-sectoral development issue, and we need to do better at integrating it into our work under Australia's largest single program in Timor-Leste – the Partnership for Human Development (PHD).

In 2018-19, Australian-funded partners provided 119,131 services, a significant increase on our 2017-18 target (76,578 services). Furthermore, 2,358 people (47 per cent women) applied improved skills to deliver quality services, exceeding our targets for this measure. There is evidence that investments to improve the skills of health workers are leading to better quality services. For example, paramedics trained by our programs are better managing post-partum haemorrhage cases, and we surpassed expectations in improving the quality of teaching, under the leadership of a strong, reformist Minister.

Our investments in the health sector make up the bulk of spending under PHD (51 per cent) and are focused on reproductive, maternal, and child health. This investment is paying off with an additional 400 competent health workers applying core emergency obstetric and neonatal care skills that they learned under our programs. The *Liga Inan* Program connects expectant mothers with midwives and in 2018-19 enrolled 16,024 (or 63 per cent) of pregnant women in its 12 municipalities of operation, exceeding our 50 per cent target. We also handed over management of the program to the Ministry of Health in an additional three municipalities (increasing to nine of 13 municipalities). Ten doctors completed their post-graduate training in family medicine in June 2019 (an 88 per cent pass rate), and a further 24 doctors completed their foundation year for the same course. Partnering with Marie Stopes Timor-Leste, we delivered 94,000

⁶ While we technically fell short of one of the targets set in last year's APPR (number of services provided) which was set last year at 170,000, this was set using an incorrect baseline (144,000) from 2017-18. In 2018-19, achievements far exceed those from 2017-18 against this benchmark (76,000), and all PHD sub-partners met their targets for the reporting period.

‘couple years of protection’, exceeding our target of 80,000.⁷ Our partners also provided 15,627 long-acting, reversible contraceptives in 2018-19, more than doubling our 2017-18 results (6,311).

We met or exceeded targets for improved water supply and Aileu, Bobonaro and Ainaro municipalities were declared ‘open defecation free’, following strong government commitment to this work. We provided 3,485 households, 28 schools and seven health facilities with improved water supply and our support for water governance continued, leading to improved user satisfaction with community water management groups (80 per cent satisfaction or above). In Bobonaro and Aileu municipalities, more women are taking on leadership roles in community water management committees (up to 50 per cent in 2018, from 39 per cent in December 2017). In 2018, we also worked with the sub-district of Atabae to implement the ‘hygienic initiative’ pilot. While the pilot was successful in some respects (the sub-district reached ‘hygienic status’ – with 100 per cent use of toilets, 94 per cent handwashing and 96 per cent safe disposal of child faeces), a review conducted at the end of 2018 raised concerns regarding the affordability for government, and therefore the sustainability of this approach. This review also recommended that rural water activities be integrated into Australia’s support program for PNDS program going forward, in recognition of this program’s cost-effective national reach.


We continued our close work with the Ministry of Education, Youth and Sport to implement our teacher mentoring program - *Apoiu Lideransa liuhusi Mentorja no Aprendizajen* (ALMA). Through ALMA, we work with teachers and school leaders to improve teaching practices that have been proven globally to improve children’s learning. The Timor-Leste government feels strong ownership of the program and is driven by a strong, reform-minded Minister with whom we are jointly planning and funding the program – the Ministry has committed to training its own mentors (with some delays). ALMA was rolled out to a new municipality (Lautem) in the reporting period, reaching an additional 81 schools and in 2018 alone reached 108 school leaders, 542 teachers and close to 12,000 students. The Australian Council for Educational Research, supported by ODE, found positive changes in teaching practices, early indications of improved student engagement, and some improvements to learning outcomes.



A midwife visiting a mother and baby that she was able to save with skills and confidence attained during Health Alliance International’s Learning Laboratory’s session on Essential Newborn Care

Australia is the main donor for disability inclusion in Timor-Leste. In 2018-19, we supported action to ensure government services are implemented in a way that is inclusive of people with disability. We supported the government to train 20 trainers and 80 teachers on inclusive education to support teachers across the education system. Marie Stopes Timor-Leste made sexual and reproductive health services more accessible to women with a disability and we supported the Ministry of Health and Ministry of Social Solidarity and Inclusion to reform the assessment process for Timor-Leste’s disability subsidy to capture more eligible people. We assisted the Ministry of Social Solidarity and Inclusion to begin development of a new National Action Plan for disability inclusion. There has been a significant show of support for disability inclusive development from the government with disability-related events regularly attracting minister-level attendance. However, the sector remains heavily reliant on funding sourced through the Disability Inclusive Development Fund which winds up at the end of the 2019-20 financial year. Maintaining strong results on disability inclusive development in the absence of a dedicated funding stream will be an issue for close attention in 2019-20. An independent review of the quality and impact of the disability-specific activities

⁷ ‘Couple years of protection’ is the contraception needed for a couple to prevent pregnancy for one year.



managed by PHD since 2016 was completed in June 2019. Results have provided a guide for allocation of funding through PHD in 2019-20, including Australia's support for Disabled People's Organisations.

We achieved some successes through TOMAK in supporting rural families' access to nutritious food all year round. We also worked with government to develop a national nutrition-sensitive agriculture curriculum for extension workers, which has been adopted by the Ministry of Agriculture and Fisheries and the Ministry of Health and endorsed by the government's cross-ministerial council on food security, sovereignty and nutrition. Over 90 TOMAK-trained government extension workers began integrating nutrition into their outreach with farmers. There are early indications households are translating improved knowledge and skills into action, with 50 of 200 farmers in one area expanding their production of nutritious foods, selling half and keeping the rest for consumption and to plant next season.

These successes are contrasted with challenges to how we address nutrition under PHD. In 2018, we shifted our focus from a standalone pillar of work in PHD to integration across sector programs in line with findings of the 2017 Nutrition Sector Review. However, key recommendations (such as geographic convergence of nutrition-sensitive activities) have yet to be implemented. We will address this important issue in the coming months through the PHD design update (see below).

Despite performing well against current targets, PHD (the main program contributing to this objective) faces challenges. High-performing NGOs have delivered results that have enabled transformational change (for example, helping nearly halve Timor-Leste's fertility rate since 2003) but some activities have worked in parallel with government systems, rather than with or through them. This impedes the long-term sustainability of our investments and undermines government support for our work. For example, 10 graduates of Masters of Medicines in Paediatrics – trained under a program that we support – have not been accredited to work in Timor-Leste's health system, and are therefore not being recognised for their additional skills, or paid accordingly. We have paused this work at the request of Timor-Leste's Ministry of Health, and will consider the viability of this program component as we work closely with the government to develop the next phase of our health program.

In October 2018 we commenced a process to update the strategy underpinning PHD, to narrow its scope and purposely bring the program closer to government, particularly in the health sector, where our current arrangements with grant partners are due to complete in June 2020. We undertook detailed analysis of program performance and opportunities in social protection, water and sanitation, education and disability inclusive development during this reporting period. With strong and positive early engagement from government, this will become one of three key pillars for PHD (along with health and education).

Service levels increased for women and children who experience violence and we reached more clients in 2018-19. Through *Nabilan* – our flagship program supporting ending violence against women and children in Timor-Leste – our partners helped more women and children and exceeded our client and service targets. 1,731 women and girls experiencing violence accessed these services in the reporting period (up from 1,218 women and girls in 2017-18). *Nabilan* partners provided 9,844 essential services (such as legal aid, shelter, counselling, medical forensic protocol, skills training) to survivors of violence, up from 8,183 in 2017-18. 108 frontline service workers received accredited training in social services, counselling and medical forensic examinations, improving the quality of care for clients. However, we need to better support people, especially those in rural areas, to know about available services and be able to access them.

An ODE evaluation in 2018 found that Australia's approach to preventing gender-based violence is best practice and has real prospects of shifting social attitudes around violence against women and children. However, the budget impasse meant that it was not possible to secure increased government funding for services to end violence against women and children during the reporting period, and the government's lack of recognition of gender-based violence as a public health issue shows that we have a long way to go. Recent cuts to the government budget for services in the sector shows that Australia's funding may be displacing the Timor-Leste government's funding, especially for services.

However, some Australian-supported civil society organisations advocated effectively for the rights of survivors of violence under Timorese law. One of our civil society partners brought the case of a woman convicted of murdering her violent husband before the UN's Committee on Elimination of Discrimination Against Women – the first time a Timorese citizen has brought a case. The woman had been sentenced to 15 years imprisonment, despite acting in self-defence against her husband's attack. The Committee found that Timor-Leste had failed to discharge its duties under the *Convention on the Elimination of all Forms of Discrimination Against Women* and she has been released from prison and reunited with her son. We are now exploring how to use this experience to strengthen the government's broader response to these issues.

OBJECTIVE 3: STRENGTHENING GOVERNANCE AND INSTITUTIONS (SOCIETY)




Progress against this objective is rated green. While key programs were hampered by political uncertainty and the budget impasse, we continued our work to build stronger and more effective systems and met our target of the number of people contributing to community-level decision-making. We made an important contribution to better decision-making and evidence-based policy, including greater use of gender responsive budgeting and planning. Unfortunately, we made limited progress on improved governance at the sub-national level, again, due to the fact that our key programs were constrained by the budget impasse and continued uncertainty about the model and pace of decentralisation reforms.

As the key driver of development and the economy, how the government allocates and manages its resources really matters in Timor-Leste. Government spending flows to households via services, infrastructure, social transfers, and directly through employment via the civil service and government procurement. The secondary effects of government spending create further employment in sectors such as retail, wholesale and construction. The commitment of consecutive governments to decentralise greater powers to municipal governments, although stalled, presents both opportunities and risks. In the next reporting period, we will design our new program of support for village development and municipal strengthening, targeted towards decentralised service delivery.

Australia has been supporting the Timor-Leste government to implement its Budgetary Governance Roadmap since it was approved by the Council of Ministers in 2017. It outlines the Timor-Leste government's public financial management reform plan for the next five to seven years and seeks to deliver sustainable spending, improved use of resources and increased budget transparency. While the Timor-Leste government has increasingly strengthened its capability, the performance of its civil service and the delivery of public services remain weak. The Budgetary Governance Roadmap includes a broad range of measures that the Timor-Leste government has agreed to implement to strengthen the budget processes and central systems most crucial for service delivery.

Our major program working on governance and institutions in Timor-Leste is the *Governance for Development (GfD) program*. This program is tracking well in two of its three focus areas of reform (public financial management and public administration). However, the recent protracted political uncertainty has slowed momentum for implementation of key policies in the third area (economic development). In particular, the absence of a permanent Coordinating Minister for Economic Affairs throughout the reporting period narrowed opportunities for GfD to support the Timor-Leste government to update or implement any policies or regulations to support economic diversification. In response, GfD focused its economic development support on strengthening the business regulatory environment, increasing access to financial services, and strengthening safety and security in the aviation sector.

In 2018-19, GfD maintained momentum in the implementation of key reforms to the budget process. Through GfD, we supported the Timor-Leste government to implement program budgeting, and other elements of



the government's Budgetary Governance Roadmap – including strengthening monitoring and evaluation systems and establishing policies to underpin a Medium-Term Expenditure Framework. An additional 31 government agencies transitioned to program budgeting in 2018, resulting in a total of 56 entities using this system. For the first time, line ministries were supported to prepare their own annual action plans and budgets and present budgets linked to these plans to the Budget Review Committee (rather than Ministry of Finance presenting the entire budget).

There is early evidence of increased budget allocations to agencies using program budgeting, however, it is not yet known whether this will result in better quality expenditure. The roll-out of *Dalan Ba Futuru* (online budgeting system) across government was another important systems change in 2018. This enabled decision-makers, and civil servants across government, to analyse detailed financial and performance data when making budget decisions, and to monitor implementation through a dashboard system.


In 2018, for the first time the Timor-Leste government's annual report included analysis of expenditure on gender equality, and a specific 'Gender Budget Statement' was presented to Parliament. With our support, the government was able to reflect gender policies and indicators in programs and activities of all Timor-Leste government entities in 2018, and in 2019 annual action plans and budgets. We supported the Timor-Leste Budget Review Committee to increase its knowledge of gender-responsive planning and budgeting, supported advocacy for increased allocations for gender programs, and ensured the *Dalan Ba Futuru* system measured budget allocation for gender equality. However, more work needs to be done to determine whether actual allocations are resulting in positive outcomes for women and girls.

In 2018-19, significant gains were made to strengthen public administration. We supported the introduction of integrated workforce management across government, and policies were drafted and approved on merit-based selection, supplementary remuneration for remote workers and performance evaluation. The Civil Service Commission held the first ever merit-based promotion process since the creation of the civil service in 2002. It was open to approximately 10,000 candidates, with 10 per cent of applicants expected to be promoted. The process will now become a routine annual priority of the Commission. The introduction of merit-based promotion, together with reforms to performance management, is expected to contribute to improved performance for the civil service.

An important new Information and Communications Technology (ICT) interface was established between the Timor-Leste government payroll and human resources systems, to reduce errors in salary payments. An ICT adviser supported the development of an interface between the Civil Service Commission's personnel information management system and the Ministry of Finance's payroll system. This is designed to improve data quality and reduce 'ghost workers' and the double payment of salaries. We expect this interface will be operationalised before the end of 2019.

GfD is also enabling more stakeholders to influence public policy and is providing government with analysis from diverse sources including civil society groups. This included the annual Tatoli! Public Opinion Poll conducted by The Asia Foundation, and a report setting out recommendations for legal reforms to improve the business enabling environment (for example, on contract enforcement and property rights). Through GfD we also supported the Civil Service Commission to hold a National Seminar on People with Disability in Timor-Leste's public administration which resulted in the Civil Service Commission engaging Disabled People's Organisations in workforce planning for the first time.

Throughout the reporting period, we continued to provide economic data, evidence and analysis to key members of the new government. This helped underpin ongoing support for important reforms commenced under previous governments (including laws on secured transactions, mediation and arbitration), albeit with delays. Australian technical assistance played an important role in helping the Ministry for Law Reform and Parliamentary Affairs scale-up and take on interim responsibility for economic policy coordination across government. We are now working with this Ministry to consolidate and harmonise laws to strengthen the business regulatory framework and the operation of Timor-Leste's financial sector.



Progress was made on laws and policies to strengthen safety and security in the aviation sector in 2018-19, crucial to ensure more regular flights from Timor-Leste to promote business development and tourism.

This was primarily through our support for the new independent aviation regulator (established in early 2019). We assisted the regulator to implement the National Aviation Policy and to comply with International Civil Aviation Organisation regulations.

In 2018-19, the Australian Federal Police (AFP) continued our support to the *Policia Nacional de Timor-Leste* (PNTL) to professionalise the Timor-Leste police force and support it to respond effectively to community needs. A key achievement was the development of a human rights-focused officer safety course with international partners including New Zealand Police and the United Nations. More than 40 PNTL members undertook a Certificate IV in Workplace Training and Assessment, followed by further training to become instructors. The PNTL now have certified trainers and an approved curriculum to deliver to all PNTL members. This training has helped improve the professionalism of the PNTL and supported its transition towards a community-based policing model.

In May 2019, the PNTL Vulnerable Persons Unit delivered its first family and gender-based violence prevention program to approximately 700 secondary school students (50 per cent female). The Program was developed in partnership with the AFP and focuses on the laws and impacts of gender-based violence in Timor-Leste, sexual consent and safe use of social media. It was broadcast live on television and Facebook and the Minister for Education expressed her interest in rolling the program out to secondary schools.

We continued to support sub-national governance and community engagement through our partnership with *PNDS*. *PNDS* reaches every village in the country with grants of up to AUD74,000 per year. We provide technical assistance to the Timor-Leste government to implement *PNDS* – both at the national secretariat level within the Ministry of State Administration, and in the field in a range of areas including gender and social inclusion, ICT, monitoring and evaluation, engineering and finance.

While *PNDS* may not have delivered as many infrastructure projects as planned in 2018-19, studies undertaken in this period show the program delivers quality infrastructure. A 2018 operations and maintenance survey of 970 projects found that overall *PNDS* infrastructure remained in good condition with an average score of 83 per cent (100 per cent is perfect; zero per cent is a failure). An economic impact study surveyed 145 projects and found economic rates of return (with conservative assumptions) of 25 per cent for roads and bridges, 36 per cent for irrigation and 66 per cent for water projects. This exceeds the international benchmark of 12 per cent for sound public investments.

PNDS is an important platform for communities to engage with government in making decisions about development priorities, and it is this engagement that underpins the program's success. In 2018-19, 4,703 people participated in decision-making about infrastructure priorities (slightly under target of 5,000). The program is on track to meet its target of 40 per cent female participation rate in *PNDS* activities. *PNDS* water projects were found to be better maintained than others due to stronger community ownership and accountability. There are, however, risks that the program could collapse under the burden of its own success. Early indications are that 2020 may be the first time the government has budgeted the full AUD34 million required to implement a project in every village, and the government is now exploring how to use the *PNDS* mechanism to deliver on a range of other infrastructure priorities including health clinics and schools. This will prove challenging for the *PNDS* Secretariat and could erode the community ownership that is central to the success of the program. We will look at how to manage this challenge as we design a new phase of the program in 2019-20.

MUTUAL OBLIGATIONS

Both governments are committed to work in partnership to achieve development priorities in Timor-Leste's Strategic Development Plan (2011-30). Mutual obligations will be refreshed through the new *Development Partnership Arrangement*, which is anticipated to be agreed in 2019-20, and through the preparation of a new *Aid Investment Plan* for 2019 to 2024 (currently under development).



In line with Australia and Timor-Leste's commitments under the New Deal for Engagement in Fragile States, in 2018-19 we worked to strengthen and support Timor-Leste's government systems, especially for *PND* and *R4D*. In both programs, the Timor-Leste government provides the capital funding that pays for construction, as well as people to run the program. Australia supports Timor-Leste get better results from its spending, by assisting with planning and policy, professional development, and implementation of programs. The mutual obligations that underpin these investments ensure Timor-Leste delivers high quality rural infrastructure, while achieving value for money and impact for Australian development funding.

Our commitment to strengthening Timor-Leste's systems was reaffirmed at the 2019 Timor-Leste Development Partners Meeting where Timor-Leste clarified its preference for direct budget support.

We agreed to explore this as one of a range of modalities, subject to a thorough fiduciary risk assessment. Timor-Leste will need to put all necessary measures in place to ensure that Australian taxpayers' funds are spent well and transparently accounted for before we can pursue this option. As part of this effort, in 2018-19 we continued to help strengthen Timor-Leste's public financial management systems, helping improve the effectiveness and efficiency of planning, budgeting and reporting across government.

PROGRAM QUALITY AND PARTNER PERFORMANCE


Overview

In 2018, the Timor-Leste program finalised its Performance Assessment Framework (PAF, Annex E). The PAF sets out three strategic themes that underpin Australia's assistance and connect with the Aid Investment Plan (AIP) – economy, people and society – and nine outcomes that show our progress, measured against 19 performance indicators. An ODE assessment of our PAF found that it was overly complex, and did not result in the telling of a clear performance story. We have therefore used the PAF, combined with program-level reporting to tell our performance story in 2018-19. In 2019-20, we will develop a new, simplified, PAF to measure results against our new AIP.

An Aid Health Check conducted by DFAT Canberra in December 2018 found that the Timor-Leste development program is high performing. Despite the difficult political context of Timor-Leste, the team is strategically adapting the program to the context, focusing on core relationships, and engaging in policy dialogue. However, the absence of an overall framework for joint decision-making between the two governments remains a constraint in engaging the Timor-Leste government on the prioritisation of the program at the country level. The review also emphasised the need to focus on the efficiency and effectiveness of new program delivery modalities (such as *PHD* and *M&E House*), and to ensure proportional investment in delivering results on cross-cutting issues (such as gender, disability and innovation). While we have a strong focus on M&E, public diplomacy and cross-cutting issues, ensuring we are focused on key emerging risks will require some reprioritisation.

We continued to utilise *M&E House* to support monitoring and evaluation (M&E) across the development program. *M&E House* provides technical and advisory services to DFAT and implementing partners to collect and use credible information to improve the development program and tell a clear results story. *M&E House* has improved the quality of implementing partners' M&E systems, Aid Quality Checks and strategic reviews, however, effective support to other whole-of-program M&E has been more limited. Given our resource constrained operating environment, we will review our approach to M&E in line with recommendations of the Aid Health Check. This will include an assessment of the *M&E House* model and whether it is meeting our performance and quality needs.

Three reviews were conducted in 2018-19 to help assure the effectiveness and efficiency of our programs. The independent mid-term review of the *R4D Support Program* assessed progress as well as compliance with staffing and financial commitments outlined in the Subsidiary Arrangement between the Australian government and the Timor-Leste government. The overall positive review findings informed DFAT's decision to continue with the second two-year period of the program. As noted above, Australia's support for private sector development was also assessed. It found that even though progress has been slow, and that



Timor-Leste government rhetoric is not necessarily matched with action, the combination of investments promoting economic diversification are appropriate. An independent review of the disability specific work managed by PHD since 2016 found that this work had contributed to progress in improving knowledge of the rights of people with disabilities. Based on this review, we will continue our current level of funding for disability inclusive development, including supporting Timorese Disabled People's Organisations.

Australia's work in the complex space of ending violence against women was commended through an ODE evaluation, which highlighted progress in the delivery of services and best practice prevention work. The evaluation emphasised the importance of scaling-up prevention work.

A forward evaluation pipeline is outlined in Annex C.

Aid Quality Checks (AQC's)

The program conducted AQC's on nine current investments (summarised in Annex D) and used the annual process to reflect on the performance of investments greater than AUD3 million. An officer from ODE moderated all AQC's to ensure consistent and objective assessment of performance. No investments were rated as an 'Investment Requiring Improvement' in 2018-19.

All investments received a rating of '4' or above for effectiveness. However, *R4D-Support Program*, *PND-Support Program*, *PHD* and *GfD* all decreased from good (5 rating) to adequate (4 rating) in 2019 reflecting the difficult operating environment in 2018-19. These scores would be expected to improve in 2020 as the budget impasse has resolved.

The efficiency of investments remained stable with all but one investment rated '4' or above. *PND-Support Program* decreased from good (5 rating) to adequate (4 rating) and *PHD* from adequate (4 rating) to less than adequate (3 rating) given that it has yet to deliver the efficiencies hoped for from a large, multi-sectoral facility. We will engage with the ODE review of facilities to look at how to improve the efficiency of *PHD* (drawing on experience in other bilateral programs), updated the program strategy and will undertake a functional review to follow to determine an appropriate staffing profile to deliver the new strategy.

The Timor-Leste program maintained its 100 per cent satisfactory rating on gender. *PND-Support Program* decreased from good (5 rating) to adequate (4 rating) and *GfD* improved from adequate (4 rating) to good (5 rating). Our biannual cross-program gender forum was an effective mechanism for cross-program learning and coordination.

Performance of key delivery partners

In 2018-19, Australia delivered the majority of its aid through private sector partners (61 per cent). The remaining budget was delivered through NGOs (15 per cent), direct pipeline payment (9 per cent), other government departments (8 per cent⁸), multilateral organisations (5 per cent) and whole-of-program costs (2 per cent).

In 2018-19, eight Partner Performance Assessments (PPAs) were completed to assess the performance of delivery partners for agreements valued over AUD3 million. No partner was rated as less than adequate on any category, reflecting strong working relationships across our six commercial suppliers, one NGO and one multilateral organisation; problems are communicated early and solved in a collaborative manner.

⁸ Including the Australian Federal Police.

RISKS

Strengthening of the bilateral relationship, with the agreement of the Maritime Boundaries Treaty in March 2018 and its entry into force in August 2019, is the main contributor to our changing risk profile.

Table 3: Management of Key Risks to Achieving Objectives

Key risks (emerging and ongoing)	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?	Provide a Risk Rating (low, medium, high, very high)	Are these same risks as in Post's Risk Register (Yes/No)*
Requests to do more (resulting from improving bilateral relationship) puts pressures on our ability to deliver our commitments	N/A	Signing and implementing our <i>Development Partnership Arrangement</i> will provide a way to discuss new requests and decide priorities with Timor-Leste government in a way which enhances trust in the relationship. We will work with relevant Australian agencies to dedicate resources to deliver the Prime Minister's commitment to enhanced cooperation. We will be realistic and proactive about improving Post's capability to deliver enhanced engagement.	Medium	Yes
Political and bureaucratic uncertainty continues to affect program implementation	Close engagement with counterpart ministries. Where appropriate, we responded to new priorities and provided technical assistance.	Risk remains in 2019-20. Work to understand the government's priorities. Proactive engagement with government officials across the Timor-Leste government.	High	Yes
Timor-Leste government expenditure constraints undermine social and economic development	Proactive engagement with Timor-Leste government and 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 2018-19.	Expenditure constraints are likely to continue and approval of Timor-Leste government's programs and budgets may be affected. Continue to advocate to the government on fiscal sustainability and budget commitments for service delivery, human development, and economic diversification, and financing options for infrastructure. The <i>GfD</i> program will continue to support public financial management reforms to strengthen the link between planning and budget allocation decisions. We will develop a Post budget advocacy strategy.	High	Yes
Program unable to meet all requirements in the Timor-Leste government's Foreign Aid Policy 2019	Increased engagement with the Development Partners Management Unit (DPMU) of the Ministry of Finance.	Update Assessment of National Systems by June 2020. Work with DPMU to manage expectations on DFAT's constraints for working in country systems. Consider what additional resourcing/skills required for considering greater use of country systems.	Medium	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 impacts of climate change erode development gains	A climate assessment of the Timor-Leste aid program was undertaken	Climate change impacts will inform new investment planning and will be factored in to existing investments where possible	Medium	Yes



MANAGEMENT ACTIONS

In 2018-19, all management actions were fully achieved or are on track to be achieved (see Annex A).

Our priority for the Timor-Leste aid program over the coming 12 months is to capitalise on improvements in the bilateral relationship to deliver our leaders' commitments to enhance cooperation. A series of high-level visits through August and September (Prime Minister, Foreign Minister, Minister for Defence, and Minister for Veterans and Defence Personnel along with several senior officials) underscored Timor-Leste's importance to Australia and resulted in several Prime Ministerial commitments, including funding to design a submarine internet cable for possible future Australian financing and enhancing our cooperation on infrastructure. We will also be exploring ways to support Timor-Leste's priorities in infrastructure and connectivity including in relation to south coast development. The signing of a new *Development Partnership Arrangement* would commit us to annual dialogue to manage emerging priorities and align our program with Timor-Leste's Foreign Aid Policy 2019.

Delivering commitments to enhance cooperation will require a whole-of-government effort and consistent high-level engagement from many Australian government portfolios. Timor-Leste's access to Pacific Step-Up and ASEAN initiatives will be key. The Australian Embassy in Timor-Leste and DFAT Timor-Leste Section will:

- Support Foreign Ministers to jointly sign the new *Development Partnership Arrangement* before the end of the first quarter of 2020, and hold the first annual dialogue in 2020
- Demonstrate our alignment to the Timor-Leste government's Foreign Aid Policy 2019 and preference for increasing use of government systems by updating our Assessment of National Systems by June 2020
- Continue to work with partners across the Australian government to support enhanced engagement with Timor-Leste, and to enhance Timor-Leste's access to Pacific Step-Up and ASEAN initiatives
- Capitalise on high-level visits by political leaders and senior officials to enhance cooperation and increase exposure to the aid program for both Timor-Leste and Australian leaders
- Proactively identify and creatively source the skills we need to effectively deliver an increasingly complex and strategic program, particularly in areas such as infrastructure development and financing

Throughout 2019-20, we will also improve the effectiveness and efficiency of the development program to further address the recommendations of recent reviews. The Australian Embassy in Timor-Leste will:

- Refresh our approach to monitoring and evaluation across the aid program including assessing the appropriateness of the *M&E House* model. We will develop a simplified PAF to measure performance against our new AIP and consider more regular technical assessment of the quality of our development programs (eg. Technical Assessment Groups).
- Use the AIP process and several new program designs to better address critical issues for Timor-Leste's development and policy priorities for Australia
 - Designs for *PND-Support Program* and *R4D-Support Program* will closely consider climate change impacts on rural infrastructure
 - Our new health program under *PHD* will better address nutrition outcomes including through integrating nutrition efforts with other programs
 - We will plan for the end of the Disability Inclusive Development Fund to maintain our strong results on disability inclusive development, and continue to pay close management attention to gender equality to incentivise ongoing high performance in this area
- Develop a whole-of-program budget engagement strategy, which identifies the key points in Timor-Leste's budget cycle for advocacy, and prioritises and unifies our messages on budget allocations. This will increase our prospects of supporting Timor-Leste to allocate funds to address its critical development challenges.

ANNEX A – PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management responses identified in 2017-18 APPR	Rating	Progress made in 2018-19
Agree a new development Memorandum of Understanding (MOU) with Timor-Leste as part of the newly established Senior Officials Meetings. This will be an opportunity for both governments to refresh mutual obligations.	Partly achieved	Australia and Timor-Leste already have in place an MOU on development cooperation. Given the commitment of our Foreign Ministers in the July 2018 Joint Communique to develop a new <i>Development Partnership Arrangement</i> rather than an MOU (which is considered to have a stronger legal status in Timor-Leste), a draft <i>Arrangement</i> has been cleared at working level by both governments. It will require approval by Timor-Leste's Cabinet and Australia's Foreign Minister. We hope to have it signed by early 2020.
Prepare a new AIP, which will be informed by economic and political analyses and a climate change risk and vulnerabilities assessment. In developing the new AIP we will engage closely with the Timor-Leste government to ensure development priorities and approaches to delivery are agreed	Partly achieved	Economic, political and climate change assessments have been undertaken along with other development contextual analyses. Following the Australian election, an administrative extension was granted for the AIP.
Undertake a health check of the program to review efficiency, management and governance arrangements	Achieved	Completed in December 2019.
Sharpen our focus on improving nutrition as a cross-cutting objective	Partly Achieved	<i>TOMAK</i> delivered some strong results on nutrition in the reporting period, but work remains to be done in the broader human development portfolio. The <i>PHD</i> design update committed to integrating nutrition into sector engagements in health, education and social protection, with the health sub-design being particularly important to ensuring this takes place (we have secured nutrition expertise for this exercise). We will consider this issue carefully in the next AIP and will include nutrition indicators in the new PAF to ensure that our performance on this issue is tracked consistently throughout the AIP period.
Improve the following 'amber' outcomes, including by managing the impact of any continued political or policy uncertainty on programs: <ul style="list-style-type: none"> · increase rural incomes · more people participate in decision-making · improved governance at sub-national levels. 	Achieved	While we fell short of our targets on these outcomes again in 2018-19, our management of the political and policy uncertainty related to these programs was strong. In the case of <i>PND\$-Support Program</i> , we focussed on generating evidence, delivery of New Zealand-funded infrastructure and budget advocacy. When the budget impasse was resolved, funding began to flow to <i>PND\$</i> and <i>R4D</i> almost immediately, and some results were delivered in the reporting period. Our strong budget advocacy at all levels of government throughout the reporting period saw both programs receive a sizable budget in 2019, and government funding for both programs looks set to increase in 2020.

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 2018-19

Aid objective	Performance Benchmark	Rating	Progress in 2018-19
Objective 1 – Improved Livelihoods and Economic Development	1,500 new jobs created	Not Achieved	116 new jobs were created in 2018-19. This resulted from Timor-Leste government budget impasse, which reduced labour opportunities through Timor-Leste government programs such as the national village development program (<i>PNDS</i>) and roads rehabilitation through Roads for Development (<i>R4D</i>). Australia provides technical support to these programs to strengthen infrastructure investments. <i>R4D-Support Program</i> reported only 98 new jobs against a target of 900. Overall, women comprised 29% of new jobs created. This figure does not include the 1,500 job opportunities delivered through the <i>Seasonal Workers Programme</i> .
	4,900 people with increased income	Achieved	5,352 people (49 per cent women) increased their incomes in 2018-19. Of these, <i>MDF</i> reported that 3,885 people increased their incomes (57% women) and <i>WDPTL</i> reported a total of 1,567 seasonal workers (28% women).
	3,500 people with work-ready skills	Partly Achieved	2,240 people (39 per cent women) developed work-ready skills in the 2018-19. Under <i>WDPTL</i> 20 people completed an Australia Awards Scholarship degree and 190 workers completed training for the <i>Seasonal Workers Programme</i> . <i>PHD</i> supported 126 people who graduated with a Bachelor of Teaching, which is considerably higher than the 48 people targeted. <i>R4D-Support Program</i> also provided training for 63 public officials. The main contributor to results for this period is <i>PNDS-Support Program</i> , which trained 1097 community management team members and who engaged 744 community members in <i>PNDS-Support Program</i> initiated training. This represents a small increase on the previous 2017-18 period. However, due in part to the budget impasse, <i>PNDS-Support-Program</i> fell short of their original target for this period (3,212) which consequently resulted in this benchmark not being fully achieved.
Objective 2 – Enhancing Human Development	1,700 people who use improved skills to deliver better quality services	Achieved	2,358 people (47 per cent women) applied improved skills to deliver better quality services in 2018-19. This includes health professionals, teachers, water, sanitation and health service providers, people in agriculture sector and hospitality workers. Nearly all implementing partners exceeded their target for this period.
	170,000 services provided	Partly Achieved	119,131 services were provided to people in 2018-19 (91 per cent women – 45 per cent of data was sex-disaggregated), a significant increase on 2017-18 (76,578 services). This included counselling services, legal assistance, ambulance care, skilled birth attendance, family planning services, National Youth hot-line customers, nutrition-sensitive agriculture services and mental health services for individuals and families with disabilities. The performance benchmark of 170,000 services provided was not fully met, however, this target was set using incorrect achievement data from 2017-18 (achievement data since corrected). All program level targets were met by implementing partners and partners reported higher results than in the previous reporting period.
	1,042 women and girls who experience violence accessing essential services	Achieved	1,731 women and girls experiencing violence accessed essential services in 2018-19 (each client may access several services). This represents an increase on 1,218 women and girls accessing services in the 2017-18 period. 9,844 essential services to survivors of violence were provided through <i>Nabilan</i> partners in 2018-19, an increase on 2017-18 levels (8,183 ¹) and above the 8,700 target. This included emergency and long-term shelter, medical treatment and legal assistance.

¹ The 2017-18 APPR notes 8,243 services provided. This was later revised to 8,183.

Aid objective	Performance Benchmark	Rating	Progress in 2018-19
Objective 3 – Strengthening Governance and Institutions	No benchmarks set	N/A	<i>Note: performance benchmarks for 2018-19 were not developed for qualitative indicators in the previous reporting period. A methodology for qualitative targets using Stories for Significant Change has been developed and will be used for performance benchmark reporting against Objective 3 for the 2019-20 reporting period (see below).</i>

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 2019-20

Aid Objective	Performance Benchmark	2018-19	2019-20
Objective 1 – Improved Livelihoods and Economic Development	Number of new jobs created	1,500	8,100
	Number of people with increased income	4,900	8,600
	Number of people with work-ready skills	3,500	3,100
Objective 2 – Enhancing Human Development	Number of people who use improved skills to deliver better quality services	1,700	2,200
	Number of services provided	170,000	100,000
	Number of women and girls who experience violence accessing essential services	1,042	1,000
Objective 3 – Strengthening Governance and Institutions	Instances of inclusive policy development	-	Verified SSC: Relevant NGOs are engaged with central government policy
	Number of people who contributed to community level decision-making	-	13,300
	Instances of improved policy and implementation	-	Verified SSC: A minimum of 10 service delivery institutions use the gender marker appropriately and include measurable targets in their annual plans
	Instance of evidence available for decision-making	-	Verified SSC: Increased timeliness of the release of GDP estimates in line with IMF timeliness guidelines

ANNEX C – EVALUATION PLANNING

LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INK211 Roads for Development – R4D	Mid-Term Review – Roads for Development – Support Program	December 2018	March 2019	March 2019	Yes
Cross-Program	Review of Australian Assistance to Private Sector Development in Timor-Leste	December 2018	January 2019	January 2019	Yes

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
Governance for Development Mid-Term Review	INL073- Governance for Development	May 2019	December 2019	To inform new programming, demonstrate results/outcomes and examine value-for-money.	DFAT-led
Farming for Prosperity (TOMAK) Independent Evaluation	INL676 – TOMAK – Farming for Prosperity	August 2019	June 2020	To inform new programming and demonstrate results/outcomes.	DFAT-led
Nabilan Independent Evaluation	INK815 – Ending Violence Against Women in Timor-Leste	April 2020	June 2020	To inform new programming and demonstrate results/outcomes.	DFAT-led

ANNEX D – AID QUALITY CHECK RATINGS

Investment name	Approved budget and duration	Year on Year	Effectiveness	Efficiency	Gender equality	Relevance	Sustainability	Monitoring and Evaluation
INK211 – Roads for Development – <i>R4D</i>	\$62m 2012-21	2019 AQC	4	4	5	-	-	-
		2018 AQC	5	4	5	5	4	4
INL676 – Farming for Prosperity – <i>TOMAK</i>	\$25m 2016-21	2019 AQC	5	5	5	-	-	-
		2018 AQC	5	5	5	6	4	4
INL910 – Partnership for Human Development – <i>PHD</i>	\$120m 2016-21	2019 AQC	4	3	4	-	-	-
		2018 AQC	5	4	4	5	5	4
INK784 – National Program for Village Development <i>PNDS</i> – Support Program	\$49.5m 2014-21	2019 AQC	4	4	4	-	-	-
		2018 AQC	5	5	5	5	5	5
INK815 – Ending Violence Against Women – <i>Nabilan</i>	\$32m 2014-22	2019 AQC	5	5	6	-	-	-
		2018 AQC	5	5	6	6	5	5
INL073 – Governance for Development – <i>GfD</i>	\$46.4m 2014-21	2019 AQC	4	5	5	-	-	-
		2018 AQC	5	5	4	5	4	5
INL092 – Workforce Development Program – <i>WDPTL</i>	\$17m 2014-20	2019 AQC	5	4	5	-	-	-
		2018 AQC	5	4	5	5	4	5
INL911 – Monitoring and Evaluation House – <i>Buka Hatene</i>	\$9.5m 2016-21	2019 AQC	5	4	4	-	-	-
		2018 AQC	5	4	4	5	4	6
INL113 – Market Development Facility – <i>MDF</i>	\$16.3m 2013-22	2019 AQC	4	5	4	-	-	-
		2018 AQC	4	5	4	5	4	4

Definitions of rating scale: Satisfactory (4, 5 and 6) ■ 6 = Very good; satisfies criteria in all areas. ■ 5 = Good; satisfies criteria in almost all areas. ■ 4 = Adequate; on balance, satisfies criteria; does not fail in any major area. Less than satisfactory (1, 2 and 3) ■ 3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area. ■ 2 = Poor; does not satisfy criteria in major areas. ■ 1 = Very poor; does not satisfy criteria in many major area.

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

The current PAF was implemented in 2017-18 and describes nine development outcomes against three development objectives. Twenty-one indicators measure progress – 10 quantitative (numerical) and 11 qualitative (narrative). For qualitative indicators, programs develop **Stories of Significant Change (SSC)** for instances of achievement against a pre-determined indicator, drawing on multiple sources of evidence which are then verified by a peer review panel. They are then attributed a Highly Significant, Significant, or Not Significant rating. These SSCs are reported throughout the APPR.

Indicator	Result 2017-18 ¹⁰	Target 2018-19	Result 2018-19	Target 2019-20	Contributing Investment
<i>Objective 1 – Improved Livelihoods and Economic Development (Economy)</i>					
<i>Outcome E1: More jobs and a stronger private sector</i>					
1. Number of new jobs created	2,386 (29% women)	1,500	Not achieved: 116 (29% women)	8,100	MDF, PNDS-SP, R4D-SP
2. Instances of strengthened local business	Assisting development of Timor-Leste's first rice brand (Achieved)	Assisting an innovative business improvement productivity so farmer and staff earn additional income	Achieved	Verified SSC: Talho Moris sourcing of local beef has improved as a result of program support	MDF
	Cultivating Better Practices and Productivity for Baucau Farm Labourers (Achieved)	Setting up coffee quality control and management system	Achieved	-	MDF
	Transforming a women's cooperative into an improved business (Achieved)	-	-	-	MDF
	Increasing capacity of a local butcher to meet demand (Achieved)	-	-	-	MDF
	Bringing markets for better energy closer to rural households (Not achieved)	-	-	-	MDF
3. Instances of improved business environment		Improved conditions for local businesses along the Maumeta - Metagou Road	Achieved	-	R4D-SP
	Setting sail towards success for cruise tourism (Achieved)	-	-	-	MDF
	-	-	-	Verified SSC: New corporate governance of domestic commercial	GfD

¹⁰ Note some 2017-18 achievements have been corrected from those reported in the 2017-18 APPR.

Indicator	Result 2017-18 ¹⁰	Target 2018-19	Result 2018-19	Target 2019-20	Contributing Investment
				bank improves accountability and transparency and improved focus on the sustainable long-term success of the banking sector	
<i>Outcome E2: Increased Incomes</i>					
4. Number of people with increased income	3,882 (58% women)	4,900	Achieved: 5,352 (49% women)	8,600	MDF, R4D-SP, WDPTL
5. Value of additional products and services	\$232,775	\$487,299	Partially achieved: \$354,400	\$305,000	MDF, TOMAK
<i>Outcome E3: More people are workforce ready</i>					
6. Number of people with work ready skills	2,291 (43% women)	3,500	Partially achieved: 2,240 (39% women)	3,100	PHD, PND-SP, R4D-SP, WDPTL
7. Instances of workforce ready people contributing to development	-	Australian alumni award contributed to development of Timor-Leste	Achieved	-	WDPTL
Objective 2 – Enhancing Human Development (People)					
<i>Outcome P1: Higher quality frontline services</i>					
8. Instances of improved systems for service delivery	Gender mainstreaming in budgeting to improve service delivery and strengthen gender equality (Achieved)	Strengthened alignment between government priorities and budget allocations	Achieved	Verified SSC: Improved accuracy of salary payments across the civil service as a result of the interface between Civil Service Commission IT system and Ministry of Finance payroll system	GfD
	Improved counselling and support for women, children and persons with disability experiencing violence (Achieved)	-	-	-	Nabilan
	Civil Registration Consortium Establishment (Not achieved)	Improved Paramedic Management of Post-partum haemorrhage Standard Operating Procedures on case management and referral for service	Achieved	-	PHD

Indicator	Result 2017-18 ¹⁰	Target 2018-19	Result 2018-19	Target 2019-20	Contributing Investment
		<i>providers working with women and children victims</i>			
	<i>Improved systems for follow-up after training saves newborn lives (Achieved)</i>	-	-	-	PHD
	<i>Systems developed to support teachers improve classroom and time management skills (Achieved)</i>	-	-	-	PHD
	<i>Improved systems to manage obstetric emergencies (including post-partum haemorrhage) in Timor-Leste National Ambulance Service (Achieved)</i>	-	-	-	PHD
	<i>Government Community Development Trainers improved capacity in implementing Roads for Development standard social safeguards provisions (Achieved)</i>	<i>Improved Capacity of Government Staff for Road Surveying and Design</i>	Achieved	-	R4D-SP
	-	<i>Strengthening agribusiness support services to farming families</i>	Achieved	Verified SSC: <i>The management of poultry vaccination services has improved and has increased the vaccination coverage rate</i>	TOMAK
	-	-	-	Verified SSC: <i>Extension workers have introduced and applied nutrition-sensitive agriculture services to farmer groups</i>	TOMAK
	-	-	-	Verified SSC: <i>Strengthening hospitality qualifications and industry engagement in the TVET system through the introduction of five accredited qualifications and a hospitality traineeship model</i> Verified SSC: <i>Labour Mobility System is improved to deliver 2000+ workers</i>	WDPTL

Indicator	Result 2017-18 ¹⁰	Target 2018-19	Result 2018-19	Target 2019-20	Contributing Investment
				<i>per year through program capacity building and systems strengthening</i>	
9. Number of people who applied improved skills to deliver better quality services	377 (58% women)	1,700	Achieved: 2,358 (47% women)	2,200	Nabilan, PHD, R4D-SP, WDPTL
10. Number of service delivery improvements	399	17 ¹¹	Achieved: 420	480	Nabilan, PHD, R4D-SP, TOMAK
Outcome P2: More people benefit from services					
11. Instances of behaviour change	-	<i>Moving up the sanitation ladder: Increased uptake of recommended hygiene and sanitation practices in rural communities</i>	Achieved	-	PHD
12. Number of services provided	76,578	170,000	Partly achieved: 119,131 (90% women)	100,000	Nabilan, PHD, R4D-SP, TOMAK
Outcome P3: More women and girls are safe and empowered					
13. Number of people that demonstrate improved attitudes to women and girls	512	Behaviour change activities have shifted to rolling out the SASA! methodology. A new M&E approach is currently being updated.			Nabilan
14. Instances of women's leadership opportunities and empowerment	<i>Empowerment of senior female leaders in the Civil Service Commission (Achieved)</i>	-	-	Verified SSC: Civil Service Commission leads the development of gender-sensitive and socially inclusive policies and practices (equal employment opportunity, promotion)	GfD
	-	<i>Making the private sector more aware of the potential value of enhancing women's access and agency to their product/service</i>	Achieved	-	MDF

¹¹ Not all investments listed contributed to target set for 2018-19.

Indicator	Result 2017-18 ¹⁰	Target 2018-19	Result 2018-19	Target 2019-20	Contributing Investment
	<i>Nabilan's support for the independent feminist movement, Grupu Feminista (Not achieved)</i>	<i>Successful use of CEDAW Individual Communication mechanism by a local women's rights organisation</i>	Achieved	-	Nabilan
	<i>Domin Nakloke series (Unlocking Love) – changing attitudes of young people towards women and girls (Achieved)</i>	<i>Fostering women's leadership to improve management of rural water supply</i>	Achieved	-	PHD
	<i>R4D builds confidence by creating socio-economic opportunities for rural women (Achieved)</i>	-	-	Verified SSC: Women are empowered by leading Community Maintenance Groups	R4D-SP
	<i>Instances of women's leadership opportunities and empowerment (Achieved)</i>	-	-	-	TOMAK
	<i>Young women with disabilities gain skills and work experience to get job ready (Achieved)</i>	-	-	Verified SSC: People with disabilities have gained increased access to AAS and Labour Mobility Work as a result of the PWD short course	WDPTL
	<i>Development of women's leadership and empowerment through Australia Awards Scholarships (Achieved)</i>	-	-	-	WDPTL
15. Number of women and girls who experience violence accessing essential services	1,218 (100% women)	1,042	Achieved: 1,731 (100% women)	1,000	Nabilan
Objective 3 – Strengthening Governance and Institutions (Society)					
Outcome S1: More people participate in decision-making					
16. Instances of inclusive policy development	<i>Inclusive process of developing Civil Service Commission Workforce Planning Policy and Decree-Law (Achieved)</i>	-	-	Verified SSC: Relevant non-government organisations are engaged with central government policy development	GfD
	-	<i>Inclusive development of medical certification guidelines to improve access to social protection for people with disabilities</i>	Achieved	-	PHD

Indicator	Result 2017-18 ¹⁰	Target 2018-19	Result 2018-19	Target 2019-20	Contributing Investment
	Development of PNDS Gender and Disability Inclusion Guideline (Achieved)	-	-	-	PNDS-SP
	Occupational Safety and Health Guidelines for Rural Road Works (Achieved)	-	-	-	R4D-SP
17. Number of people who contributed to community level decision-making	64 (44% women)	-	-	13,300	PHD, PNDS-SP
18. Instances of community demand for better governance	No results submitted	No results submitted	No target set	No target set	PHD, GfD
Outcome S2: Improved governance at sub-national level					
19. Instances of improved sub-national governance	Supporting community management of rural water supplies (Achieved)	PNDS-SP expanding to support municipal administrations in late 2019, PAF targets to be confirmed			PNDS-SP
Outcome S3: Better decision-making and evidence-based policy					
20. Instances of improved policy and implementation	-	First National Seminar on Disability Inclusion in Public Administration	Achieved	Verified SSC: A minimum of 10 service delivery institutions use the gender marker appropriately and include measurable targets in their annual plans	GfD
	Implementation of government’s budget planning reform (Achieved)	-	-	Verified SSC: Pilot project established to test initial implementation of new Workforce Planning processes, forms and systems in three entities	GfD
	MSSI Standard Operating Procedures on case management and referral for service providers working with women and children victims (Achieved)	-	-	-	Nabilan
	Improved access to higher education for people with disabilities (Achieved)	-	-	Verified SSC: Government systems are improved to facilitate the implementation of Liga Inan	PHD
	-	-	-	Verified SSC: Key components of the Rural Roads Master Plan and	R4D-SP

Indicator	Result 2017-18 ¹⁰	Target 2018-19	Result 2018-19	Target 2019-20	Contributing Investment
				Investment Strategy are implemented to support budgetary and planning processes	
	Developing Timor-Leste's first national Nutrition Sensitive Agriculture Curriculum (Achieved)	-	-	-	TOMAK
21. Instances of evidence available for decision-making	Improved quality of expenditure and performance data available for decision-making (Achieved)	Report and recommendations on civil law litigation reform in Timor-Leste available for decision-makers (Justice System Monitoring Program)	Achieved	Verified SSC: Dalan Ba Futuru accessible to and being used by the Prime Minister, National Parliament, central agencies and line ministries, including to monitor performance of programs and influence annual budget debate	GfD
	Research on private sector development and labour productivity in Timor-Leste (Achieved)	-	-	Verified SSC: Increased timeliness of the release of GDP estimates, in line with IMF timeliness guidelines	GfD
	Civil service staffing data is available to inform policy-making (Achieved)	-	-	-	GfD
	Use of Nabilan research in new National Action Plan on Gender-Based Violence and international forums (Achieved)	-	-	-	Nabilan
	-	Survey on operations and maintenance of PNDS-built infrastructure	Achieved	-	PNDS-SP
	-	Training impact information made available to PNDS about their Administrative Post Technical Facilitators	Achieved	-	PNDS-SP
	-	Amplifying women's voices to improve marketplace conditions in Timor-Leste	Achieved	-	TOMAK
	Labour Market Information informing decision-making in government (Achieved)	-	-	-	WDPTL

APPENDIX 1: 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT INFOGRAPHICS

 <p>1 NO POVERTY</p>	End poverty in all its forms everywhere	 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries
 <p>2 ZERO HUNGER</p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Make cities and human settlements inclusive, safe, resilient and sustainable
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being at all ages	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	 <p>13 CLIMATE ACTION</p>	Take urgent action to combat climate change and its impacts
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	 <p>14 LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 <p>6 CLEAN WATER AND SANITATION</p>	Ensure availability and sustainability management of water and sanitation for all	 <p>15 LIFE ON LAND</p>	Protect, restore and promote sustainable use of terrestrial ecosystems
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable sustainable and modern energy for all	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development and provide access to justice for all
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Strengthen the means of implementation and revitalise the global partnership for sustainable development
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable Industrialisation and foster innovation		