

**GfD Timor-Leste
Progress Report
1 August 2017
to 31 May 2018**



Prepared
June/July 2018

Abbreviations and Acronyms

| | |
|--------|--|
| AAs | Autonomous Agencies |
| AACTL | Civil Aviation Authority of Timor-Leste |
| AAP | Annual Action Plan |
| ABS | Australian Bureau of Statistics |
| ADB | Asian Development Bank |
| ANATL | Airport and Air Navigation Authority of Timor-Leste |
| AP | Annual Plan |
| BCTL | Central Bank of Timor-Leste |
| BNCTL | National Commercial Bank of Timor-Leste |
| CoM | Council of Ministers |
| CSC | Civil Service Commission |
| DBF | Dalan Ba Futuru (web-based budget management tool) |
| DFAT | Department of Foreign Affairs and Trade |
| DG | Director General/ Diretor Geral |
| DGE | Direcção Geral de Estatística |
| DL | Decree Law |
| DN | National Director/ate |
| DNRPPM | National Directorate for Research, Policy, Planning and Monitoring (CSC) |
| DO | Director - Operations (GfD) |
| EOPO | End of Program Outcomes |
| FM | Fundasaun Mahein |
| FMIS | Financial Management Information System |
| GfD | Governance for Development Program |
| GJPRU | Human Resources Managers' Group (HR representatives from LMs) |
| GoTL | Government of the Democratic Republic of Timor-Leste |
| GRB | Gender Responsive Budgeting |
| HRM | Human Resources Management |
| ICAO | International Civil Aviation Organization |
| IFC | International Finance Corporation |
| IPA | Instrumentu ba Programasaun Agrikola (Ag Economic Modelling Tool) |
| JSMP | Judicial System Monitoring Programme |
| KEQ | Key Evaluation Question/s |
| KIF | Kaebauk Investimentu e Finansas |
| KPI | Key Performance Indicators |
| LES | Locally Engaged Staff |
| LRC | Law Reform Commission |
| LTA | Long-term Adviser |
| LM | Line Ministry/ies |

| | |
|----------|---|
| M&E | Monitoring and Evaluation |
| MAE | Ministry of State Administration |
| MAF | Ministry of Agriculture and Fisheries |
| MCC | Millennium Challenge Corporation |
| MECAE | Office of the Minister of State, Minister Coordinating Economic Affairs |
| MELP | Monitoring, Evaluation and Learning Plan |
| MoE | Ministry of Education |
| MoF/MoPF | Ministry of Finance (VI and VIII Govt)/Planning and Finance (VII Govt) |
| MoH | Ministry of Health |
| MTEF | Medium Term Expenditure Framework |
| OECD | Organization for Economic Co-operation and Development |
| OJE | Orsamento Jeral Estado (General State Budget) |
| OPM | Office of the Prime Minister |
| PA | Public Administration |
| PB | Program Budget/ing |
| PFM | Public Financial Management |
| PMIS | Personnel Management Information System/SIGAP |
| PMR | Performance Management Review |
| PN | National Parliament |
| PSD | Private Sector Development |
| R&R | Review and Redesign |
| SCSC | Secretariat of the Civil Service Commission |
| SDP/PED | Strategic Development Plan |
| SE | Executive Secretary, CSC |
| SEGIS | Secretary of State for Gender and Social Inclusion |
| SERVE | Business Registration and Verification Services |
| SIGAP | Personnel Management Information System |
| STA | Short-term Adviser |
| TA | Technical Assistance |
| TAF | The Asia Foundation |
| T&D | Training and Development |
| TN | Tasking Note (STA Input) |
| UPMA | Planning, Monitoring and Evaluation Unit (under OPM) |
| WB | World Bank |
| WDPTL | Australian Government's Workforce Development Program in Timor-Leste |
| WH&S | Workplace Health and Safety |

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1 Executive Summary

Governance for Development (GfD) is an eight-year DFAT investment in Timor-Leste implemented in two phases: the first phase was May 2014 to June 2017 and the second is July 2017 to June 2021. GfD is an Australian Embassy-led program managed by a DFAT Program Director with coordination, liaison and monitoring conducted by a team of Embassy personnel, and with implementation support managed by Cardno as the managing contractor. GfD focuses on some of the major challenges facing the Government of Timor-Leste (GoTL) in the implementation of its Strategic Development Plan (SDP). The goal of GfD is to support Timor-Leste to reduce poverty through economic development and delivery of services. GfD has two end-of-program outcomes (EOPOs) in the overall GfD Theory of Change (TOC): Better decision-making and evidence-based policy; and Improved implementation of policies and delivery of services. GfD supports three main government work areas: Public Financial Management (PFM), economic policy and Human Resource (HR) policy. More specific EOPOs have been defined for each work area to facilitate better tracking against outcomes and to enable more coherent and structured reporting.

This report covers the period August 2017 to May 2018, which was the start of GfD's second phase and which also coincided with the term of the VII government following the July 2017 parliamentary election.

The VII government was a minority government that had its program and budget blocked in parliament. Following a period of instability and a widening of political divisions, fresh elections were announced in January 2018 and held in May 2018. The subsequent political impasse reduced significantly the momentum experienced by GfD working in support of the previous VI government to implement its reform agenda, and resulted in GfD's progress towards achieving its EOPOs being delayed in PFM, set back in economic policy and being delayed slightly in the HR policy work area. Without the ability to engage with and influence a substantive government at the policy level, GfD responded by supporting government counterparts at the technical level wherever possible, in order to make progress towards some of the more immediate outcomes that didn't need political backing.

Summary of GfD's achievements

Public Financial Management. GfD continued to provide adviser support to the Planning, Monitoring and Evaluation Unit (UPMA) of the Office of the Prime Minister (OPM) in the implementation of the Budgetary Governance (BG) reforms and to the budget processes. Achievements made by UPMA that were supported by GfD were: continued improvements to the Program Budgeting (PB) systems and use by government officials; inclusion of gender budgeting; preparation of institutional performance reports that show service delivery results against plans, rather than just expenditure; and development of a web-based tool that incorporates all planning, procurement, costing and M&E data; and which improves availability and accessibility of information across the whole government budget process. GfD was able to make progress towards the immediate outcomes aligned with the PFM TOC EOPO: 'Improved budgetary governance system'.

Economic policy. This was the most challenging area for GfD as the counterpart institution no longer existed due to the political situation and there was no leadership or momentum behind the evidence-based economic growth strategy that was established by the VI government. This was a setback for GfD in terms of achieving its EOPOs, as the signs of the reform continuing diminished significantly. Despite this, GfD was able to continue supporting the production of economic research, data and analysis that will be available for the incoming VIII Government to use in its preparation of an economic diversification strategy and in sector-specific policy-making. GfD supported the preparation of an economic diversification strategy and business environment strategy for handover to the incoming government, as well as a summary of new economic reports from multilaterals and other development partners (DPs).

GfD conducted economic analysis for TradeInvest to support development of their investment and export promotional package. GfD conducted legal scoping study resulting in a stocktake of all economic and business enabling laws, which will allow better tracking and resourcing by the incoming government. GfD supported Monash University to conduct economic studies on Labour Markets and Productivity and make research findings available. Through the Australian Bureau of Statistics (ABS), GfD supported capacity development in the General Directorate of Statistics, and GfD provided an agriculture economic modelling tool for DGE to improve statistical information for estimating agricultural gross domestic product (GDP). All of this adds up to increased availability of economic information for the next government to use in its preparation of an economic diversification strategy and in sector-specific policy-making. Therefore, GfD was able to make progress towards the immediate outcome under the economic policy TOC: 'Evidence is available and accessible'.

Human Resource policy. GfD continued adviser support to the Civil Service Commission (CSC) for the ongoing implementation of the CSC Strategic Plan 2015-2030 (SP) and to improvements in the management of the CSC and the wider civil service. GfD supported the policy development process and finalisation of the workforce planning decree law that will support the alignment of the workforce with institutional mandates and allow better control of the size and cost of the civil service. A cap of no more than 3.2% of the population has been identified. GfD supported other priorities in the SP such as improved policies on performance reviews and promoting mobility across the civil service. GfD continued strengthening of the management of the CSC, with a focus on empowering women leaders. GfD was able to make progress towards the EOPOs in the HR policy TOC, 'Better evidence-based HRM policy decisions' and 'Improved management of the civil service'.

Management Response:

With an unstable government that may have collapsed at any juncture, GfD and the broader Australian Embassy met with VII government representatives in institutions relevant for GfD and noted requests for assistance, but did not go ahead and offer support in case of another change in political power transpired. GfD did commence engagement in some new areas where there the political risk was ascertained to be low or at least acceptable, and where the work was technical not requiring political support or approval, and likely to be sustainable. Examples were support to the Fiscal Reform Commission on legislation for fees and charges, and to the aviation regulator so it can set up as an autonomous agency and work towards increasing Timor-Leste's rating against international safety standards.

With the slowed rate of implementation, the GfD budget managed by Cardno was identified as heading for an underspend. Budget was reallocated by the Program Director to other programs and to other components of the broader GfD Program managed directly by the Embassy (grants to multilaterals).

With a new, majority coalition government starting to form in June, GfD is in a similar situation at the end of this reporting period as it was at the start, in that the structure, the program and people in ministries that are key for GfD are not yet certain. Counterparts in UPMA and CSC may remain the same but there is likely to be a new set of people in the economic institutions, and GfD will need to be strategic in how it engages. GfD will also seek to engage in decentralisation, as this is key to improving service delivery and achieving the corresponding GfD EOPO. Despite the dynamic political situation, GoTL will still need support from GfD to implement its SDP. Therefore, GfD remains relevant to the reform agenda of GoTL and to enabling other Australian aid programs that directly support improved service delivery.

GfD will conduct a political economy analysis and hold a Review and Redesign (R&R) in the early months of the next reporting period. GfD will explore opportunities to engage with the new government to influence and contribute to evidence-based policy-making, economic development and service delivery in order to support GoTL and for GfD to achieve its EOPOs.

2 Introduction

2.1 GfD Overview

GfD supports GoTL to achieve sustainable economic and human development in Timor-Leste as detailed in its Strategic Development Plan (SDP) 2011-2030. GfD supports the development of fiscal and economic frameworks that aim to deliver sustainable government finances, promote economic growth and meet social needs.

To achieve its development targets, Timor-Leste is striving to improve the performance of its government agencies. The core work under GfD is with central agencies to improve policy development and systems that are most important to economic management and service delivery.

GfD is a flexible and responsive program that seeks opportunities to engage with GoTL and influence evidence-based and coherent policies. GfD also responds to requests for support that are politically possible and technically feasible, and which contribute to the achievement of GfD's EOPOs or to those of other Australian aid programs.

2.2 Context

GoTL is facing a crucial period in the next 10-15 years as its Petroleum Fund diminishes, government budgets continue to increase and there is little economic development to generate revenue and income. Government is the main employer and contractor of services, so enterprising people and companies follow the money and seek government contracts. Timor-Leste sat at 178/190 in the Ease of Doing Business rankings in 2017, illustrating a weak business-enabling environment. With the VII government being ineffectual, due to it being a minority government without the numbers in the Parlamento Nacional (PN) to get its program and budget passed, it operated on a transitional budget in 2017 and on a duo decimal budget in 2018, which essentially paid salaries, recurrent costs and existing contracts. The World Bank reported that restricted government spending during the deadlock contracted GDP by 1.8%.

Timor-Leste needs to use its resources effectively and to implement key reforms that will support a diversified economy and generate income for people and for the country. The investment already made in the South Coast infrastructure is likely to continue in upcoming budgets, despite there not being certainty about where oil and gas resources will be processed, possibly at the ongoing expense of investment in human capital (education, health and agriculture - the sector with the highest level of employment).

Budgetary governance, economic diversification and restricting growth and cost of the civil service are key steps needed to generate and utilise resources effectively. The GoTL SDP is a very sound document that outlines Timor-Leste's development path, goals and reform areas, however, it's never been fully costed and most of the infrastructure investment has been made without any cost-benefit analysis or any oversight scrutiny on the expenditure or implementation.

The Economist Intelligence Unit's Democracy Index 2017 ranked Timor-Leste as the most democratic country in the Southeast Asia region, based on 65 indicators including, among others, political participation, electoral process and pluralism, political culture and civil liberties, and the functioning of government. In Timor-Leste's case, democracy (by means of elections), has changed the political landscape from being one of national unity until mid-2017, with corresponding political compromises, to being extremely divided. In some respects, this has been detrimental to society and government in many aspects of its young existence.

Following the second election in May 2018, government is expected to be in place June/July with an announcement of its structure and program, followed by preparation of its budget for the remainder of 2018 (no rectification budget is anticipated).

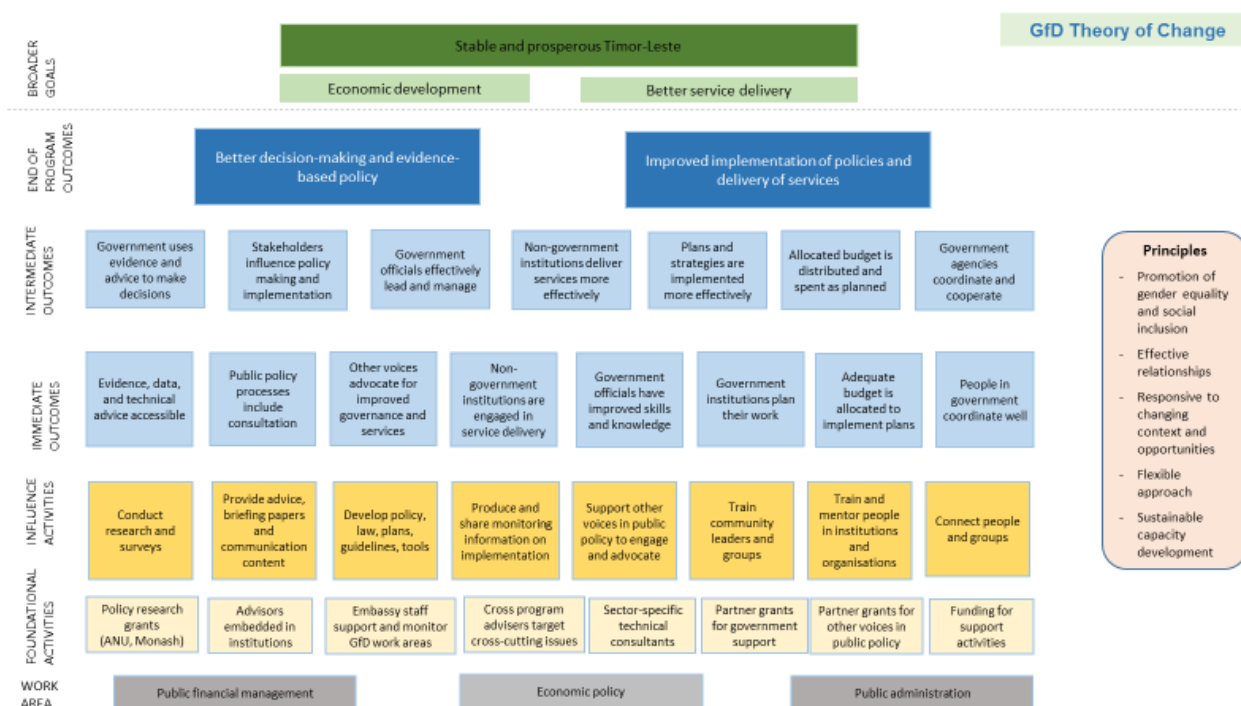
GfD faces risks and challenges in navigating the new government, identifying areas where to work but at the same time ensuring resources aren't spread too thinly to be able to achieve results. GfD will also face challenges in supporting existing counterparts to continue with the coherent set of reforms initiated under the VI Constitutional Government, as the new government may want to make its mark by re-prioritising and possibly creating a new set of reforms. Re-entering the economic policy area is likely to be a challenge, due to the government structure and leadership that may be put in place. Indications are that an office of a Minister of State to coordinate the economy will be re-established. GfD would look to engage with Ministry of Finance (MoF) again but that may also prove to be a challenge. The other challenge for GfD will be moving into the decentralisation space, depending on the new government's policy and leadership in this area. The concern is that the analytical work done by the VI government with GfD support in preparation of the evidence-based Guide for Economic Reform and Growth (GRFE) and subsequent economic diversification plan prepared may not be considered by the new government, or may not be afforded the appropriate level of political support. If GfD cannot enter this space, then this will significantly impact its ability to achieve its EOPOs.

2.3 GfD Theory of Change

GfD has modified the TOC from what was in the original investment design and what was in the draft Monitoring and Learning System (2015). This came about largely because of the institutions and reform areas that GfD supported 2015-2017 under the structure of the VI government. The elements are similar but financial and economic policy are separated. GfD supports public administration through CSC only; the program doesn't have engagement with MoF or MAE, which are key agencies involved in decentralisation and service delivery.

The TOC describes the overall GfD Program. As GfD has three work areas, separate TOCs have been developed (in draft, not yet approved) for PFM, economic policy and Human Resource (HR) policy.

Some activities outside these three work areas (such as activities to build the capacity of civil society to advocate for better governance) are reflected within the whole-of-program TOC, with specific indicators and targets that relate to the whole-of-program TOC rather than those of a particular work area TOC.



The first EOPO in the revised (2018) TOC is, 'Better decision-making and evidence-based policy' and involves production of research and data, analysis of data to create evidence and availability of good advice to inform policy, all in an inclusive policy development environment.

The second EOPO is, 'Improved implementation of policies and delivery of services', which follows on from good policy decisions and involves effective management of policy implementation, good coordination, available budget and delivery of selected services. It includes support to other voices in public policy.

The following principles underlay the approach of GfD:

- Government-led
- Building effective relationships
- Responsive to opportunities
- Flexible approach
- Promotion of gender equality and social inclusion
- Strengthen local capacity for sustainable skill development

2.4 Relevance of GfD

Given the extreme changes in the political context and the risk that the new government sets back or undoes the positive results achieved under the VI government, GfD remains extremely relevant to the agenda of GoTL in terms of supporting it to achieve the goals in the SDP, and also to the objectives of the Australian aid program.

The PFM reforms supported by GfD are the only way GoTL can start to manage the dwindling resources effectively, prioritising economic productive programs and having information available to inform budget allocation decisions. Oversight of the implementation of the reforms by the Organization for Economic Co-operation and Development (OECD), funded by GfD, gives political neutrality to the reforms. Economic policy reforms supported by GfD was the start of the evidence-based and inclusive policy development approach, which needs to continue to enable the business environment and promote economic diversification otherwise all is guesswork. Other GfD interventions such as in the FRC and work in the economic institutions (e.g. agriculture and aviation) contribute to revenue, economic development and the business enabling environment. HR policy reforms supported by GfD align with the PFM reforms in costing the workforce required to deliver services in the different government programs, and contribute to increasing the professionalism of the civil service.

GfD supports other voices in public policy to promote good governance and engagement of the community in understating their rights in terms of being served by government and the other sovereign institutions. GfD supports reforms at the central level that intersect with other Australian programs and enable them to work towards their EOPOs in terms of improving the allocation of resources to improve service delivery to the citizens of Timor-Leste.

If GfD is able to re-engage with MoF and Ministry of State Administration (MAE) this will further GfD's ability to support decentralisation and improvement in service delivery.

2.5 M&E

The GfD Monitoring, Evaluation and Learning Plan (MELP) is being prepared concurrently with this report. It will need further refinement following discussion with, and input from, the Program Director on the information requirements of the different audiences, appropriate questions that need to be asked at a

more strategic level, responsibilities, and the necessary resourcing to achieve the MEL goals. It is expected that Version 1 will be released mid-2018.

2.6 Report structure

The first section of the report outlines the progress towards the EOPOs for the overall GfD Program and the following three sections show the progress towards the EOPOs for each of the Work Areas:

1. Overall GfD Program – this is a brief assessment of progress towards the overall GfD TOC
2. PFM – the PFM context, PFM TOC, influencing activities and detailed assessment of progress towards the PFM TOC
3. Economic policy – the context, economic policy TOC, influencing activities and detailed assessment of progress towards the economic policy TOC
4. HR policy – the HR/CSC context, HR policy TOC, influencing activities and detailed assessment of progress towards the HR policy TOC

The annexes contain a matrix of management responses (previous and current), a list of personnel contracted by GfD/Cardno and finally a risk matrix.

A financial report is submitted separately.

GfD Program - Overall

1 Introduction

This section gives an overview of the assessment of progress against the EOPOs in the overall GfD TOC. The questions have not been finalised or approved, they are refined slightly from one of the numerous M&E workshops. Information in this section is brief, however, where there is supporting evidence of progress towards outcomes, the details are included more fully in the work area reports.

2 EOPO: Better decision-making and evidence-based policy

2.1 To what extent did GfD influence better decision-making and evidence-based policy?

Assessment¹: Limited progress toward achievement of the EOPO. GfD has been able to make limited progress in influencing decision-making and evidence-based policy due to the political situation. GfD influenced the workforce planning process in CSC (refer evidence in the HRM policy section). GfD has faced a significant set-back in the economic policy area.

2.1.1 To what extent did GfD contribute to evidence, data and advice being available and accessible?

Assessment: Progressing. Despite there being no government program or effective government for the past 12 months, GfD was able to contribute evidence and data that can be used by the government when it is established, nevertheless. For example, Monash University completed and released a report on Labour Productivity in early 2018 (further details under Economic Policy Work Area). There was less opportunity to provide advice as there wasn't an effective government with which GfD could work at the policy level. Advice was provided at the technical (non-political) level due to the political situation.

2.1.2 To what extent did GfD support GoTL to use evidence and advice to make decisions and develop policy?

Assessment: Limited progress. GfD has not been able to support government to use evidence and advice to make decisions and develop policy to the extent that it was able to under the VI government. Again, CSC was the main institution supported by GfD that was able to continue implementation of its SP despite the political impasse.

2.1.3 To what extent did GfD contribute to policy development processes being inclusive of stakeholder views?

Assessment: Limited progress. GfD has contributed to an inclusive policy processes in the CSC only (refer evidence in HRM policy section). This has been set back in the economic policy area and will have to be started again with the new government.

2.1.4 To what extent did other voices in public policy engage and advocate for improved governance and policies as a result of GfD support?

Assessment: Progressing. GfD has continued to support the Judicial System Monitoring Programme (JSMP) and Fundasaun Mahein (FM) to strengthen their ability to advocate for better policy and governance in the PN and in the judicial and security sectors (refer section on other voices in public policy).

¹ Statement of progress towards EOPOs used rather than statement of being on track to achieve them, or not, as GfD EOPOs aren't definite end points, they are 'improvements' to GoTL policy processes and implementation.

3 EOPO: Improved implementation of policies and delivery of services

3.1 To what extent did GfD contribute to improved implementation of policies that enable delivery of services?

Assessment: No progress due to government situation.

3.1.1 To what extent did GfD influence government to improve management and coordination?

Assessment: Limited progress. GfD has contributed to inclusive policy processes in the CSC only.

3.1.2 To what extent did GfD influence allocation of budget against government priorities?

Assessment: No progress as there was no government program or budget. Some system work was done at the technical level that will lead to improvements in budget allocation for gender in the future.

3.1.3 To what extent did GfD support government to implement policies effectively?

Assessment: No progress as there was no government program or budget.

3.1.4 To what extent did GfD contribute to government and non-government organisations to deliver services more effectively?

Assessment: Limited progress. GfD indirectly supported BNCTL and KIF to contribute to improvements in the delivery of financial services.

4 Principle: Promotion of gender equality and inclusion

4.1 To what extent did GfD influence government to promote gender equality?

Assessment: Progressing. GfD contributed to promotion of gender equality in UPMA through gender budgeting and in the CSC through inclusion of gender in HR policies and through empowerment of the female leadership.

4.1.1 To what extent did GfD influence government leaders and institutions to promote gender equality?

Assessment: Progressing. UPMA is ready to brief new government on GRB.

4.1.2 To what extent did GfD influence policies that promote gender equality?

Assessment: Limited progress. GfD has contributed to inclusive policy processes in the CSC only.

4.1.3 To what extent did GfD influence government to implement systems that support/ institutionalise the promotion of gender equality?

Assessment: Progressing. PB systems are in place ready for new government.

4.2 To what extent did GfD influence government to promote social inclusion / inclusion of people with disabilities, youth and the vulnerable?

Assessment: No progress.

Recommendation: This area will require greater focus by GfD with new government. GfD is exploring ways and sought advice on how to promote inclusion of people with disability.

4.2.1 To what extent did GfD influence government leaders and institutions to promote social inclusion?

Assessment: No progress.

4.2.2 To what extent did GfD influence policies that promote social inclusion?

Assessment: No progress.

4.2.3 To what extent did GfD influence government to implement systems that support/institutionalise the promotion of social inclusion?

Assessment: No progress.

5 Relevance

5.1 Is GfD working in the most relevant reform areas to improve economic development and service delivery?

Assessment: Based on what is known so far and what reform plans exist already, and are expected to continue, GfD is working in relevant reform areas where it can make an impact, particularly budgetary governance and HR policy.

During the reporting period, GfD was unable to work in the economic policy area to the extent that it had been able to up until mid-2017 due to the political impasse. GfD will be seeking to re-engage in the economic coordinating office to assist with the development of an economic diversification strategy and to continue supporting evidence-based economic policy.

GfD is not yet working in key reform areas to improve service delivery. GfD is preparing to engage and support decentralisation reform and process, as this is key to improving service delivery. Another relevant area to service delivery is the Ministry of Finance (MoF), where GfD has been unable to engage at the political level since 2016 when Australia's direct budget support was withdrawn.

Work Area 1: Public Financial Management

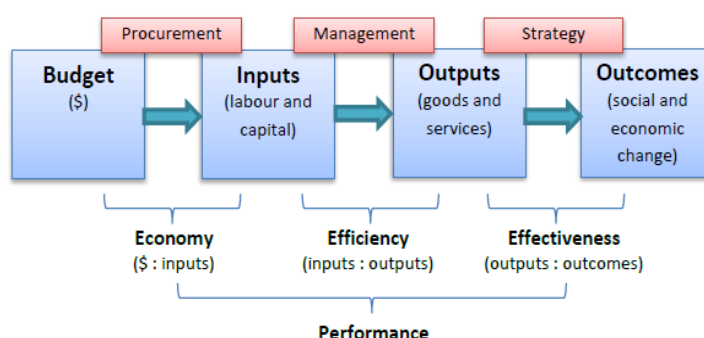
1 Introduction

GfD supports the GoTL, through UPMA, to implement PFM reforms outlined in the Budgetary Governance (BG) Roadmap that was funded by GfD and developed by the OECD, and which received bipartisan approval from the Council of Ministers (CoM) in March 2017.

The overall aim of the roadmap is to help to improve the overall effectiveness of Timor-Leste's PFM system to achieve three PFM goals:

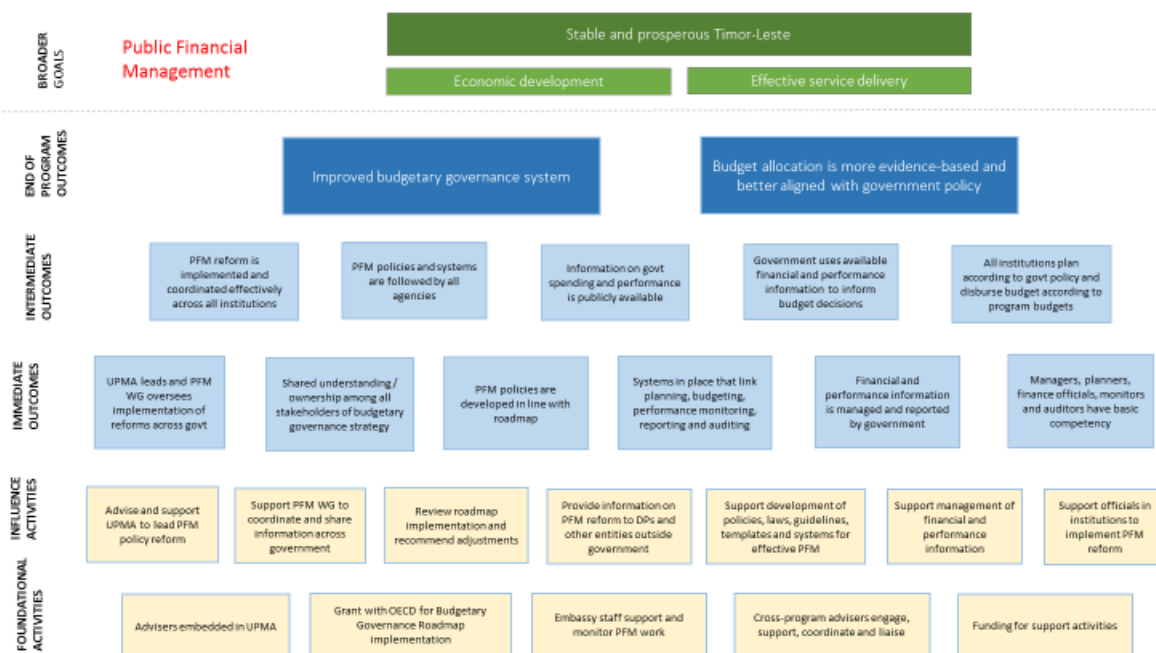
- (i) aggregate fiscal discipline;
- (ii) allocative efficiency; and
- (iii) economic, efficient and effective service delivery.

Economy, efficiency and effectiveness is defined in accordance with standard international definitions, as follows:



The roadmap is expected to be fully implemented over the coming five to seven years, beyond the timeframe of this phase of the GfD Program. The roadmap will allow for the preparation of a medium-term expenditure framework (MTEF), which provides an estimate on available resources against the estimated cost of implementation of the SDP. This will help GoTL allocate resources according to the SDP.

1.1 PFM Theory of Change



The first EOPO for the PFM Work Area is an 'Improved budgetary governance system'. This is underpinned by the BG roadmap and involves effective leadership and coordination of the reform implementation plus the establishment of PFM policies and systems to enable planning, budgeting, performance monitoring and reporting, and management of information. This encapsulates improvement to systems for budget transparency, accountability, quality of procurement and expenditure.

The second EOPO is, 'Budget allocation is more evidence-based and better aligned with government policy'. This is what is expected to happen as a result of improvements to the budgetary governance system and improved availability of information. Decision-makers will be expected to base budget allocation on financial and performance information, and also to allow the realignment of budget when there is change to government policy. This encapsulates improvement to allocative efficiency.

Aggregate fiscal discipline is about keeping government spending within sustainable limits. The PFM work supported by GfD, combined with the economic policy work, contributes to this. PFM and allocation of resources depends on the balance of power between those that make the decisions, who manages the spending and who makes demands on where the resources should go. GfD aims to improve the system but also influence the political economy so that decisions are made optimally and in line with the SDP to achieve the best outcome for Timor-Leste.

1.2 Context

This section of the report describes the result of GfD's support to the improvement of budgetary governance during the period under the VII government. As the minority government was unable to get its program or budget passed by the PN it was forced to operate on a transitional budget up to December 2017 and then operate on a *duo decimal* system (one twelfth of the previous year's budget allocated per month) from January 2018, in lieu of a 2018 budget.

The political impasse under the VII government had a significant impact on UPMA and the momentum of the reform program that essentially came to a halt in mid-2017. There has been ongoing uncertainty about UPMA during both government transitions (VI to VII and then VII to VIII) – if it will continue to exist, whether leadership will change, where it will sit, what it will look like and how it will be structured. There was little political support or leadership provided to UPMA from OPM and this has made it difficult for UPMA to secure engagement across government on the PFM reform and to get the PFM WG to meet.

Whether UPMA leads PFM reform in the future, or not, the expectation is that what's been achieved in Program Budgeting (PB) so far will continue, the reform work will progress and the roadmap will continue to guide the implementation.

Relationships have been maintained at the level between GfD and UPMA throughout this period, but not between GfD and OPM. UPMA will be aiming to establish new relationships with OPM and the Chief of Staff and bring them on board with the reform and roadmap when the VIII Constitutional Government is in place. If UPMA doesn't exist then GfD will need to develop a new strategy to engage with the right counterparts in order to continue to contribute to and influence PFM reform.

1.3 GfD influencing activities

GfD provided one LTA Senior PFM Adviser, one IT Adviser and eight PB Advisers to support UPMA and OPM on a full-time basis. GfD provided the Gender and Inclusion Adviser and the Economic Policy Adviser to support analysis and preparation of reports, and support the government handover process. The Senior PFM Adviser was the key person supporting the UPMA Coordinator to lead PFM reform and to support the PFM Working Group, as well as developing policies, laws, templates and systems as far as possible for effective PFM. GfD supported UPMA to provide information on PFM reform to DPs and other entities outside government, and this was also supported by the Embassy GfD team. The IT Adviser supported the development of a web-based system that enables UPMA to manage financial and performance information. The Gender and Inclusion Adviser supported UPMA to embed gender in the planning and budget process, and

provided training to planning staff, finance officers and gender focal points in government. The PB Advisers were part of the UPMA team to support officials in institutions to implement the new systems and procedures under the PFM reform. There was no review of the roadmap implementation by OECD as there was little progress during the period of political instability under the VII government.

2 EOPO: Improved budgetary governance system

2.1 To what extent did GfD contribute to improvements in the budgetary governance system?

Assessment: Limited progress due to the political situation. GfD supported UPMA to make progress where possible, however, there was a significant loss of momentum without a substantive government in place and therefore no active leadership for the reform. Some progress could be made at the technical (non-political) level, such as improving information quality and reporting, which was achieved with GfD support. The BG roadmap is expected to be supported by the VIII government and UPMA is expected to continue under OPM, however, this is not guaranteed. The situation will become clearer when the VIII government presents its program. GfD is the primary partner for government in PFM reform and UPMA is reliant on GfD support.

Evidence²: The reform has led to more effective monitoring and performance reporting by UPMA as evidenced by the report quality. PB has enhanced the ability of central agencies to oversee the performance of LMs and AAs, using expenditure data from quarterly reports. GfD advisers provided training to planners, finance officers and gender focal points in LMs and AAs and there was an increase in skills and knowledge in PB.

With GfD support, the Phase 1 entities (main service delivery LMs and AAs) were able to report budget execution in their performance reports against service delivery programs, rather than reporting expenditure on inputs (e.g. fuel, cars, rent). The process of implementing PB and the information now available from budget reports have resulted in some positive budget management practices and behavioural changes in planning and finance personnel. For example, MoE indicated that prior to the reform, there were high levels of unplanned virement (re-allocation of budget) in the middle of the budget year. This meant that some planned activities couldn't be implemented as the budget had already been spent. MoE has reported that the PB structures have led to greater budget controls and unplanned virement no longer occurs. An additional control now in place is that virement proposals from LMs are reviewed by UPMA, and UPMA recommends whether the virement should be approved or not. Other LMs reported that the PB system has led to a significant decline in 'emergency projects' initiated during the budget year to fund recurrent costs.

GfD supported the preparation of handover notes from VI to VII governments that ensured information was available on ongoing programs and reforms for the new government. GfD also supported UPMA and PCM in developing the revised VII government program to make it more concise and to ensure better linkages between programs and SDP/SDGs. GfD supported the development of the VII government five-year program, which contained programs for promotion of gender equality and inclusion of people with disabilities, vulnerable and youth, and also the preparation of the 2018 AAP and budget; however, as the VII government's program was rejected the GoTL 2018 AAP (first quarter plan) was basically a rollover of the 2017 AAP.

Most recently, GfD supported preparation of the handover notes from VII to VIII governments in the same way as from VI to VII. GfD supported gender analysis for inclusion in the handover report of the VII constitutional government, which was undertaken manually without the existence of the gender marker (as there was no 2018 Annual Plan).

Recommendation: GfD to be prepared to support GoTL/UPMA when a stable government in place. GfD continue to support OECD to review BG roadmap implementation.

² In this first report of this style, 'evidence' is a little loose and includes a mix of activities and results. GfD acknowledges that improvements to the content, the conciseness and robustness of the evidence will be required in subsequent reports.

2.1.1 To what extent did GfD contribute to GoTL leading effective reform implementation?

Assessment: Progressing. The UPMA Coordinator (who is also PFM WG coordinator) led the reform as far as possible without political leadership and used the opportunity to share information about the reform and the roadmap widely, which was supported by GfD. UPMA will need to influence the new government to bring them on board and to find a new 'champion' at a high political level. The existing PFM WG members (DG-level personnel) started to understand how the WG should function. The WG should have representation at the political level and it needs to appoint sub-committees to inform, discuss, examine and make recommendations on specific areas of reform.

Evidence: All aspects of the BG roadmap implementation is being done with support from GfD advisers. GfD supported the UPMA Coordinator to ensure the PFM reform program through the BG roadmap is known in MoF and across LMs and AAs. The UPMA Coordinator is also Chair of the PFM WG, and GfD supported the preparation of a report for the PFM WG on the implementation status of the BG roadmap at the end of 2017. This resulted in changes to the sequencing of activities under the BG roadmap, essentially pushing back reforms that had not been implemented due to the political situation. GfD supported the development of the 2018 PFM WG workplan, based on what had been achieved in line with the roadmap in 2017 and what was feasible for 2018.

GfD supported improvements in how the PFM WG operates and made recommendations as to its composition. Currently the WG members are technical level staff, not decision-makers. Due to the political situation the PFM WG, as it was, did not always meet as planned and several reforms (policies) were not approved nor implemented. Three meetings of the PFM WG were held, supported by GfD. Under the new government, GfD aims to influence the composition of the PFM WG so that decision-makers at an appropriate level take part in PFM reform oversight, and so that contributing development partners can also observe and monitor.

Based on the functional analysis supported by GfD and follow-on work from GfD advisers on improving work flows, the UPMA Coordinator realigned the structure of the UPMA team, which includes government-contracted personnel and eight GfD National PB Advisers (PBAs). They are divided into four teams (social, infrastructure, economic and institutional framework, and good governance) with each PBA being responsible for LMs, AAs and municipalities as focal points. They are required to fully understand their sectors and the entire processes of planning, budgeting and M&E. This was GfD's original intention when deploying the PBAs in early 2017. UPMA staff are becoming more rounded and can provide better and more focused support to LMs, AAs and municipalities on implementation issues of the PFM reform. It has also improved the level of communication between UPMA and LMs, AAs and municipalities, which in turn, improves the level of reach and influence of UPMA across government and to the sub-national level. The good governance team of UPMA prepared a report on PFM issues affecting municipalities, which was shared with MSA and (VII govt) MoPF to help address issues affecting them. Addressing these issues and unblocking government processes is an essential component of improving service delivery to citizens.

GfD supported the drafting of recommendations for UPMA to become a division under OPM in order to have its own budget from 2019, which aims to provide certainty and sustainability for UPMA.

GfD supported UPMA officials to attend the OECD Senior Budgeting Officials' meeting in Bangkok in December 2017, at which UPMA presented on the progress of implementation. GfD established a new grant agreement with OECD with an activity schedule informed by UPMA's requirements. The first activity will be a review of the roadmap implementation, tentatively planned for November 2018.

Recommendation: GfD and the Australian Embassy support UPMA to promote the reforms and identify 'champions' or a political sponsor to drive the reform. GfD to influence change in the composition of the PFM WG, including representation by DPs.

2.1.2 To what extent did GfD contribute to information on PFM reform being provided to DPs and other entities outside government

Assessment: Progressing. The UPMA Coordinator was supported by GfD to share information on the PFM reform agenda with a number of DPs and entities outside government, through meetings and written promotion materials.

Evidence: The UPMA Coordinator is co-chair for the Development Finance Assessment (DFA) WG that is led by UNDP. The UPMA Coordinator has ensured DFA WG members understand the BG roadmap and the role of the PFM WG. The recommendations from the DFA report will be presented to the PFM WG and the recommendations will be included in the next update of the roadmap in Nov 2018. This represents good coordination from DPs on the need for ongoing pieces of work fitting into the roadmap.

In addition, GfD supported the UPMA Coordinator in ESCAP, IMF and PEFA meetings, advisers reviewed documents and provided advice on incorporating these reports/recommendations into the roadmap. Analysis and speaking points were provided to the (VII) Minister of Finance on the IMF report, including a statement that IMF should not be preparing a new roadmap but using the BG roadmap. As a result, IMF is not recommending another roadmap. The PEFA also refers to the roadmap³.

GfD supported the preparation of a seven-page booklet on the BG roadmap for dissemination to civil society, government agencies, development partners, NGOs etc. It will assist in increasing awareness of the roadmap and provides a summary in plain language for non-PFM people to understand. The booklet is being translated to Tétun and dissemination is planned for July 2018. GfD supported UPMA to develop a six-monthly newsletter to better inform government agencies and the public on UPMA's role and functions, and to promote its profile.

2.1.3 To what extent did GfD contribute to policies and systems for improved budgetary governance?

Assessment: Progressing, despite the lack of political support and momentum during the impasse. The BG roadmap outlines core reforms and policies that need to be developed and implemented in a planned and sequenced manner as part of the overall system of budgetary governance.

Evidence: GfD supported the development of a policy note that was requested by the PM under the VI Constitutional Government on changing the fiscal year end from 31 December to 30 June. The policy note was presented to the VII government PM and Minister of Finance with implications and recommendations. Although this system was understood and would provide better information for government, auditors and stakeholders, the change was not adopted.

GfD prepared an MTEF policy note in early 2017 and UPMA shared this with the (then new) Minister of Finance in late 2017, which had a positive impact in terms of convincing him that the policies and reforms are in line with what government needs for improved financial planning and management. The policy paper on MTEF was updated and he wanted to implement the policy in 2018, earlier than scheduled in the roadmap,

GfD supported development of policy papers on standardising the corporate services structure in PB across whole of government and development of fiscal policies for consideration as part of the 2019 budget.

GfD supported the development of the Phase 2 PB structures for the remaining LMs and AAs that weren't prepared in 2016 (for the 2017 budget), as well as the new municipality PB structures. GfD supported a review of all programs and outcomes completed as part of the Phase 2 PB rollout. The number of programs has been reduced from 142 to 90. These have not yet been set up in the Chart of Accounts in the FMIS.

GfD supported development of PB structures for youth, vulnerable, people with disability, and marginalised groups based on the SDP but have not yet been incorporated into the system.

³ One PEFA member from WB is also a STA PFM Specialist for GfD, who was part of Phase 1 PB

GfD supported the development of a template for the 2017 Government Annual Performance Report and provided training for UPMA staff in the preparation of the report. The GfD PBA team reviewed financial data generated from Crystal Reports to draft inputs for the 2017 annual reports of the Phase 1 LM and AAs. The PBAs provided technical assistance and mentored focal points in LMs and AAs on planning, including procurement, and reporting. Three PBA teams visited 12 municipalities to provide technical assistance on the elaboration of 2017 annual report and on monthly planning for the duo decimo budget.

GfD provided advice on the implications of the duo decimal budget on planning, and drafted changes to the budget execution laws for management of duo decimal. GfD developed planning and reporting formats for the duo decimo budget including development of a template for the 2018 Quarterly Performance Report and provided formal training to the UPMA team on how to use them, what information to include and where to get it.

GfD provided support for the preparation of the 2018 first quarter report and it was finalised and printed. The result was a good first quarter report; although it wasn't perfect, it was a more concise and meaningful report. Not only has the report been reduced in size from 517 to 111 pages, the UPMA Coordinator and technical staff are starting to understand how to report achievements in a meaningful way and to produce a document that is more accessible and readable.

GfD supported a gender analysis of the 2018 first quarter report to examine the overall composition of government expenditure in each sectoral area, gender commitments and a review of programs and activities that contribute to the promotion of gender equality. This is the first time there is a specific section of gender analysis in a GoTL quarterly report.

2.1.4 To what extent did GfD contribute to effective information management and availability?

Assessment: Progressing. A solid foundation has been laid for improved information management and availability of financial and performance information. Using DBF, financial information from 2018 will become available for preparation of the 2019 OGE, when the budget of the VIII government is passed later in 2018 and reported against. The new quarterly performance reports will provide a great deal of information in this area, together with fiscal rule policies and the easy access to information in DBF.

Evidence: GfD supported the development of "Dalan Ba Futuru" (DBF), an information system owned by UPMA that contains all planning and budgeting information, indicators, targets, baselines, and monitoring and performance information. DBF aligns programs and activities with the SDP and SDG; links planning and budgeting with indicators; and provides detailed information on all state budget expenditure by LM down to division, AAs and municipalities, including budget category and line items. DBF includes fields for gender programs in the PB structures, gender activities, gender markers and gender-sensitive indicators. Indicators are used to measure the activities implemented. The system identifies project owner, funding source and executing agencies. Book2 Details are here: https://dbft.gpm.gov.tl/dbft/planning/report/book2_detail.php?lang=en

DBF makes the budgeting process systematic and transparent as all activities must be aligned with the output and outcome to be achieved by the program. DBF will provide better and more timely information to all government managers as well as to civil society and the public. All the government funded infrastructure projects plan can now be viewed and generate with book 3 report. FDCH (Human Development Capital Fund) – Provides the detail report on the activities funded by FDCH (Book 3a). When fully rolled out, each LM, AA and municipality will be able to view and generate reports automatically on each of the budget books. Development partners can also view and generate their own reports (Book 5).

It was originally developed for UPMA by GfD as a MS Excel Macro Based system and with GfD IT support, it has been transformed into a web-based system that can now be accessed from anywhere at any time (24/7). As part of the transformation process, GfD supported UPMA to refine the system, ensure no duplication of information and work with MoF to ensure budget execution information can be uploaded from FreeBalance into DBF on a daily basis. GfD supported development of dashboard reporting templates, reviewed the system and provided recommendations for changes (better synergies and more user friendly). GfD supported user-testing of

the system with the Ministry of Health by introducing the first module that contains planning and budgeting (expenditure and revenue plan). MoH is now testing and using the tool for their 2018 and 2019 budget process.

This new system is extremely user-friendly and enables meaningful reporting and oversight. It will significantly change the way budget is managed and government performance is monitored. The way it is presented to the new government is very important as it is a significant threat to entities that prefer an opaque budget management system.

3 EOPO: Budget allocation is more evidence-based and better aligned with government policy

3.1 To what extent did GfD influence GoTL to make evidence-based budget allocation decisions that are aligned with government policy?

Assessment: It's too early for progress in this area as there hasn't yet been a budget cycle to produce the full suite of financial and performance information across all institutions to inform subsequent budget cycle allocation decisions. This will be possible when the BG system improvements have progressed sufficiently.

[Other questions to be discussed and included in MELP and future reports.]

4 Principle: Promotion of gender equality and inclusion

4.1 To what extent did GfD influence GoTL to promote gender equality in PFM policies and systems?

Assessment: Progressing, through establishment of systems that stipulate the inclusion of gender at each step of planning, budgeting, monitoring and reporting. GfD has influenced GoTL to promote gender equality in the government program through incorporating GRB into PB.

Evidence: GfD assisted government to develop gender-sensitive policies throughout the PFM system, based on the Gender Responsive Budgeting (GRB) 2017-2022 policy note, which was approved by the PFM WG in August 2017. Gender was mainstreamed in policies, programs, plans, budgets, and system for LMs, AAs and municipalities, with GfD support. A number of trainings were provided by the GfD Gender and Inclusion (G&I) Adviser on GRB and planning, for planning and budgeting officials as well as for gender focal points (GFPs) in LMs, AAs, municipalities and the Special Administrative Region of Oé-Cusse Ambeno (RAEOA). Based on group exercises and group discussion, the majority of planning and budgeting officials as well as GFPs stated that they have increased their knowledge on how to address gender inequalities through GRB and planning. Training was provided to LMs and CSOs who are the implementing partners of the NAP-1325 and they are now aware of PB, how government Annual Action Plans (AAPs) are developed, how to use gender markers, and know how to disaggregate data by gender. The preparation of gender budget statements for 2019 will be a big improvement in this area and this will be supported by the PBAs. GfD has supported UPMA to be prepared to brief the new government on GRB.

4.2 To what extent did GfD influence GoTL to promote social inclusion in PFM policies and systems?

Assessment: Limited progress.

Evidence: PB structures for youth, vulnerable people, people with disability and marginalised groups have been developed with GfD support, based on the SDP, so the foundation is laid, but there are not yet any programs, plans or budgets in place.

Recommendations: GfD support and advise government on progressing social inclusion. GfD liaise with other programs and institutions to seek ways of promoting inclusion and to advocate for improvement.

4.3 To what extent did GfD influence GoTL to allocate budget to gender and social inclusion programs?

Assessment: Too early to tell as neither government has promulgated a general state budget (OJE) yet. The structures are in place for budget to be allocated for gender programs in the next OJE but not yet for social inclusion.

5 Challenges, risks and opportunities

5.1 Challenges

The major challenges in the PFM area were the delays due to the political situation and lack of an approved government program and budget. These delays have effectively wasted a year and have pushed out the timeframe of the BG roadmap implementation. GfD should have been able to support progress in the BG system from the 2018 OJE onwards but the lack of budget means expenditure and performance information from a full budget cycle hasn't been available.

5.2 Risks

In terms of risk to GfD achieving the EOPOs, this past year has certainly been a setback. However, the system and the reform belong to Timor-Leste and GfD is here to support it according to its needs and timeframe.

Risks remain around ongoing political uncertainty and further potential delays to implementing the reforms. There are risks that UPMA may change or be moved. There is a risk that a new government will discard the BG roadmap and develop a new strategy. There is a risk that government may not pursue PFM reform due to competing political objectives among power-brokers. There are risks to the relationship between GfD and government. GfD will have to assess the situation and it develops and respond accordingly.

5.3 Opportunities

The key opportunities for GfD are to engage with the new government, continue to support UPMA as the trusted partner, and continue to promote the BG roadmap in terms of the achievements and potential benefits it can provide to government. GfD and UPMA can capitalise on the relationship with the OECD and promote the objective guidance that OECD provides to ensure continued bipartisan support.

6 Looking ahead

GfD aims to support UPMA and the PFM WG to 'sell' the PFM reform to the new government and support development and implementation of the workplan. GfD will seek ways for DPs to be involved in the PFM WG to oversee their investment.

GfD aims to continue supporting development of the BG system, including the drafting of policies and the conduct of an M&E audit across whole of government to determine what systems are being used and how they may or may not be able to interface with DBF.

As far as process work goes, GfD expects to support UPMA to finalise the annual report and support the preparation of the government program, the 2019 Annual Plan and budget (possibly new 2018 budget also). GfD will encourage GoTL to mainstream gender and social inclusion in the VIII government's five-year program and 2019 Annual Plan.

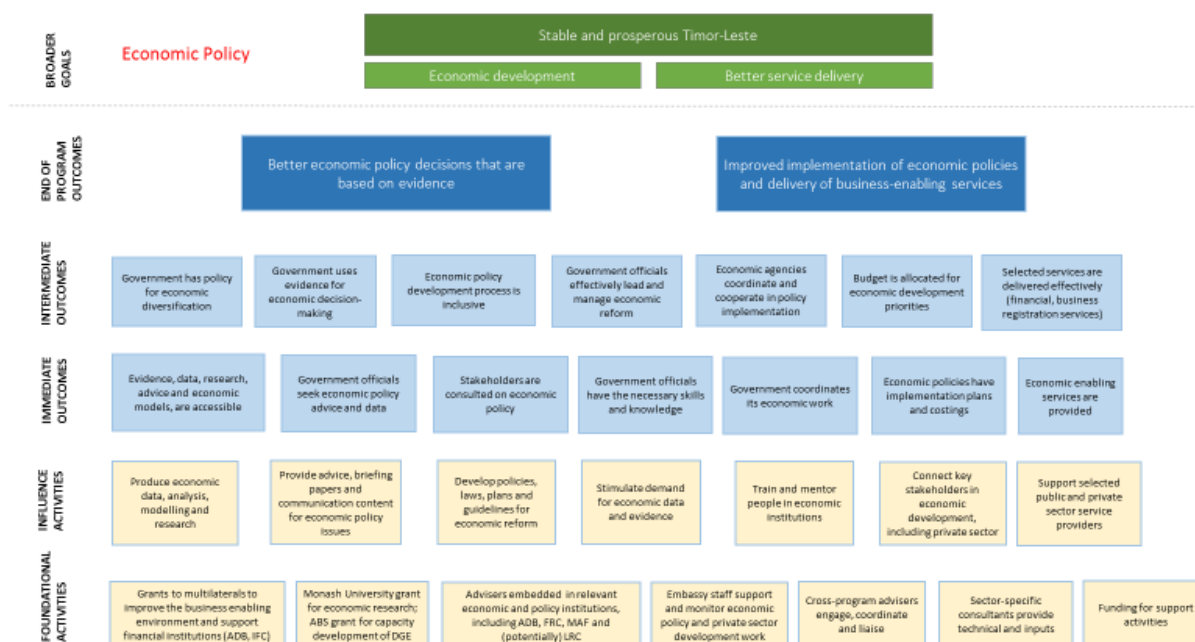
GfD plans to support gender analysis of the 2017 annual report, and the 2018 reports as they're produced. GfD plans to assist UPMA and SEIGIS to develop a Gender Budget Statement to be included in Budget Book 1. This is a gender-specific accountability document produced by government entities to show what its programs and budgets are delivering in terms of gender equality.

Work Area 2: Economic Policy

1 Introduction

Until mid-2017, GfD supported the GoTL, through the Office of Minister of State Coordinating Economic Affairs (MECAE), to implement economic policy reforms outlined in the Guide for Economic Reform and Growth (GRFE), which was developed with GfD's support and received bipartisan approval in November 2016. An Economic Diversification Strategy superseded the GRFE in 2017 but this was not formally approved by the VII government due to the unstable political situation.

1.1 Economic Policy Theory of Change



The first EOPO is, 'better economic policy decisions that are based on evidence' and involves production of research and data, analysis of data to create evidence and availability of good advice to inform policy, all in an inclusive policy development environment. Resultant policies are expected to be inclusive, based on analysis and coherent, i.e. in line with economic strategy and SDP to achieve optimal results for TL. Economic policy also includes tax and revenue (government income) which is the other side of aggregate fiscal discipline mentioned under PFM.

The second EOPO is, 'improved implementation of economic policies and delivery of business-enabling services', which follows on from good policy decisions and involves effective management of policy implementation, good coordination, available budget and delivery of selected business-enabling services, such as financial and business registration services, agriculture and aviation sector services (safety and security, revenue collection) as economic enablers.

1.2 Context

The economic policy area of GfD experienced a period of uncertainty relating to the instability of the VII government from October 2017 to May 2018. In 2017, MECAE had prepared for an orderly transition to the new government with the support of GfD, placing a successor institution in a good position to create a five-year strategy based on sound economic analysis and prioritisation according to projected economic results and impact.

Under the VII government, the economic policy responsibilities moved from MECAE to the OPM / Minister for Development and Institutional Reform. There was little attention paid to economic policy as the government didn't have an approved program and the preoccupation was with the political situation. Reporting and decision-

making structures were not clear, which was destabilising for the GfD advisers and government staff (civil servants and ex-MECAE advisers) to continue a cohesive work program at the technical level. GfD advisers supported at the technical level where it was possible to do so.

As the VII government program and structure wasn't approved, the former MECAE office was left in limbo, with some staff continuing without a structure or framework in which to operate. Some moved to MAF with the former Minister MECAE/MAF who was designated as Minister MAF, but still participating in some economic coordination and oversight work, such as WTO accession.

GfD maintained relationships with ex-MECAE internal and external stakeholders, including TradeInvest, World Bank, Asian Development Bank (ADB) and consulted on different issues to the extent possible.

As at May 2018, the GfD team supporting the ex-MECAE office was still in place. The team may be split up following establishment of the new ministerial structure and delegation of responsibilities for the economic reforms and private sector development work.

The mandate for the Law Reform Commission (LRC) also ended in October 2017. With GfD support, the LRC had delivered a legislative reform policy with a set of core priorities and associated budget for the consideration of the new government. It is unclear if there is an intention for law reform to continue under the VIII government, despite there being an extremely strong need for an institution to oversee government's policy development process and harmonisation of laws.

1.3 GfD influencing activities

GfD provided an Economist (LTA/STA), a Senior Legal Policy Adviser to support law reform in the economic area, a Project Manager and two national economists to the ex-MECAE office, which partially moved under the OPM but was left in limbo during the period of political instability. GfD provided a Private Sector Development Adviser to ADB for the work supporting improvements in corporate governance in financial institutions, particularly BNCTL. GfD provided a Senior PFM Adviser to the Fiscal Reform Commission to support the establishment of legislation for the collection of government fees and charges. GfD provided a Senior Agriculture Policy Adviser to MAF until January and then recruited a Development Partner Coordination Adviser to continue the DP liaison and coordination role in agriculture, but the adviser has not yet been introduced to the new government. GfD provided an Economic Modelling Specialist (STA) to adapt the agriculture planning tool 'Instrumentu ba Programasaun Agrikola' (IPA) tool for use by DGE. GfD provided technical and legal aviation specialists to support the aviation regulator to operate as an AA and to implement aviation safety standards. DFAT provided direct grants to IFC and ADB for private sector development projects, and to ABS for support to statistical capacity development in DGE. GfD, through Cardno, provided a grant to Monash University for economic research.

2 EOPO: Better decision-making and evidence-based economic policy

2.1 To what extent did GfD influence government to make evidence-based economic policy decisions?

Assessment: No progress due to the political situation. In fact, there has been quite a set-back in the progress towards this EOPO that had been made under the VI government. Until the parliamentary election in mid-2017, GfD was very well positioned to support and influence evidence-based economic policy-making through being a trusted partner of the former MECAE Minister and coordinating office. Due to the ongoing political situation, there was no substantive government therefore no economic policy agenda in place during the reporting period, hence no policy development or decision making. There was no opportunity for GfD to influence an economic reform agenda other than to prepare information packages as part of the handover to the new government. GfD was able to continue producing evidence, data and analysis for future use, but may have to start from the beginning and develop a new strategy on how to work with the new government on evidence-based economic policy decisions.

2.1.1 To what extent did GfD contribute to economic data, analysis, research, evidence and advice being available and accessible?

Assessment: Progressing steadily, despite political situation. GfD continued to support the production of economic data, evidence and analysis, which will be available for the handover to the incoming government. Whether the new government will want to use the evidence is a question that GfD will need to explore.

Evidence: GfD has continued to produce and make economic information available during this period despite the government hiatus. In 2017 GfD supported MECAE to do as much preparation as possible for the handover to the new government and for a successor institution to MECAE to manage economic affairs. GfD developed an analytical review that brought together the economic unit's analysis and policy research from 2015-2017 into one document. GfD also summarised new reports from the ADB Private Sector Assessment, World Bank Systematic Country Diagnostic, MCC Constraint Analysis, and the IFC Investment Reform Map.

GfD supported the preparation of an Economic Diversification Strategy for handover to the new government in 2017, making an economic growth strategy and associated economic analysis available for the new government to make economic development decisions.

GfD provided economic analysis for a TradeInvest report with the purpose of assisting TradeInvest to develop its investment and export information package that can be used as a promotional tool. GfD developed a draft Business Environment Strategy against the World Bank 'Doing Business' indicator), which wasn't used by the VII government but can be used by the incoming VIII government to guide decisions on improving 'Doing Business' indicator rankings.

GfD supported Monash University to conduct economic studies into Labour Markets and Productivity in Timor-Leste. Monash published the report and GfD supported the public dissemination of the information to ensure its wide availability. GfD also developed tailored strategies to ensure key findings were easily accessible. The reports are important new pieces of evidence that will be available for decision makers in the new government to inform economic policy. The reports have also been utilised widely by civil society, spurring the development of more locally-led economic research. The result of this is that key decision makers will have a much larger body of evidence to draw upon than what was available previously. Government, civil society, academic people and DPs have access to information and data on labour productivity which can support employment and business-enabling policy development.

As a new activity requested by a new government counterpart, GfD supported the Fiscal Reform Commission (FRC) to conduct a survey of AAs and set up a database to assess and provide information on the existence of approved strategic plans/business plans, the type and amount of revenue being collected (other than tax), the institutions' compliance with the legal provisions on transparency, the level of reliability of their revenue registration systems and the year of the last update of the values of fees and charges. GfD supported a desk review on all relevant diplomas related to the AAs, including their organic laws, internal regulations, statutes, etc. which has been included in the database. GfD collaborated with the ADB on strengthening public policies on fees and charges, by reviewing the legislation of public institutes of the CPLP countries. The availability of this information in a single database will inform the development of the general law on public institutes and the development of legislation for the general regime of fees and charges.

GfD provided advice to the former Minister MECAE during a mission to observe the WTO round in Brazil in December 2017. The GfD team developed and handed over a dossier to relevant ministries on the progress of WTO accession. GfD prepared a briefing on TL's WTO accession that was presented to LMs, private sector, NGOs, CSOs and academic institutions during a WTO workshop in early June, organised by MNEC with NZ support.

GfD supported the preparation of the National Agriculture Census planned for 2018. FAO is to support the implementation of the pilot questionnaire that was planned for early 2018 but has been postponed. When completed, the results of the census will be used to update the GfD-supported agricultural planning and policy analysis tool, IPA.

GfD undertook a scoping study of unimplemented laws from VI Government's legislation. Implementation of laws can be tracked and resourced by the incoming government in mid-2018.

Through a grant to ABS, GfD supported DGE to become more proficient at producing key economic statistics. DGE is now producing the CPI on a regular basis and can produce the BAS with some assistance, particularly around analysing and explaining results and dealing with emerging issues. These contribute to data availability to inform economic decisions.

2.1.2 To what extent did GfD stimulate demand by government for economic data, economic analysis and advice?

Assessment: Limited progress as there was no political certainty during the reporting period and no policy processes initiated. There was a small amount of interest from government in seeking advice and economic data even an early sign that IPA may have another champion in MoF who can assist GfD to promote use of the tool in MAF.

Evidence: As a result of GfD's promotion of IPA through the ABS adviser in the Direcção Geral Estatística (DGE- General Directorate of Statistics), GfD was able to ignite the interest of DGE in the IPA. DGE saw the potential of this tool to support the creation of statistical products it requires, and requested GfD to modify IPA in order to satisfy their information requirements.

GfD modified the existing IPA to provide the data it requires be able to (1) calculate the costs of production for all commodities, including hired labour; (2) calculate the value of agriculture production on a quarterly basis to assist the compilation of the quarterly GDP figures, where agriculture production is used as an indicator for the estimation of household consumption; (3) calculate the level of agricultural GDP in line with the National Accounts that can be used as a benchmark and can create a historical series of GDP figures in the following years; and (4) estimate GDP within district and municipal boundaries, instead of being based on livelihood zones (which is what the original IPA does). The new version of the IPA was accepted by DGE.

GfD advisers from the former MECAE office were drawn on by OPM for urgent advice and provided economic data for GoTL to share with the Millennium Corporation Challenge (MCC) team when they visited in March 2018 to make an assessment of the economic environment and plan interventions for their upcoming program.

Recommendation: IPA was originally intended as a planning tool for agricultural inputs into MAF plans and budget. With this new opportunity, GfD will develop a strategy for working with DGE to promote the use of IPA in MAF under the VIII government.

2.1.3 To what extent did GfD influence inclusive economic policy development?

Assessment: No progress, or even a set-back to progress that was achieved under the former Minister and Office of MECAE. No substantive government and no policy development processes.

Recommendation: GfD to seek ways of accessing and influencing a new economic ministry and Minister.

2.1.4 To what extent did GfD influence government to make evidence-based economic policy decisions?

Assessment: No progress. The new government is likely to want to decide its own economic policy, and it may be heavily stacked towards infrastructure investment, whether evidence-based, or not.

3 EOPO: Improved implementation of economic policies

3.1 To what extent did GfD support government to improve implementation of economic policies?

Assessment: No progress due to political situation resulting in government program not being passed and no budget for policy implementation.

The (former) Minister MAF expressed the need to maintain MAF-DP harmonisation meetings, as they are essential to complement MAF's activities and create synergies between MAF and DPs on implementation of

agriculture policies and programs. GfD supported the WB-funded SAPIP to connect with the DPs in country for future partnering and cooperation to implement activities.

3.1.1 To what extent did GfD influence allocation of budget to economic policy priorities?

Assessment: No progress.

3.1.2 To what extent did GfD contribute to improved management and coordination of economic policy implementation?

Assessment: No progress, possibly a set-back without MECAE continuity or handover.

3.1.3 To what extent did GfD contribute to improved systems and skills for effective implementation of economic policy?

Assessment: No progress.

3.1.4 To what extent did GfD contribute to improving the business enabling environment and/or availability of selected services?

Assessment: Some progress in improving delivery of financial services and commencement of support to improvement in aviation safety regulation.

Evidence: GfD supported ADB to strengthen BNCTL Corporate Governance (CG) by drafting new by-laws and DL for BNCTL adopting best CG standards for financial institutions. BNCTL delivers financial services and is working towards commercial transformation based on future GfD support to strengthen risk management and internal controls in operational and credit areas.

GfD is supporting SERVE to develop an 'app' with legal information for MSMEs.

Through a grant to IFC, GfD is supporting Kaebauk Investimentu no Finansas (KIF) to pioneer a mobile banking service that aims to provide better financial services to people in the municipalities. IFC also conducted an agri-finance diagnostic to scope the market and assist KIF to design appropriate agri-finance products to better serve agri-clients.

Aviation is a key economic enabler, and GfD is supporting improved aviation services by providing technical assistance to the Civil Aviation Authority (AACTL), the aviation regulator, to become established as an autonomous agency, improving regulatory compliance and implementing a safety oversight system.

4 Principle: Promotion of gender equality and social inclusion

4.1 To what extent did GfD influence government to promote gender equality and social inclusion in economic policies?

Assessment: Not started.

Recommendation: GfD to seek opportunities to engage with VIII government and support the economic coordination body to promote social inclusion, gender and Women's Economic Empowerment (WEE) in economic policy development. These can be linked with and supported through existing gender and inclusion policies and strategies such as NAP on Gender and Private Sector, NAP on People with Disabilities, SEPFOPE Gender Strategies and the Maubisse Declaration.

5 Challenges, risks, opportunities

5.1 Challenges

The overarching challenge was the lack of effective government and no direct relationship between GfD and government on economic policy during this period.

5.2 Risks

There is a risk that the groundwork put in place for the economic reform and economic growth agenda under the VI Government will either not be utilised or not coordinated through a central Minister or office under the VIII Government. GfD is not in an advantageous position at the start of the VIII government, as the counterparts are not known, there may not be the opportunity to capitalise on existing relationships and there are only a few GfD national advisers available to deploy at short notice to gain a foothold when and if the doors open.

There is a risk that key policy reforms under the VI Government (e.g. tourism policy, civil aviation policy, coffee sector development plan, forestry sector development plan, legal reforms to improve business environment, PSD reforms) are not continued. GfD should broker conversations with new government ministers to emphasise previous support and draw on previously completed analytical work and other evidence.

There is a risk that economic advice was seen as assistance for VI Minister and not broad economic analysis for GoTL as it strives to achieve its goals in the SDP. There is a risk that previous transfer of skills in MECAE will be lost without retention of capable staff under a new government, or indeed, without a proper handover of the VI government work.

5.3 Opportunities

There is an opportunity for the economic reform strategy and business environment analysis work to be immediately drawn on by the Minister or ministry responsible for the economy. Embassy/GfD should move quickly once the new Minister is appointed to confirm what support GfD can offer the economic sector.

In some areas (tourism, aviation, coffee) reform plans are already in place and GfD should aim to support implementation. In other critical areas (business enabling environment) reform efforts had started however legal or policy documents were not yet approved by CoM. GfD should position itself to flexibly support new government priorities and, wherever possible, continue the reform agenda of the VI government, noting these reforms were bi-partisan and based on the SDP.

GfD should seek opportunities to re-engage on telecommunications reform.

There is a good opportunity for DGE to support the use of IPA in MAF. The DP Coordination Adviser to MAF is positioned ready to assist in MAF if GfD and the Australian aid program can gain entry by virtue of being a large aid contributor to the sector. Institutional strengthening of MAF is needed. GfD should see if there is a plan to continue with the setup of 'mini UPMA's in LMs, including economic function.

GfD may be able to support 'reform of law reform' by approaching the OPM and the Minister responsible for legislative reform and should seek ways of influencing good policy development processes and legislative harmonisation.

6 Looking ahead

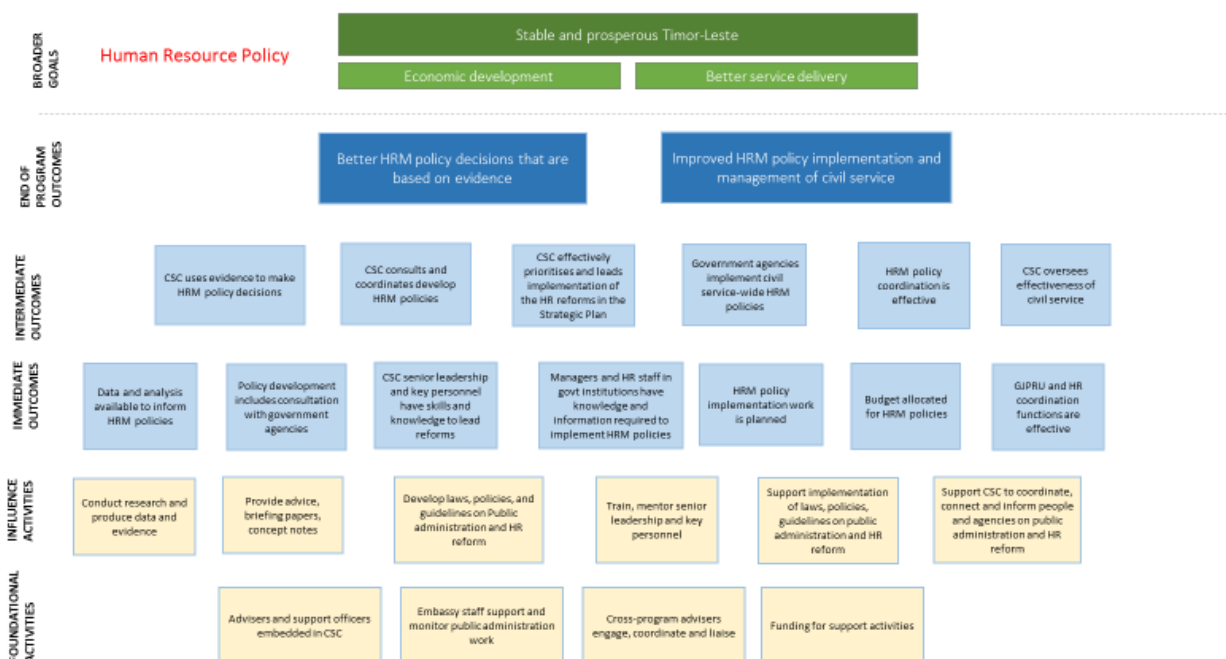
GfD will seek and be open to opportunities to engage with or respond quickly to new requests. GfD should prepare to extract the recommendations from the existing analyses and advise new government in planning its economic strategy. If GfD can gain access and influence, then among all the economic policy areas, it should seek ways of influencing and promoting social inclusion, gender equality and WEE.

Work Area 3: Human Resource Policy

1 Introduction

GfD supports the GoTL, through CSC, to implement HR policy reforms outlined in the CSC Strategic Plan 2015-2030, which was supported by GfD, and which was launched in July 2016. The SP was developed in an inclusive way that ensured ownership of the plan by the CSC Secretariat (SCSC). The overall aim of the SP is to guide the priority policy areas that need to be implemented to enable CSC to manage the overall effectiveness of the civil service. The SP is expected to be fully implemented by 2030, well beyond the timeframe of phase two of the GfD Program.

1.1 HR Policy Theory of Change



The first EOPO is, 'better HRM policy decisions that are based on evidence' and involves production of research and data, analysis of data to create evidence and availability of good advice to inform policy, all in an inclusive policy development environment.

The second EOPO is, 'improved HRM policy implementation and management of civil service', which follows on from good policy decisions and involves effective management of policy implementation, good coordination, available budget and effective oversight of the effectiveness of the civil service.

Note that while CSC contributes to improved public administration, the focus for CSC is on HR policy and oversight of the management of the civil service. Public administration has a broader scope and is the responsibility of whole-of-government. The VI government had established a National Public Administration Reform Commission, which was under the leadership of the Ministry of State Administration.

1.2 Context

The five-year mandate of the Civil Service Commission continues until 2020. It's not anticipated that a change in government will have an immediate impact on the CSC, particularly as it is under strong and trusted leadership with a cohesive strategic plan that is now being implemented. However, there is not 100% certainty and there is the possibility of a change to the reporting structure, whereby the CSC could be moved out from direct supervision by the PM, which would reduce its level of authority and influence. There may be other changes if there are political appointments to the new government from among the Commissioners.

While the work of the CSC has continued in a 'business as usual' fashion, there has been significant distraction associated with the uncertainty of the government situation and the May 2018 election. However, there have been a number of policies, decree laws and manuals drafted ready to present to the new government, which are aimed at continuing support the current reforms. There is no guarantee that the new government's program will automatically support the current reforms.

Relationships remain strong between the CSC and GfD. The relationships between the President and Commissioners continues to be professional and collegial, however it has been reported anecdotally that it has become more factional in nature due to the political divisions at all levels of government and in society. The relationships between the senior officers of the CSC and GfD advisers continue to be productive and professional. The advisers are largely seen as part of the overall CSC workforce.

1.3 GfD influencing activities

GfD provided a Senior Public Administration Adviser to support the Commissioners and senior leadership in the SCSC to lead the management of the CSC SP implementation and to effectively lead and direct the CSC teams. GfD provided an LTA HR Management Adviser to support the development of HR policies and guidelines, such as workforce planning. GfD provided two SP Implementation Support Officers who provide technical support at the implementation level, particularly with LMs. GfD provided a National Legal Adviser and a Legal Officer to support development of instruments to enact policy and to support the management of the civil service in discipline and compliance. The GfD G&I Adviser was allocated to CSC for specific gender inputs.

2 EOPO: Better decision making and evidence-based HRM policy

2.1 To what extent did GfD influence better decision-making and evidence-based HRM policy?

Assessment: Progressing. GfD has a strong influence on decision-making and evidence-based policy development due to trusted relationships established within the CSC. The implementation of the CSC Strategic Plan only started in 2017 and the first policy development processes have commenced.

Evidence: GfD supported the research and consultation in the preparation of a policy on workforce planning, which was initiated under the VI government in order to put a cap on the size and cost of the civil service. GfD supported development of a policy paper which was discussed by the Commission prior to the drafting of a decree law that would direct the implementation of the policy. In the past, laws were drafted as policy but without a process of consultation and debate. This example of workforce planning was as a result of GfD influence on the policy process.

2.1.1 To what extent did GfD contribute to data, evidence and advice being accessible?

Assessment: Progressing. GfD has contributed evidence to inform policy.

Evidence: GfD supported CSC to research and consult on workforce planning in order to support government to manage the size of the civil service. GfD supported the establishment of a list to be managed by the CSC to control the salary and wages bill. This required collation of information for all classes of employment within the civil service. Initially the CSC had no basis on which to estimate the number of civil servants needed to deliver the government's program. The research informed the number of civil servants needed in government, which resulted in the establishment of a cap based on a ratio of the number of civil servants to population (3.2%). The retirement age for civil servants was confirmed by MSS and was included in the draft workforce planning decree law that was supported by GfD. This will enable the CSC to implement and enforce retirement.

GfD supported the availability of information on global best practices on individual performance evaluation system in public services and the existing Timor-Leste public service individual performance evaluation system. This information informed the drafting of the policy review proposal on individual performance evaluation system in Timor-Leste public service

GfD supported consultation with government institutions on the design of an assessment to review the Timor-Leste public service category of areas of services (remote, very remote and extremely remote). This will inform

the reassessment and review of categories of areas of the public service, which will aim to promote civil servant mobility across the civil service. This is particularly important in terms of decentralisation and improved delivery of government services.

2.1.2 To what extent did GfD influence CSC to conduct inclusive HRM policy development?

Assessment: Progressing. GfD supports CSC to engage with government and gain input into HR policy.

Evidence: GfD support has assisted CSC to facilitate input from government agencies into civil service HR reform as evidenced by the consultation process for the draft workforce planning law which involved the participation of key central and line agencies including MoF, MoE, Ministry of Health and the GJPRU forum held in April. CSC sought feedback from 137 participants and representatives of 32 LMs and AAs.

2.1.3 To what extent did GfD influence CSC to make evidence-based HRM policy decisions?

Assessment: Progressing. GfD has good influence use of evidence for policy development.

Evidence: Based on the research, evidence and consultation on workforce planning, GfD supported the development of the workforce planning decree law in a consultative and inclusive way. GfD supported the development of policy papers to inform the Commission on contents of the draft decree law. Following this introduction, the draft decree law was developed through a process of workshopping with the Commission and the senior SCSC officers. In the past, laws were drafted based on articles, but now the process has been established as (1) development and approval of a policy paper, and (2) the policy paper informing the contents of the legal instrument/s. This approach has given CSC good exposure to best-practice law and policy development and has ensured informed and improved discussion at Commission meetings. It also means that GfD policy advisers can influence and advocate for good policy openly, rather than good policy advice being undermined by the legal drafter/s.

3 EOPO: Improved HRM policy implementation and management of civil service

3.1 To what extent did GfD contribute to improved HRM policy implementation and management of the civil service?

Assessment: Progressing. Although most of the GfD support is focussed on the CSC as a central agency, and a large part of that has been inward-looking, GfD is now supporting CSC to be more outward-looking through consulting with GJPRU and working with wider government institutions to support implementation of policies that have already been developed, such as the merit-based recruitment policy.

Evidence: GfD assisted the CSC to provide technical advice to government institutions on the recruitment process, which included revision of terms of reference, revision and compiling test modules for each recruitment process (written and interview) and mentoring the panels involved in the recruitment procedure according to the merit-based recruitment policy. This support guarantees that qualified human resources are recruited and promoted in the civil service so that the 'right person is hired at the right time and for the right place'.

GfD provided support to the Directorate of Workforce and Civil Service Mobility in their day-to-day management of the directorate and its subordinate departments in planning and reporting. The directors and chiefs of department have received good guidance on what they need to accomplish on an annual basis according to the CSC AAP and SP. They also know how to report results against their approved plans. GfD has also supported the drafting of directorate coordination circulars and have monitored the implementation.

3.1.1 To what extent did GfD contribute to improved leadership and coordination of HRM policy implementation?

Assessment: Progressing. GfD past and ongoing support has been and is integral for CSC to lead HRM reform and to coordinate policy implementation.

Evidence: GfD supported CSC at the GJPRU monthly forum meetings to network on HRM issues and to consult with GJPRU on policy issues. Previously, workshops, consultations and presentations were conducted

by the SE and the Commissioners. Now the senior CSC officers give the presentations at the meetings and they network across LMs to discuss and inform HR reforms and initiatives. Their level of knowledge and confidence comes from being included and consulted throughout the SP development process in 2015-16. Previously, the government-funded international advisers would do the planning, but this inclusive process opened the opportunity for SCSC officials to take ownership of their directorates, departments and units.

Through GfD's support to the workforce policy development process, the DN for Workforce Planning has progressed from a predominantly operational focus to leading the development of the decree law. This included the establishment of the draft law steering committee, the drafting and implementation of the policy paper and the drafts of the law. During the period the Director presented the draft law to MoF, MoH, MoE, MoJ and to GJPRU. The Director's confidence has increased significantly as has her comfort in challenging concepts and ability to give comprehensive answers to questions raised in Q&A sessions.

GfD provided support for the process of planning and implementation of the annual review of the CSC 2017 work plan and establishment of priorities/strategies for implementation of CSC SP during the period 2018-2020. GfD supported training on 'change management' that enabled directorates and units of SCSC to develop their knowledge and understanding on how to present their annual results, the challenges and proposed activities for 2018. Each directorate and unit of CSC has an Operational Plan (2018-2020) to operationalise the CSC SP.

The Commissioners and senior SCSC personnel have increased skills and knowledge on Results-Based Management and how to apply this in the program management of CSC. As a result, the SE gained knowledge on change management and applied it in her extraordinary action to review the work-flow processes of several CSC key directorates located at Casa Europa. Some indicators were found in the directorates reviewed on management and workflow processes.

3.1.2 To what extent did GfD contribute to improved systems for effective implementation of HRM policy?

Assessment: Limited progress. GfD supports CSC to implement policy through dissemination activities across the civil service. There aren't necessarily strong systems underpinning policy implementation that enable managers to effectively manage civil servants in accordance with the policies.

Evidence: GfD supported the development of a workforce planning manual to accompany and operationalise the workforce planning decree law. Before laws were generally released without a manual. This has changed to include, policy, law, manual and standard operating procedures, which lays a good foundation for the practice of drafting laws, policy papers and manuals.

GfD worked with UN Women to support CSC to develop a policy on zero tolerance for sexual harassment in the civil service, which was finalised and launched in December 2017. GfD supported the development of an operations manual to support implementation of the policy, as well as dissemination of the policy throughout the CSC initially. Dissemination to LMs, AAs and municipalities has followed but is not yet complete. It is unknown if managers know how to manage cases if they are reported, or if 'implementation' of this policy is likely to have an effect on reducing instances of harassment in the workplace.

GfD supported the development of guidelines that define rules to ensure meritocracy and productivity in recruitment and selection processes, empower women and increase women's participation in decision-making and. GfD supported the development of a manual on the procurement process. Some guidelines and manuals that are already approved by the CSC are being implemented in all institutions, and ensure the institutions are in compliance with the principles and values of the civil service.

3.1.3 To what extent did GfD support CSC to influence allocation of budget to HRM policy priorities?

Assessment: Not started yet.

3.1.4 To what extent did GfD support CSC to improve management of the civil service?

Assessment: Progressing. GfD has supported the President and the Commissioners to manage the civil service more effectively. There has been a greater focus on compliance and discipline.

Evidence: GfD supports and facilitates the resolution of personnel management issues through support to compliance and disciplinary cases. In order to ensure compliance with the policies and strategies defined by the CSC, GfD supports the drafting of orders and decisions approved and signed by the CSC President, specifically for the hiring of personnel, appointments to new positions, granting of leave, composition of selection panels for merit-based recruitment, approval of the results of the selection, authorisation of salary payments and other supplements. In support of ensuring civil service compliance with CSC guidelines, laws, decisions and other acts, GfD provides written and verbal legal advice to the President and Commissioners, CSC, as well as other LM personnel.

4 Principle: Promotion of gender equality and inclusion

4.1 To what extent did GfD support CSC to promote gender equality and inclusion in HRM policy?

Assessment: Progressing on promotion of gender equality, but no progress in promotion of inclusion.

Evidence: GfD supported CSC to address mainstreaming of gender in workforce planning and performance reviews policies.

4.1.1 To what extent did GfD influence CSC to promote gender equality in the civil service?

Assessment: Progressing.

Evidence: GfD supported CSC to mainstream gender in planning, budget, and systems through advice, assistance and training:

- Improved knowledge of the Protocol on Disciplinary Action for Sexual Harassment to selected institutions (not yet complete dissemination).
- Increased awareness CSC staff on gender responsiveness, domestic violence, and transformative leadership to minimise discrimination in the recruitment process, training and performance reviews.
- Improved gender disaggregated staffing data for casual staff, permanent staff, advisers and by level, such as management positions, position classifications, qualifications, skills, etc.

4.1.2 To what extent did GfD contribute to the empowerment of senior women leaders?

Assessment: Progressing. GfD continues to build the capacity, skills, and knowledge of senior women leaders (SE and DNs) and the CSC Gender Focal Point (GFP).

Evidence: GfD supported CSC female senior leaders in developing their leadership skills, management knowledge and confidence. GfD supported the SE, DNs and CPF to improve their leadership, management, communication and planning skills:

- Upgraded planning skills: GfD supported the SE to oversee the planning process for the development of the CSC AAP, which was required as part of the UPMA Program Budgeting work. There are now linkages between every directorate's AP to the results matrix of the SP. For the first time CSC was able to produce a budget that is linked to the AAP.
- Improved management practice: GfD supported improved management practices by assisting the SE to prepare a management agenda for discussion in her fortnightly meeting with the DNs. She is now improving her management capacity, delivering the right messages and leading clear discussions on the relevant topics. The outcome of this support is that the SE has become more effective in her role and has increased her level of confidence in fulfilling the CSC Secretariat leadership position.

- **Strengthened communication:** GfD supported the President and the SE to establish a structured communication link between them. Previously, instructions and directions were given on an ad hoc, case-by-case basis. This gap has now been bridged and the communication between them is effective and meaningful.

GfD supported the empowerment of the CSC GFP, who is also the Chief of Planning and Finance, in the following areas:

- **Strengthened gender knowledge:** The GFP has increased her knowledge in planning and developing the CSC AAP and reporting progress through a gender sensitive lens.
- **Reinforced confidence as gender representative:** Through GfD support, the GFP has developed skills and knowledge and is now fully confident in her leadership, analytical and public speaking skills. As an example, she delivered a presentation to the Victorian Government during a two-week gender fellowship in Melbourne in early 2018.
- **Advocacy for women's empowerment:** The CSC is becoming a strong advocate of women's empowerment and gender equality due to opportunities that were previously seized on by GfD advisers during the SP development process and now through developing the capabilities of the women leaders and the GFP in the CSC. The CSC and the GFP are now strengthened in their ability to ensure gender considerations are incorporated into laws, policies and regulations etc. to be applied across the civil service, such as the promotion policy. This top-level influence has the potential to improve opportunities for women to participate in government and access positions at the decision-making level.

4.1.3 To what extent has GfD contributed to women's improved access to jobs and promotion within the civil service?

Assessment: Progressing.

Evidence: Together with GfD advisers contributes and supports strategies to empower women in the public administration. This includes developing policy and systems to promote gender sensitive policies and access and voice for women in the municipalities and rural areas to any job vacancies in public administration, setting up a committee that involves both women and men in addressing gender inequalities in the civil service.

4.2 To what extent has GfD influenced CSC to promote inclusion of people with disability in the civil service?

Assessment: Not started.

Recommendation: GfD to seek ways of promoting consideration of inclusion of people with disability.

5 Challenges, risks, opportunities

5.1 Challenges

The main challenges have been the distraction of the election and the uncertainty of the new government's program – what this will mean for the CSC and, more broadly, the machinery of government.

5.2 Risks

There is a risk that there will be some change to the composition of the Commission. The President CSC has been a strong leader in changing the ethos of the institution and bringing clarity and purpose to the role of the CSC. A change in leadership would likely alter the relationship with GfD and possibly the level of influence and engagement that GfD has been able to achieve.

If the incoming government adjusts the mandate and functions of the CSC, it could have implications on the good governance system that GfD has helped to put into the institution and it could mean that GfD has to find other ways of supporting improved civil service and service delivery.

5.3 Opportunities

The EOPOs remain relevant and GfD has a good opportunity to influence and inform the new government through the advice and policy support provided to the CSC that has shown cumulative results since Australia's assistance to CSC started in 2009.

If the new government invests more in good governance including decentralisation, GfD may consider expanding support into this area as it will bring increased value and potentially better results that can complement the results achieved by the CSC.

6 Looking ahead

Unless there is significant change, GfD will continue to provide advice on strategic and policy matters to the CSC and provide management support to the SE and SCSC on strategy and change management. GfD will help to facilitate an interface between SIGAP/PMIS and payroll in order to ensure accurate and timely HRM data is provided to MoF so that there is better control of wages and salary costs. GfD will support CSC to progress the policies already started, such as the individual performance evaluation system and the reassessment and review of the 'Category of Areas Public Service'. GfD will support the implementation of workforce planning, including functional analyses, job design, job descriptions and staffing establishment across LMs and AAs, by providing training and development support to operationalise the policy.

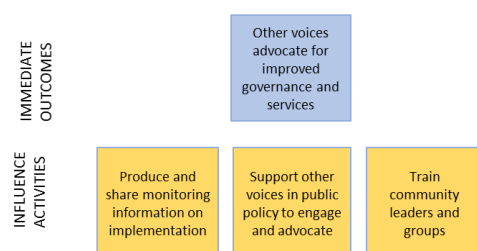
Other Voices in Public Policy

1 Introduction

GfD, through Cardno, has three-year grant agreements with the Judicial System Monitoring Programme (JSMP) and Fundasaun Mahein (FM). JSMP is a local NGO that has a focus on promotion of good governance, policy advocacy, and monitoring the PN and judicial processes in the courts. JSMP conducts community outreach and provides training to leaders and members of the community on democracy, governance institutions, laws and issues facing the community. FM is a local CSO that provides ongoing monitoring and reporting of issues related to Security Sector Development (SSD) by increasing the awareness and understanding of citizens on the legitimacy and performance of the State and security sector institutions.

GfD, through Cardno, is establishing a three-year grant agreement with The Asia Foundation to support additional voices in public policy, in particular young leaders, under the Emerging Leaders for Public Policy or *Lederanca Emergente Apoio Politika* (LEAP) project. The project starts in July 2018.

The work on other voices in public policy doesn't have its own TOC. It fits within the overall GfD TOC as shown:



2 GfD Immediate Outcome: Other voices engage and advocate for improved governance

2.1 To what extent do other voices in public policy engage and advocate for improved governance and policies as a result of GfD support?

Assessment: Progressing

Evidence: JSMP noted that IV PN promoted public participation in the legislative process. This is the result of JSMP's advocacy, as they recommended in the previous annual reports to provide room for the public, including civil society organisations to provide input in order to reflect the interests and aspiration of people in general in order to enhance political decisions.

JSMP conducted the following advocacy activities:

- Prepared a submission with other NGOs to go to PN as joint advocacy on the draft bill on Child Protection to make sure public consultations are conducted and that opinions and comments from relevant state and non-state institutions are taken into account. JSMP considers that the contributions from all relevant parties are important to have a better law that can sufficiently protect children.
- Conducted Land Rights Advocacy as part of Rede ba Rai (land network) on the issue people being evicted, houses destroyed and taking over of community land in Balibar for road construction without recognition of people's rights to land, particularly women, and without compensation.
- Represented Rede ba Rai to discuss with TOMAK about the possibility of cooperating in a research program on women's participation in the utilisation of land in districts.
- Produced a radio program on *Immunity and Its Impact on Good Governance*. Based on the results of monitoring, JSMP found that immunity of MPs and government is an obstacle in the promotion of good governance. The radio program was used to advocate for an amendment to the law on the regime of PN to lift immunity when any MP has received notification of involvement in crime from the courts, and for the proper implementation of the Constitution on immunity of members of government.

- Participated in a meeting on Social Auditing. The objective is to evaluate the progress and the obstacles of the work of civil society in social auditing of government as partner and also to strengthen collaboration among the members.
- Participated in a meeting with the survivors of Gender Based Violence with the title 'Fight for Changes, we can too'. The objectives were to reflect and evaluate the results of the work process and to study with civil society and other survivors and partners; to acquire and put together ideas or shared opinions for each of the important recommendations and advocate for relevant institutions; and strengthen solidarity and friendship among survivors with all partners.
- The constant advocacy of JSMP has made a positive impact in the function of the Oé-Cusse District court, when JSMP observed the Rules of Conduct being applied for the first time.
- JSMP found out that court has applied compensation to some cases of domestic violence. Sentences for cases related to GBV are increasing in almost all courts. This is the result of JSMP's advocacy because JSMP has pushed the court to prioritise GBV cases and to reduce the backlog of cases,

Fundasaun Mahein advocated with the (IV) Parliamentary Committee B on Security, Defence and Foreign Affairs on the following issues:

- The capacity of the Ministry of Defence and Security (MDS) to implement existing policy effectively and develop more rational policy for the future.
- The development of a White Paper on Security and Defence in order for MDS to better understand current security and defence issues, develop effective policy and better gauge public opinion.
- Coordination of responsibilities for Human Intelligence (HUMINT) between the National Intelligence Service (NIS), Police Intelligence Service (SIP) and Military Intelligence Service (SIM). The Intelligence System's capacity for Signals Intelligence (SIGNIT) was also discussed, notably regarding how available SIGNIT resources can be coordinated effectively to counter threats faced by the State, in particular transnational crime.
- Development of a nuanced and focused foreign policy strategy, one which applies finite diplomatic resources where they are most applicable to Timor-Leste's national interests. Concerns were raised over how best to develop and nurture human resources within MNEC, how to enhance public relations through outreach, ongoing challenges with the visa process for foreign national to enter and/or work in Timor-Leste, and the lack of legislation for State protocol.
- FM briefed the Committee on Timor-Leste's diplomatic posture and multilateral relationships and the advantages and disadvantages of existing relationships.
- Finally, there was open discussion of regional and global challenges and their potential implications for Timor-Leste, inclusive of climate change, international terrorism, transnational crime and tensions in the South China Sea and Korean Peninsula.

Note that GfD will work with these institutions and develop report templates that will shift their reporting focus more to the results and outcome level. This report is based on what is presently available to GfD.

2.2 To what extent do other voices in public policy monitor and share information on governance issues as a result of GfD support?

Assessment: Progressing.

Evidence: JSMP monitored the plenary sessions of PN and meetings of Committee A. JSMP focussed on the impact of the MPs' vote against the programs of the VII Government and recommended to MPs that the national interest should be put above all other interests and to approve the programs and support the government in order to deliver the basic needs of the people as described in the programs. JSMP also provided legal opinions to FONGTIL on the political situation and made recommendations on how to let the public know about the process, which was done by the representative from NGO Forum.

JSMP monitored good governance, particularly on the issue of corruption. JSMP produced a summary of information from the submission of Committee A on the draft bill of anti-corruption law and the result of an international seminar on anti-corruption organised by Committee A. JSMP made a submission to the Commission of Anti-Corruption (CAC) based on the results of court monitoring of corruption cases and the observation on the process of developing and drafting the bill on anti-corruption.

JSMP monitored the 12 May election with the objective of carrying out an independent observation to ensure the election was conducted in a transparent, impartial, fair and accountable manner. JSMP deployed 23 observers in five municipalities. The observers identified several issues and problems, which were analysed by JSMP's legal researchers before they were published with recommendation made to relevant institutions.

JSMP produced two thematic reports: one was legislative analysis on Civil Law Jurisdiction in Timor-Leste (with GfD Legal Adviser support) and suspending prison sentences with conditions for domestic violence cases. The Civil Law Jurisdiction paper identifies several difficulties in hearing and executing civil law matters in TL. This is the first ever report that JSMP produced. The paper outlines the problems faced by the justice system in dealing with civil cases and proposed several recommendations that will be presented to government.

JSMP has been publishing its information through local newspapers on a regular basis. The dissemination of information through newspapers has been praised by many readers because they have access to information about the trials in each court, legal and human rights information and JSMP's legal opinion on specific legal issues. They said that the information published by JSMP often responded to their concerns.

Fundasaun Mahein published one Mahein's Thoughts report MHN 15, on a transnational crime operation infiltrating Timor-Leste, which denounced the presence of the company Hong Long Fisheries (HLF) in Timor-Leste's territorial waters. The report describes how HLF effectively functions as a front company for Pingtan Marine Enterprises (PME), which has been accused of crimes ranging from investor fraud to human trafficking. Within Timor-Leste's waters, this company has poached shark species protected under Timorese law, violating both Timorese law and sovereignty. This report also served to advocate for the development of an effective maritime patrol and response capability, and the implementation of an effective Maritime Authority.

The release of this report and the subsequent judicial proceedings resulted in some benefits for the public interest whilst also highlighting several ongoing challenges for the security and justice sectors in Timor-Leste. Whilst the judicial proceedings found HLF not guilty despite the evidence presented, FM believes that its report has set a public precedent for other organisations that may consider violating Timorese sovereignty and may help to deter similar actions in the future. It should also serve to promote a greater degree of due diligence by MAF when granting commercial fishing licenses.

The judicial proceedings also revealed capacity shortfalls in the Timorese justice sector regarding their human resources and capacity to successfully prosecute cases when extensive evidence is presented. This also raised concerns over the possibility of corruption with MAF, regarding both the initial process to grant the commercial fishing license to HLF, and what influences may have been brought to bear on the judicial process which saw HLF acquitted of the charges presented by the State.

In March, FM published one Mahein's Voice Report (MNL) MNL 132, Timor-Leste as a Drug Trafficking Transit Route which outlined a recommended response to Timor-Leste's potential vulnerability as a drug trafficking route into Indonesia. The report identifies the land frontier with West Timor, the airport, and the Dili port as key locations in which to strengthen anti-drug trafficking measures. It recommends the creation of an integrated service authority that can coordinate efforts at all three of these locations. FM conducted a press conference on the publication of MNL 132. This outreach serves to disseminate FM's findings on this issue to the wider public in cooperation with Timorese media agencies. This also complements FM's advocacy efforts at the policy level of State and the operational level of the security sector. By conducting press conferences, FM is able to raise security issues of concern for wider public debate and facilitate civic participation in Timor-Leste's Security Sector Development process.

2.3 To what extent are other voices in public policy able to engage with and train community leaders and groups, and support them to demand services, as a result of GfD support?

Assessment: Progressing.

Evidence: JSMP conducted 12 community leaders' workshops on democracy and access to formal justice in each of three districts courts (Baucau, Dili, Oé-Cusse and Suai). Total participants were 90, most of whom were members of village council and other community members. The principal questions raised by participants relate to domestic violence, child abandonment and the responsibility of parents, the role of community leaders in protecting children who are victims of domestic violence, and cases of adults being married to children (under 16 years old). It is commonly found that people aren't aware that domestic violence is a public crime and should be reported to police, instead of being resolved through the traditional way. Some participant feedback also shows that there isn't clear understanding of the different roles of government and parliament.

As the workshops took place when the political situation was unstable, many questions were about the constitutionality of the minority government, the possibility of an early election and the formation of a new government. Most participants were confused about the political situation. JSMP responded to the questions raised by explaining the democratic process and national election and related it to Timor-Leste's Constitution on the obligations and competences of the President of the Republic and the formation of the government. JSMP explained that in democratic system, political power and decision come from people. People exercise this power through a democratic process called election where people directly make decision on the destiny of the country. People will decide the best political party or parties with the best programs to establish the PN and to form government to execute these programs.

FM held a Security Sector Discussion (SSD) with students from the University of Peace (UNPAZ), who were participating in a month-long internship to finalise their studies. These internships involved the students putting the theory they had learnt in class into practice with their communities. These discussions enable FM to discuss with university student's security issues that may intersect with the work they will soon be doing in the field. The objective is for these students to better to understand both Timor-Leste's security sector and security issues they may encounter during their work. The benefits of this for the participants include being able to better identify and understand security issues that their beneficiaries may face, and how best to address such problems in cooperation with security actors.

The majority of participants indicated that before this SSD they had a limited understanding of the role of security actors and some of the security issues that were raised, and that they would now be better positioned to act on this information when working with their communities.

This SSD was conducted following an earlier SSD with secondary school students in Suai, which covered similar thematic areas aimed at increasing the knowledge of Timorese youth regarding the Timor-Leste security sector and local security issues.

Annex 1: Management Responses

Tracking management responses is a useful way of reflecting on GfD strategies, identifying linkages and connections and following up on agreed commitments. The table below contains recommendations made in previous reports and which have some relevance for GfD.

Table 1 Previous Report Recommendations and Management Response – actions and progress (from July 2017)

| Key Area | Recommendations | Management Response | Responsibility | Progress |
|-----------------|---|---|----------------------------------|---|
| PFM | UPMA handover to new government and advocate for continuation of the implementation of the roadmap. | Support OPM/UPMA. Ensure Ambassador briefed. | UPMA, Advisers, GfD Embassy team | Awaiting new government |
| | Define linkages and better align PFM support from OPM, through MoF, MAE to LMs, CSC and programs being supported by the Australian aid program. | Sharing of progress and information. | GfD PFM Adviser | Awaiting new government |
| | Assist UPMA to determine their needs in terms of coordination support, based on the OECD recommendations. | Support UPMA with a Strategic Planning and Management adviser. | UPMA, GfD | Recruitment on hold pending new government |
| | Maintain a watch on decentralisation and identify possible areas of PFM support at central and sub-national level. | PFM capacity of municipalities has been reviewed. | PFM/PB Advisers | PB structures for municipalities prepared, wait for new govt program. |
| | Seek ways of influencing change to the composition of the PFM Working Group. | Discuss with UPMA. | GfD Embassy team | Requested previous PFM adviser to include provision for DP inclusion in WG in the resolution, but not done. |
| Economic Policy | Position GfD to respond quickly to requests from new ministers. | Meet with ministers. | Embassy | Awaiting new government |
| | Look at skill areas that may be needed in an economic ministry with executive power and charged with implementation (e.g. PFM, project management, value chain development) in addition to policy development skills. | Discuss with Minister and be prepared with some draft ToRs. Could put out an Expression of Interest? | PD DO | Awaiting new government |
| | Extract the recommendations from the overall economic analyses and consider in planning for support to new government. | Allocate GfD resources. | Adviser/s | Compiled into one report ready for new government |
| | Support economic unit/coordinator with additional economists and conduct capacity development | Consider supporting additional national economists. | | Awaiting new government |
| | MECAE conduct a business perception survey as a yearly indicator of progress. | Consider support to survey. | Adviser/s, Govt | |
| | Encourage MECAE to use the Public Perception Survey results from CSC and address issues. | Liaise with CSC. | Adviser/s | Awaiting new government |
| | Support setting up an MoU between Economic Ministry and MoF/DGE for data requirements and data sharing. | Liaise with MoF/DGE. | Adviser/s | Awaiting new government |

| | | | | |
|-----------|--|--|------------------------------|---|
| | Include gender inputs into analysis, policy development, etc. Train advisers and economists to ensure that gender equality is considered fully. | GfD Advisers work out needs, together with MECAE and GfD team. | PD/GfD/Advisers GfD | G&I Adviser has engaged with MECAE but only superficial level. Adviser participated in WEE conference. More work required to train and ensure adequate gender inclusion. |
| | Establish a standard policy development process. Include a checklist. | Advise on best practice, advocate for change. | Advisers | This has been established by the MECAE advisers (GfD Economist and govt Legal Adviser). |
| | Support improvements to implementation of reforms through development of change management practices, including planning for outcomes not just production of laws. | Change management training. | Advisers GfD, trainers | This needs to be a major focus in all reform areas. Policies and plans can be great (e.g. Roadmap and GRFE) but basic management skills to implement are sorely lacking across govt. |
| | GfD promote a high-level discussion between WB, ADB, DFAT (and MECAE) on support to the next government's economic policy agenda. | Establish forum for meeting. | GfD Embassy team | Postponed. Needs new engagement. |
| | Explore opportunities for an economic policy trust fund that could be managed by GfD to ensure flexible and high-quality project management support to GoTL. | Discuss with Economic Adviser MECAE. | GfD Embassy team | No progress. |
| | Support DPs and GoTL to improve systems of management, accountability and performance in MAF. | Check if other DP programs have these components, if not, GfD consider support. | Adviser, GfD, CSC | Continues to be an urgent need. Awaiting new government. |
| | Follow up on civil aviation work and telecoms reform work and implementation of policy. Provide further technical support if required. | Maintain an overview | GfD Embassy team | Advisers provided to AACTL to progress implementation of National Aviation Policy, particularly with regard to establishing AACTL as an AA and addressing safety regulation requirements. |
| | MAF Adviser to increase advice and activities that advocate for gender equality. Adviser to meet with GfD Gender and Inclusion Adviser to look at support possibilities. | Set up meetings. | Advisers | Awaiting new government |
| HR Policy | Collaborate with other programs (e.g. WDPTL, PHD, TOMAK) to increase CSC outward looking focus to LMs. | Link with other teams and advisers. Do joint planning. Share information. | PD, Advisers | Commencing. |
| | Determine how CSC can support improved HRM in some of the main service delivery LMs. | Work with PHD. Replicate PFM model, i.e. GfD consider providing National PA Advisers in LMs. | All | To be addressed. |
| | Work with WDPTL on possible leadership and management interventions to improve public sector management, including change management. | Investigate best ways to promote good L&D development, especially at DG/DN level. | All | To be addressed. |
| | Link G&I Adviser with PA Adviser; provide orientation on CSC SP, gender workshop, gender data from NSD. | Task and manage GfD G&I Adviser. | GfD PA Team, DO, G&I Adviser | CSC has appointed a Gender Focal Point, G&I Adviser to provide training and support and this wrk has been done. |
| | Explore opportunity to support operational management in CSC and LMs (use of MOP – Monthly Operational Planning from earlier PSCDP intervention). | Review MOP and procedures, discuss with CSC. | GfD, Adviser/s | HRM Adviser may be able to take this up. |

| | | | | |
|----------------|---|--|------------------------------|---|
| | Support CSC in change management approach to HRM reforms. | Provide training to Commissions and SCSC senior managers. | Advisers | This is being done. |
| | Promote a change management approach in CSC, including planning and communication skills. | Provide training to Commissions and SCSC senior managers. | Advisers | This is being done. |
| | Identify training needs of LM HR Managers /GJPRU and support capacity development. | Support Training and Development Directorate. | Advisers | To be addressed. |
| | GfD consider providing technical ICT support to CSC. | Discuss with President. | GfD Embassy team | ICT Adviser commenced June 2018 |
| | Support CSC to use perception survey results and NSD reports to improve its policy-making, planning and budgeting. | Recruit SP Implementation Support Officers. | GfD, Advisers | This is being done. |
| | Support CSC to ensure government institutions use the findings of the survey. | Recruit SP Implementation Support Officers. | GfD, Advisers | To be addressed with new government. |
| | Support CSC to identify policy areas where more disability-inclusive and other initiatives can have optimal impact. | Liaise with PHD and DFAT policy specialists. | GfD Embassy team Advisers | Meetings have taken place to find out ways to better address social inclusion. |
| | Be alert to any risks or opportunities if there are leadership changes. | Stay in touch with President. | PD | New Commissioner/s may be appointed under new govt. |
| GfD Management | Identify information and M&E needs. | Review information needs, M&E and reporting requirements. | PD, DO, Embassy team | Working with GfD team and M&E House to progress this, now re-doing each step and establishing MELP. |
| | Prepare for additional grants and support for govt institutions. | Stay alert to new activities. | DO | Grants for OECD, TAF and ABS being prepared. New support to AACTL, DGE, MAF and CSC managed. |
| | Review staffing levels to ensure adequate resources to manage any additional tasks/responsibilities, including M&E. | Identify requirements based on possible revised scope of services. | PD, DO, CR | M&E House advised GfD that no resources are needed. |

The table below contains the recommendations made in the current report.

Table 2 Key management recommendations made in the current report (or otherwise arising from an outward looking perspective)

| Key Area | Recommendations | Management Response Required | Responsibility |
|--|---|--|----------------------------------|
| PFM | Be prepared to support GoTL/UPMA and possible new requests from OPM when a stable government is in place. | Meet PM, CoS, etc and maintain contact with UPMA. | Embassy |
| | Plan for OECD review of BG roadmap implementation | Discuss with OECD | GfD |
| | Seek opportunities to re-engage with MoF. | HOM meet Minister and promote GfD support (DP Coordination Adviser, IPA) | Embassy |
| | Support and advise government on progressing social inclusion in programs, plans and budgets, in similar way to gender inclusion. | GfD liaise with other programs and institutions to seek ways of promoting inclusion and to advocate for improvement. | Embassy team, DO, G&I Adviser |
| Economic Policy/ Agriculture/ Aviation/ Fiscal Reform | Seek opportunities to engage with VIII government on economic policy coordination and be prepared to respond at short notice. | HOM meet Minister and promote GfD support. Provide GfD info material and economic analysis reviews. | Embassy |
| | Seek opportunities to engage with VIII government on legislative reform. | " | Embassy |
| | Seek opportunities to engage with VIII government in the agriculture sector. | " | Embassy |
| | Seek opportunities to re-engage with VIII government on telecommunications reform. | " | Embassy |
| | Support the economic coordination office to promote social inclusion, gender and Women's Economic Empowerment (WEE) in economic policy development. | | GfD G&I Adviser |
| | Develop a strategy for working with DGE to promote the use of IPA in MAF under the VIII government. | | GfD Economic Adviser, Consultant |
| HR Policy | Support CSC to promote social inclusion in HR policy development. | | GfD G&I Adviser |
| | Watch for other opportunities to support workforce development, improved public administration and decentralisation. | | Embassy team, DO, Advisers |

Annex 2: GfD Personnel

The personnel listed in the table below are Australian Embassy staff assigned to GfD during the period:

Embassy GfD team

| Name | Position | Classification | Notes* |
|--------------------|--|------------------|-----------------------|
| Dan Woods | Program Director | Australian-based | |
| Natalie Mendelsohn | First Secretary/Program Manager | Australian-based | From April 2018 |
| Bec Lane | Second Secretary (temporary) | Australian-based | Oct 2017 – March 2018 |
| Tim Cadogan-Cowper | First Secretary (outgoing) | Australian-based | Until 18 Aug 2018 |
| Francisco Soares | Senior Coordinator - PFM | Locally Engaged | |
| Jose Marcal | Senior Coordinator – Public Admin | Locally Engaged | |
| Acacio Pinto | Senior Coordinator – Economic and Private Sector Development | Locally Engaged | |

The personnel listed in the tables below were contracted by GfD during the reporting period:

Adviser Group

| Name | Position | Institution | Classification | Notes* |
|------------------------|-------------------------------|-------------|-------------------|------------------------|
| Catherine Keane | PFM Adviser | UPMA | International LTA | |
| David Meehan | HRM Adviser | CSC | International LTA | |
| Georgie McArthur | Senior Legal Policy Adviser | Economic | International LTA | From 1/1/18 to 30/6/18 |
| Joana Custois | Private Sector Dev Adviser | Eco/ADB | International LTA | From 1/3/18 |
| Margarida Rodrigues | Senior PFM Adviser | FRC | International LTA | From 9/4/18 |
| Tessa Koppert | DP Coordination Adviser | MAF | International LTA | From 17/5/18 |
| Pedro Figueiredo | Senior PFM Adviser | OPM | International LTA | Until 30/9/17 |
| Sam Porter | Economic Adviser | MECAE | International LTA | Until 25/10/17 |
| Simon Whitehead | Senior PFM Adviser | MoH | International LTA | From 31/1/18 to 2/4/18 |
| Joao Gomes | Project Manager | Economic | National LES | |
| Leonito de Jesus | JP Economist | Economic | National LES | |
| Maria Martins da Silva | National Economic Adviser | Economic | National LES | From 2/4/18 |
| Maria Nunes | Comms Specialist | GfD | National LES | |
| Joao Pereira | National Public Admin Adviser | CSC | National LES | |
| Afonso Soares | Legal Officer | CSC | National LES | |
| Hildegardis Wondeng | Legal Officer | CSC | National LES | |
| Maria Gama | SP Implementation Spt Officer | CSC | National LES | |
| Flavio Bonito | SP Implementation Spt Officer | CSC | National LES | |
| Flora Bytes | Gender & Inclusion Adviser | GfD/All | National LES | |
| Domingos Soares | National PB Adviser | UPMA | National LES | |
| Leonel Casimiro Araujo | National PB Adviser | UPMA | National LES | |
| Jose F. Alves | National PB Adviser | UPMA | National LES | |
| Delice Lopes | National PB Adviser | UPMA | National LES | |
| Januario dos Reis | National PB Adviser | UPMA | National LES | |
| Adelaide Correia | National PB Adviser | UPMA | National LES | |
| Pedro Guterres | National PB Adviser | UPMA | National LES | |
| Jose Vieira Araujo | National PB Adviser | UPMA | National LES | |

| Name | Position | Institution | Classification | Notes* |
|------------------------|--|-------------|-------------------|--------------------------|
| Gaudencio Vidigal | National IT Adviser | UPMA | National LES | From 2/10/17 |
| Elsa Pinto | Decentralisation Adviser | GfD | National LES | From 11/9/17 to 28/2/18 |
| Antonio Soares | Governance Adviser | GfD | National LES | From 18/9/17 |
| Johny Viegas | Governance Adviser | GfD | National LES | From 14/8/17 |
| Guteriano Neves | National Policy Adviser | GfD | National LES | From 1/2/18 |
| Joao Ilidio Freitas | JP Legal Officer | MECAE | National LES | Until 30/9/17 |
| Abel Pires da Silva | Senior Telecommunications & IM Adviser | CSC | National LES | Until 18/8/17 |
| Jose Avelar | Senior Data Analyst | CSC | National LES | Until 31/10/17 |
| Maria do Ceu Fernandes | National PB Adviser | UPMA | National LES | Until 10/11/17 |
| Bruno Benevente | Strategic Ag Policy Adviser | MAF | International LES | Until 31/1/18 |
| Paul Hooper (2) | International Aviation Specialist | AACTL | International STA | |
| Philip Young (2) | Economic Modelling Specialist | MoF | International STA | |
| Emil Domankusic | Technical Aviation Specialist | AACTL | International STA | From 28/5/18 |
| Francisco Alves Dias | Legal Aviation Specialist | AACTL | International STA | From 1/6/18 |
| Kong Kiong Mu (2) | PFM Specialist | UPMA | International STA | |
| Kylie Coulson | PFM Specialist | UPMA | International STA | |
| Sean O'Grady (3) | PFM Specialist | UPMA | International STA | |
| Sylvie Zaitra Beck (2) | PFM Specialist | UPMA | International STA | |
| Joana Amora (2) | PFM Specialist | UPMA | International STA | |
| Majda Sedej | PFM Specialist | UPMA | International STA | |
| Perry Pahladsingh | PFM Specialist | UPMA | International STA | |
| Alan Cairns | PFM Specialist | UPMA | International STA | |
| Bob Smyth | PFM Specialist | UPMA | International STA | |
| Farooq Khan | PFM Specialist | UPMA | International STA | |
| McCarthy Phiri | PFM Specialist | UPMA | International STA | |
| Sofia Calado | Legal Specialist | UPMA | International STA | |
| Georgie McArthur | Senior Policy Legal Adviser | LRC | International STA | Until 31/12/17 |
| Margarida Rodrigues | PFM Specialist | UPMA | International STA | Until 8/4/18 |
| Similie (Lucy Barton) | Functional Analysis Consultant | UPMA | International STA | From 21/8/17 to 15/9/17 |
| Sam Porter | Economist | GfD | International STA | From 13/11/17 to 18/5/18 |

*Contracts ending 30/6/18 to be extended

GfD Office Staff

| Name | Position | Classification | Notes |
|---------------------|-------------------------|-------------------|-------|
| Liz Garrett | Director – Operations | International LTA | |
| Sanio Fernandes | Office Manager | National LES | |
| Luisa da Costa | Senior HR Officer | National LES | |
| Soekarno Fernandes | Senior Finance Officer | National LES | |
| Natalino Fernandes | Admin Assistant | National LES | |
| Marceliano da Costa | Cleaner | National LES | |
| Lito Amaral | Driver | National LES | |
| Lourenco Noronha | Driver | National LES | |
| Amena da Costa | Intern/Office Assistant | National LES | |

Annex 3: Risk Management

The following Risk Management table details those risks that could be reasonably anticipated, their likelihood and impact, options to mitigate the risks, the responsible entities and the approach to risk mitigation. **Note that the Risk Management table has been updated, but requires further refinement to reduce the size and scope so that it fits more neatly with the new reporting requirements and style.*

Risks are categorised as follows:

1. Fiduciary
2. Sustainability
3. Political and Relationship
4. Operational
5. Environmental

| Category / Issue Description | Risk | Like liho od | Consequence | Rating | Mitigation Strategy | Responsibility |
|------------------------------|---|--------------|---|------------|---|-------------------------|
| Fiduciary | | | | | | |
| Fraud | Misappropriation of Australian Government funds by partners / sub-contractors / advisers / project staff. | 3 | Australian Government funds wasted, limiting impact of program. Damage to reputation of Australian Government. | High | Quality Management Plan in place with detailed roles and responsibilities, including checking of expenditure, contracts, etc. and approving authority separated from process. This is reviewed as needed, such as change of personnel or team composition. GfD delivers routine, comprehensive fraud training for all project staff in Timor-Leste, including on Zero Tolerance policy. Personnel undergo compulsory online course annually. Additional face-to-face training conducted by Cardno and/or DFAT. Zero tolerance Fraud Strategy in place, including reporting, investigating and resolution procedures. Ongoing oversight. | GfD |
| Sustainability | | | | | | |
| Funding | Under-expenditure of funds at EOFY due to limited government activity. | 5 | Some funds reallocated to other programs and within GfD Program | Moderate | Funds to be reallocated within GfD Program Track spending on monthly basis. GfD continue to provide prompt, regular advice and updates to the Australian Embassy on budget issues. | Australian Embassy. GfD |
| | LES with service >3 years moving to open-ended contracts. Future risk when | 4 | Reputational risk to Cardno and Australian Government. | Low (2018) | GfD to budget for termination payment ('severance'). GfD manage process so LES are aware that open-ended contracts will have to be terminated, preferably by mutual agreement, when project ends. GfD maintain awareness of changes to Labour Law. | GfD/Cardno |

| Category / Issue Description | Risk | Like liho od | Consequence | Rating | Mitigation Strategy | Responsibility |
|-----------------------------------|--|--------------|---|--------|---|-------------------------|
| | GfD ends and Cardno will have to terminate contracts. | | Costly to pay severance of up to 6 months' salary (max) for each LES in phase 2 GfD. | | | |
| Expansion of Scope | Expansion of scope into new areas. | 3 | Scope creep, thinning of resources. | Low | GfD to maintain close and frequent communication with Australian Embassy and raise any risks. R&R to be held after formation of new government. GfD and Australian Embassy develop M&E/information products so updates on GfD activities are available and show coherence of activities. | GfD, Australian Embassy |
| Personnel Turnover | Change of staff in the GfD team and Australian Embassy GfD Team. | 3 | Relationships built could be compromised. Institutional knowledge is maintained by the individual and not passed on to peers. Right people might not be available at the right time to move into areas where opportunities arise quickly. | High | GfD to have adequate transition planning in place. Handover notes prepared and handover period held where possible. Regular GfD meetings held for institutional knowledge sharing. Written reports to record key information. Establish a pool of advisers to bring in at short notice to respond to requests (besides PFM). | GfD, Australian Embassy |
| Political and Relationship | | | | | | |
| Political | The local perception of Australian Government involvement in Timor-Leste becomes politicised. | 4 | Risks to the program become heightened. Ability of GfD advisers to provide advice diminished. | High | GfD supports the bi-lateral relationship by working with GoTL at the policy and technical levels. GfD and Australian Embassy maintain communication to identify relationship/perception risks and agree appropriate mitigation strategies. Work closely to ensure consistent, agreed messaging to advisers regarding their role on GfD and associated perceptions and risks. Ensure GfD activities accurately reflect the intent of relationships. Prioritise the use of national advisers/technical experts with existing agency understanding and relationships where possible. On-going monitoring of security environment. | GfD, Australian Embassy |
| | Lack of 'politically possible' interventions, particularly as new government forms. | 4 | GfD rate of activities and progress may reduce. Advisers may be under-utilised. | High | GfD and advisers manage relationships risks. Focus work on what can be done technically, without political level decisions. Communicate with advisers and GoTL partners to identify level of 'buy-in'. | GfD, Australian Embassy |
| | Change of institutional framework and/or political leadership in 2018 alters development priorities. | 2 | Investment in Australian Embassy supported activities may be lessened due to changed priorities. | High | Bilateral dialogue to determine impact of event and negotiation of any required changes to the program. More focus on institutional development, coupled with building individual relationships and capacity. | Australian Embassy, GfD |

| Category / Issue Description | Risk | Like liho od | Consequence | Rating | Mitigation Strategy | Responsibility |
|------------------------------|---|--------------|--|----------|---|-------------------------|
| | Political momentum gained could be lost. | | Uncertainty and a lack of decision making can stall progress. Opportunities to support the development agenda are missed thereby reducing the impact of the work of the GfD Program. | | Advisers build institutional rather than individual relationships. Remain focused on opportunities arising from GoTL changes in priorities. Continue to use redesign workshops as an opportunity to draw on Advisers' and team members' ideas and perspectives. Use evidence from review and redesign workshops to inform decisions and continually assess progress and achievements. Be willing to withdraw from areas where engagement has reduced. Be flexible with the placement of and/or introduction of advisory support so that as opportunities arise, they can be evaluated and acted upon in a timely manner. Continue to work with high performing and/or talented GoTL agents of change, who may not be working in traditional GfD areas of work, to maximise the possibility for real improvements. | |
| | Advisory support is seen as being too embedded in Government. | 3 | Perception of Australian Embassy being a good "partner" is diminished. Advisers being seen to undertake the work of Government staff instead of "capacity building". | High | Continually enforce messages about the role of advisers. Communicate frequently with GoTL partners to ensure advisory support is being used in the manner that it is intended. Continue to hold adviser/GfD team briefings, including the entire adviser group and representatives of government where appropriate. | Australian Embassy, GfD |
| | Political decisions around foreign support impact on the work of Australian Embassy in Timor-Leste. | 3 | Ability to continue to implement part or all of GfD is compromised. Advisory support could be withdrawn in particular Ministries/Agencies. | Moderate | Continue to develop strong links with partner agencies. Use adviser network to monitor Government decisions that may impact on on-going advisory support. Ensure the overall quality of communication and understanding of Government needs. Seek advice from development partners and within Australian Embassy on alternative approaches. | Australian Embassy, GfD |
| Relationship | Lack of engagement from Australian Embassy team with senior GoTL officials and key personnel who may come into power in new government. | 4 | Australian Embassy unable to gain traction in certain partner agencies and platform for dialogue weakened. Missed opportunities to influence policy and reform initiatives. | High | Continue to develop strong links with partner agencies. GfD to support Australian Embassy to conduct ongoing assessments of partner agency capacities and commitment. GfD to remain flexible and responsive to requests. Create networks and opportunities Ensure any new interventions align with GfD goals and are not just undertaken to buy favour. | Australian Embassy, GfD |
| Operational | | | | | | |

| Category / Issue Description | Risk | Like lihood | Consequence | Rating | Mitigation Strategy | Responsibility |
|------------------------------|--|-------------|---|----------|---|---|
| Management/Coordination | Lack of clarity between GfD stakeholders on responsibilities, authorities, and communication protocols. Coordination of multiple parties potentially unwieldy. | 3 | Delays / inefficiency in implementation due to uncertain activity parameters. Uncertain accountabilities, resulting in lack of confidence and trust. Potential that not all delivery mechanisms are effective. | High | In consultation with stakeholders, GfD has developed the Adviser Management Framework which sets out engagement protocols to inform key roles and responsibilities, principles and ways of working, communication protocols, delegations, decision-making authorities and dispute-resolution procedures. Assist Australian Embassy to manage these potentialities by being flexible in support and able to rapidly scale-up or change the nature of assistance, as required. Clear Terms of Reference developed for all personnel. | GfD, Australian Embassy |
| Program Management | Australian Embassy receives requests for support that have tenuous links to GfD objectives but are politically important for other reasons. | 4 | Potential for resources to be used in a sub-optimal way. Unable to demonstrate progress against GfD outcomes. | High | Consider on case by case basis, or direct the request to another program if more appropriate. Anticipate such requests by building in flexibility and the capacity to scale up support to Australian Embassy in order to manage unforeseen activities. Be guided by advisers working closest with the counterparts. | GfD, Australian Embassy whole of program responsibility |
| | GfD unable to demonstrate contribution towards reforms | 2 | Potential for program to be adversely affected Australian Government may decide redirect the focus of GfD | Moderate | Regular reporting of progress. Hold six-monthly reviews. | GfD, Australian Embassy |
| Adviser Usage | Technical Advisers become default modality of assistance under GfD and / or support is poorly designed or targeted. | 3 | Advisers lack sustainable impact, TA does not represent value-for-money, and contributes to negative perceptions of Australian assistance within GoTL. Advisers are used to substitute gaps in the short term rather than build capacity in the longer term. | High | Support Australian Embassy to take an outcome-focused approach in considering, designing and effectively managing alternate modes of assistance. Specific objectives of support are outlined ahead of the assignment. Counterparts of expectations for capacity building versus 'doing' are outlined at the start of the assignment. Support Australian Embassy to consider alternative and appropriate modes of assistance to achieve agreed outcomes. GfD review adviser impact and assess against relevant, alternate assistance modalities. Quarterly adviser reporting and review M&E plan. | Australian Embassy, GfD |

| Category / Issue Description | Risk | Like liho od | Consequence | Rating | Mitigation Strategy | Responsibility |
|------------------------------|--|--------------|--|----------|---|-------------------------|
| Adviser Management | Advisers act as individuals rather than Australian Embassy representatives, support is scattered rather than providing a cohesive approach to development. | 3 | Lack of cohesion impacts relationships and perception of Australian Aid. Lack cohesion impacts on progress against EOPOs and interim outcomes. | High | Clear ToRs detailing adviser roles as part of broader program. Clear role as partnership brokers. Advisers prepare workplans. Regular communication and adviser forums that instill shared sense of purpose and direction under GfD. Selection of advisers who demonstrate ability to perform at a high level and with the objectives of the overall GfD program as a priority. Ongoing performance management considers technical delivery as well as broader effectiveness. Quarterly adviser briefings. | GfD, Australian Embassy |
| | Advisers under-perform or demonstrate inappropriate attitudes or behaviour in the Timor-Leste context. | 3 | Compromised outcomes, negative impact on bilateral relationship and reputational damage to Australian Embassy and GfD. Unable to demonstrate value for money. | High | GfD systems and processes for recruitment are applied. GfD conducts thorough background checking of candidates and criminal record checks. Regular communication with Australian Embassy about adviser performance and behaviour. All international advisers briefed on behavioural expectations. Regular contact with advisers includes appropriate pastoral care. | GfD, Australian Embassy |
| | Advisers and GoTL are unclear about the GfD Adviser Performance Management Review process. | 3 | Advisers' impact is reduced, relationships with GoTL officials is unclear or strained. | Moderate | Utilise 'ways of working' forums and support Australian Embassy and GoTL to implement agreed plan. Develop a shared understanding and well documented adviser Performance Management plan consistent with the Adviser Management Framework. Use regular adviser updates to maintain communication and clarify Performance Management Review process. | GfD, Australian Embassy |
| Recruitment | Use of international advisers without national counterparts or national advisers leads to unsustainable results. | 3 | Lost opportunity to build capacity for long-term benefits of TL. The program is not able to be nationalised sufficiently. | Moderate | Recruit national advisers. Ensure they are mentored to take on increasing levels of responsibility. Monitor performance and report on development progress. | GfD, Australian Embassy |
| | Limited pool of international advisers with the right skill sets and experience. | 4 | Reliance on TA to deliver program outcomes, leads to unsustainable operational / development outcomes. Not hiring the right people for the right jobs. | Medium | Ensure ToRs are specific and clear. Leveraging off known networks to ensure the recruitment of quality advisers. Select strong "capacity builders" as advisers not just those with strong technical credentials. Be proactive around managing advisers in accordance with the GfD Adviser Management Framework. | GfD, Australian Embassy |

| Category / Issue Description | Risk | Likelihood | Consequence | Rating | Mitigation Strategy | Responsibility |
|------------------------------|--|------------|---|-----------|---|---------------------------------|
| | ARF inadequate to pay market rates for specialised skills, e.g. aviation industry experts, private sector economists. | 4 | Can't attract and secure high-quality candidates with the right skills and experience. | Moderate | Feedback to DFAT on ARF rates for specialised skills needing to match market rates. Recruit specialists who are near the end of their career or have a special interest in TL. | GfD, Australian Embassy |
| Office | 'One team' approach negatively affected by being located in separate premises. | 2 | Communication and team work affected. Lack of information. Delays in progressing activities. | Moderate | GfD to maintain close and frequent communication with Australian Embassy, including participation in weekly GfD team meetings and fortnightly operations meetings. GfD to proactively identify perceived risks and communicate these to Australian Embassy in a timely manner to ensure appropriate mitigation. | GfD, Australian Embassy |
| Child Protection | Advisers and staff come into contact with children during the course of their work or outside work activities, and commit child abuse. | 2 | Damage to children. Non-acceptance by community. Reputation of Australian Government. Cost to manage situation, terminate contract, replace adviser. | Very High | GfD/Cardno follows DFAT CP Policy. Policy and procedures updated periodically. GfD continue standard practices with regard to recruitment process and police checks. Advisers and staff briefed and sign policy. Cardno has specialised CP team to use as a resource. | GfD, Cardno, Australian Embassy |
| Environmental | | | | | | |
| TL Security | Dynamic security situation impedes advisers' ability to deliver, particularly as post-election negotiations continue or even stall. | 3 | Delayed or reduced outcomes. May need to respond to heightened security situation. | High | Monitor security developments as parties negotiate to form government. Conduct security risk assessment and update as security situation changes. Brief advisers on the changing security environment and support. Open communication with Australian Embassy regarding risks and impacts. Security plan enacted at appropriate time. GfD provides regular security reports and updates to the team. | GfD, Australian Embassy |

Key to Ratings

| Likelihood | Consequences | | | | |
|-------------------|--------------|----------|----------|-----------|-----------|
| | Negligible | Minor | Moderate | Major | Severe |
| 5. Almost certain | Moderate | Moderate | High | Very High | Very High |
| 4. Likely | Moderate | Moderate | High | High | Very High |
| 3. Possible | Low | Moderate | High | High | High |
| 2. Unlikely | Low | Low | Moderate | Moderate | High |
| 1. Rare | Low | Low | Moderate | Moderate | High |