

GfD Annual Report

May 2019 to April 2020

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Abbreviations and Acronyms

ABS	Australian Bureau Statistics
AACTL	Autoridade da Aviação Civil de Timor-Leste
ADB	Asia Development Bank
BNCTL	Banco Nacional de Comércio de Timor-Leste
CSC	Civil Service Commission
CEDAW	Convention of the Elimination all forms of Discrimination Against Women
CIGC	Integrated Crisis Management Centre
CoM	Council of Ministers
CSO	Civil Society Organisation
DFAT	Department of Foreign Affairs and Trade
DBFTL	Dalan Ba Futuru Timor-Leste
EOPO	End of Program Outcome
FM	Fundasaun Mahein
FMIS	Financial Management Information System
GDS	General Directorate of Statistics
GfD	Governance for Development
GoTL	Government of Timor-Leste
GRB	Gender Responsive Budgeting
ICAO	International Civil Aviation Organisation
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMO	Immediate Outcome
IO	Intermediate Outcome
IRI	International Republican Institute
JSMP	Judicial System Monitoring Program
KEQ	Key Evaluation Question
KIF	Kaebauk Investimentu No Finansa
LABEH	Lalenok Ba Ema Hotu
LES	Locally Engaged Staff
LTA	Long Term Adviser
MCAE	Ministry / Minister for Coordination of Economic Affairs
M&E	Monitoring and Evaluation
MoF	Ministry / Minister of Finance
MRLAP	Ministry / Minister of Legislative Reform and Parliamentary Affairs
MTEF	Medium-Term Expenditure Framework
OECD	Organisation for Economic Cooperation and Development
PAF	Performance Assessment Framework
PEA	Political Economy Analysis
PFM	Public Financial Management
PHD	Partnership for Human Development
PLG	Policy Leaders Group
PMIS	Personnel Management Information System
SAT	Strategic Advisory Team
SSC	Story of Significant Change
SEFOPE	Secretary of State for Vocational Training and Employment
SERVE	Servico de Registro e Verificacaun
SoE	State of Emergency
SQ	Sub-Question
STA	Short Term Adviser
TAF	The Asia Foundation
UPMA	Planning, Monitoring and Evaluation Unit
VfM	Value for Money

Executive Summary

Governance for Development (GfD) is an eight-year, A\$72 million governance program which commenced in 2014 and is due to end in June 2021. The program is working towards two end-of-program outcomes (EOPOs): Government of Timor-Leste (GoTL) makes evidence-based decisions and policy, and GoTL improves implementation of policy and delivery of services, through a focus on three areas of reform: public financial management (PFM), public administration, and economic development. The program underwent a Program Review in late 2019, and is now preparing for its final year, with the design of a successor program to GfD anticipated to commence in coming months.

The program uses a range of modalities to deliver against the EOPOs, the two predominant ones being placement of advisers in central government entities (38 long term advisers during the course of this reporting period), supplemented by targeted short-term advisory inputs (eight short term advisers engaged during the reporting period), and the funding of grants to deliver specific pieces of work or to contribute to specific aspects of GfD's Theory of Change (11 grant partners during the reporting period). GfD's activities are locally led, responsive to GoTL priorities, flexible and adaptive to changing contexts. GfD also creates ways for civil society organisations to engage with GoTL in GfD's three work areas, including through targeted financial support to non-government partners.

GfD is managed through a 'one team' approach across Cardno and the Embassy, with the two organisations working closely to ensure that the program's activities are fit-for-purpose, technically feasible and politically possible. This close collaboration was particularly valuable during a change in both the Embassy First Secretary and Counsellor positions during the reporting period.

The period May 2019 to April 2020 continued to be a time of political and budgetary uncertainty in Timor-Leste. While the 2019 State Budget was approved in late February 2019, the 2020 budget had not been approved by the end of this reporting period, with monthly duodecimal budget allocations in place. Furthermore, ongoing political unrest and shifting coalition allegiances had a significant impact on government decision-making. The President's continued rejection of nine nominated cabinet members limited the ability of a number of ministries, including the Ministry of Finance (MoF) and the Ministry of Coordination of Economic Affairs (MCAE) to make strategic decisions, and strategic laws submitted by the Government were vetoed by the President. At the conclusion of this reporting period the future of the VIII Government is still under question. A reshuffling of alliances suggests that a new governing coalition could be formed with a parliamentary majority and political alignment between the President and Prime Minister.

COVID-19 and the associated State of Emergency (SoE) also had significant social and economic impacts on the country as a result of border closures, strict quarantine measures and other decisive actions to prevent the spread of the virus. While the measures have been largely successful (only 24 cases to date, all of which have resolved), the impact on households, business and State finances have been significant, coinciding with a drop in global petroleum prices, which led to an anticipated drop in value of the Petroleum Fund of around US\$1.8 billion.¹

COVID-19 also impacted significantly on GfD's program and operations in the final two months of the reporting period. In mid-March all international staff were relocated out of Timor-Leste, and all GfD national advisers moved to working from home or the GfD office, while many GoTL offices closed. International long term and short-term advisers are unlikely to be able to return to Timor for some time. Programmatically, focus shifted to providing evidence to support sound decisions in relation to Timor-Leste's economic response to and recovery from COVID-19 and the impact of the SoE, to supporting planning, budgeting and reporting in relation to the COVID-19 emergency fund, and to supporting the civil service to continue to provide essential services under working from home arrangements. This unprecedented change in context has led to significant delays in a number of planned activities, including some of the planned Management Responses to the GfD Review. However, GfD's advisers, pre-positioned at multiple points of strategic importance, have been able to pivot their work to influence not only early

¹ Tatoli, 14 April 2020.

decision-making and policy development in relation to COVID-response and recovery, but also legislative development and operationalisation, with GoTL promptly developing a package of economic stimulus measures, and continuing to engage with both GfD advisers and grant partners on evidence to support decision-making in relation to Timor-Leste's longer-term recovery.

As a result, there are now some delays in GfD's progress towards **EOPD (1)**, after a rating of "on track" in November. A number of Decree Laws have been delayed, including in relation to the management of civil service human resources, and decisions in relation to economic policy have not progressed. Nonetheless there are examples of evidence-based decision-making as a result of GfD's influence, including the passage of a number of Decree Laws in relation to both aviation and the business enabling environment, the establishment of a working group to progress business licensing reforms following the completion of a mapping of all business licenses, the launch and use of the *Dalan Ba Futuru* (DBFTL) planning and budgeting management information system, and the development and approval of a Public Administration Reform program. By late April, GfD economic advisers, as well as grant partners Monash University and the Organisation for Economic Cooperation and Development (OECD), have been increasingly called upon to provide evidence to inform Timor-Leste's COVID-19 economic stimulus and recovery plans, and grant partners The Asia Foundation (TAF) and Oxfam are conducting research and assessments of the economic and social impacts of COVID-19 on a range of different groups – information which will also be made available to decision-makers to inform future decisions in relation to the country's response to COVID-19.

Progress toward **EOPD (2)** was assessed as experiencing some delays in the GfD six monthly report in November, and little progress has been made since then in relation to policy implementation. Again, lack of a stable government, coupled with no approved state budget, and more recently the impact of COVID-19, have limited progress. However, there were some achievements, particularly in the first half of the reporting period, notably:

- Program budgeting approach used by all public institutions in 2020 budget preparation
- Completion of merit-based promotion process for general career regime civil servants
- Completion of technical interface between Personnel Management Information System (PMIS) and Financial Management Information System (FMIS), although go-live is still to be finalised

Progress in relation to **gender and inclusion** was rated in October as being 'on track', and progress towards the program's gender-equity objective of 'Women have enhanced voices in decision-making and leadership' has continued through to the end of this reporting period. Previous decisions to support activities benefiting gender equality are now showing results. Gender equality is mainstreamed across all of GfD's work areas and the program is funding specific initiatives aimed at women's economic empowerment, although there is still room for improvement. In response to the GfD Review, the program is drafting a Gender and Social Inclusion Strategy to analyse gender equality gaps and opportunities during the remainder of the program, building on the 2015 GfD Gender Strategy and Practice Note and Action Plan. Progress in relation to gender can be evidenced through:

- increased transparency of budget allocations related to gender equality and women's empowerment
- strengthened opportunities for recruitment and promotion of women in the civil service
- a specific focus on women in the roll out of *Kaebauk Investimentu no Finansas* (KIF's) mobile and agent banking systems
- grant partner capacity building and advocacy work that focuses specifically on women and disadvantaged groups, in areas as diverse as economic diversification (Oxfam) and access to the formal justice system (Judicial Sector Monitoring Program (JSMP))
- Inputs from social statisticians from the Australian Bureau of Statistics (ABS) who worked with both the General Directorate of Statistics (GDS) and the Secretary of State for Equality and Inclusion to strengthen the collation and reporting of gender and other social statistics.

With respect to GfD's work streams:

GfD's **PFM work stream has made less progress than expected**. Sound progress on technical milestones during the first half of the reporting period was overshadowed by the political and budgetary impasse, COVID-19 and the related SoE in the latter half of the reporting period. As a result, a number of desired

changes in the PFM work area will not be fully achieved, with the work of advisers pivoting towards supporting GoTL in its response to COVID-19 as of March 2020. Nonetheless the period saw some significant achievements, including:

- Official launch of DBFTL on 10 June 2019, a comprehensive web-based system that supports a holistic approach to planning, budgeting, monitoring and evaluation, its use by all entities other than ZEESM to plan the 2020 budget, and its use for program monitoring, with entities recording 2019 performance results in the system and this data used to prepare the 2019 Annual Performance Report.
- OECD mission during October 2019 resulting in a report on establishing a medium-term planning function for budgetary purposes across government.
- 2020 budget developed using GoTL program classification and program budgeting approach by all government entities.
- COVID-19 program structure established in the Chart of Accounts, allowing for ongoing monitoring of budget execution and performance results.

The key focus for the final twelve months of the program will be on ensuring that the COVID-19 economic recovery plan is reflected in 2020 and 2021 planning and budgeting of all government entities, supporting the transition of annual planning and budgeting functions to MoF, supporting development and implementation of a Medium-Term Expenditure Framework and ensuring that systems and capacity are in place to enable the continued implementation of the Budgetary Reform Roadmap.

GfD's **public administration work stream has made less progress than expected**. After significant progress in the first half of the reporting period, planned outcomes for the latter half of the year were not fully achieved, with the impact of COVID-19 and the SoE, together with the political and budgetary impasse, effectively halting progress on planned reforms across all three GfD-supported entities. The anticipated e-governance assessment to be completed through TIC-Timor was postponed, with advisers pivoting their work towards development of a COVID-19 dashboard. Passage of some key Civil Service Commission (CSC) legislative reforms are now unlikely before the expiry of the Commission's current mandate at the end of May, and although MRLAP's Public Administration Reform program was approved by Council of Ministers (CoM), GfD advisory support for this work was discontinued after it became apparent that some elements of the program would result in tension between GfD-supported agencies. Nonetheless there were some notable achievements, particularly in the first half of the reporting period:

- A strong focus by the CSC on disability inclusion in public administration employment, with focus group discussions held in 12 municipalities and at the national level to gain greater understanding of the issues pertaining to employment of people with disabilities in the civil service.
- First merit-based promotion round for general career regime civil servants leading to the promotion of 1,354 civil servants.
- Public Administration Reform program 2019-2023 approved by the CoM in February 2020.
- Technical interconnection of PMIS/FMIS finalised and user-acceptance completed (now awaiting final data cleansing and 'go live').
- Implementation of the GfD-developed training manual for CSC disciplinary investigators, including delivery of training to 15 CSC staff using workplace scenarios.

GfD played a significant role in supporting the business continuity of the civil service from the outset of the COVID-19 crisis, with advisers in both TIC and CSC supporting the continuity of agency functions during the SoE. The focus during the final year of GfD will be on implementation of key legislation in relation to civil service employment once the legislation is passed, supporting implementation of elements of the Public Administration Reform program, and supporting TIC Timor to undertake a baseline assessment of e-governance readiness across the Government. GfD will also undertake a review of the impact of GfD support for civil service reform over the past seven years.

There was also **less progress than expected on economic development reforms**. The GoTL decision not to proceed with the appointment of a GfD-funded Senior Economist in MCAE limited GfD's ability to support coordinated economic policy progress. The broad spread of program activities, and steady progress on some technical aspects, served to maintain progress in some areas while progress in other areas slowed due to political and budgetary issues, and the impact of COVID-19. Inputs from internationally-based grant

partners, including the International Financing Corporation, Asian Development Bank and ABS were significantly impacted by travel restrictions in March and April, and progress in relation to the roll-out of agent and mobile banking slowed as a result of the pandemic and SoE. However, there was progress in relation to some business enabling legislation and activities, and GfD's national advisers have been well-positioned to support GoTL in its COVID-19 response, which emerged as the key focus in the final months of the reporting period. Key achievements included:

- Approval by the CoM of an Arbitration Decree Law as well as a draft resolution for accession to the New York Convention in October 2019.
- Establishment of the Economic Activities Licensing Reform Working Group to take forward GfD-supported recommendations for streamlining business licensing processes.
- Approval by the CoM of improved corporate governance arrangements for BNCTL and adoption by BNCTL in an Extraordinary General Assembly Meeting in February 2020.
- Commencement of KIF agent banking pilot in February 2020.
- Contribution of evidence and advice on policy options to support development of COVID-19 economic stimulus measures.

GfD will continue to provide evidence, analysis and input to support sound economic decision-making as the country develops its long term COVID-19 economic recovery plan.

Progress in **aviation** experienced **significant delays** in the latter half of the reporting period. Provision of support to Autoridade da Aviacao Civil de Timor Leste (AACTL) to assist its compliance with International Civil Aviation Organization (ICAO) safety and security standards was a key focus over the period, and led to the passage of two key pieces of legislation on Aerodrome Certification and Incident and Accident Investigation, as well as the finalisation of Air Navigation Services Licensing and Training Manuals and training of relevant staff in their implementation. However, budgetary pressures and political dynamics limited the ability to progress deeper implementation of reforms. Delays in passage of the 2020 budget further delayed appointments within AACTL, and the suspension of the President of the AACTL Board and appointment of an interim President impacted on decision-making, such as the establishment of the urgently-needed Facilitation Committee. Progress was further hampered by COVID-19 disruptions, with all international commercial operations suspended due to the pandemic, and international advisers unable to travel to Timor-Leste. The ICAO Audit, anticipated in the second half of 2020, has been delayed, with no new date advised. In its final year GfD will continue to support improvements in aviation safety and security, and will also work with GoTL on its post-COVID strategy for recovery of Timor-Leste's aviation sector.

GfD's support for **Other Voices progressed more slowly than anticipated** despite strong progress in the first half of the period. The political impasse limited the extent to which government progressed its policy agenda, limiting opportunities for public engagement. Restrictions on movement and gatherings of people due to COVID-19 also hampered some grant partner activities. Highlights from the period include:

- Launch of the Oxfam Hadalan program, which focuses on increased engagement between government and rural voices, including women and people with disabilities, and launch of associated reports including on economic diversification and on agriculture.
- Launch of TAF-run Tatoli! 2018 public perception survey report in October 2019.
- Inclusion of civil society and private sector partners in the Economic Activities Licensing Reform Working Group.
- Involvement of Ra'es Hadomi Timor Oan and community members in CSC disability focus groups and development of resultant recommendations on people with a disability in the civil service workforce.
- Progression of work on a strategy for engagement with other voices for the remainder of the program, reshaped in response to COVID-19 contextual changes.

Further, GfD's civil society organisation grant partners have pivoted as a result of COVID, to focus on data collection and analysis on the social and economic impact of COVID on the community, and community perceptions of the Government's response. Through its grant with Oxfam, GfD will assess the impact of COVID-19 on women and people with a disability, as well as those working in the informal economy, to inform the government's immediate and longer-term economic policy responses to COVID-19, particularly

in relation to agriculture and food security. TAF will refocus the Tatoli! public perception survey to seek public feedback on COVID-19 through regular pulse surveys, replacing the single large-scale survey that was planned for April this year.

GfD has continued to engage effectively with a range of partners, often taking a leadership role in coordination. Critical partners include GoTL, grant partners, other Australian Government-funded programs/implementing partners, other development partners, and civil society organisations. GoTL counterparts have made it clear that coordination among donors and development partners is essential, in particular in relation to PFM reforms, where there is a risk of diverging views compromising GoTL's ability to make coordinated, targeted progress. Other areas in which GfD pays particular attention to coordination across development partners include Information and Communications Technology (ICT), aviation, and economic development more broadly (including in particular the economic impact of COVID-19).

Close engagement and trusted relationships with GoTL counterparts are at the core of GfD's success. The program positions itself as an effective partner by developing strong relationships with government counterparts and focusing on locally-led issues that are identified by GoTL stakeholders. Strong partnerships lead to a deep understanding of context, which in turn lends itself to informed and targeted support. GfD's engagement with GoTL partners happens at both formal and informal levels. Formal reflection and planning sessions, the most recent of which was held in May 2019, provide a forum for GoTL counterparts to outline their priorities, and the areas in which they would benefit from GfD support. A series of Joint Work Strategies are under development in conjunction with relevant GoTL counterpart agencies to articulate the key objectives of GfD's support to the agency, anticipated activities, outputs and outcomes, and the resources to be provided by both GfD and GoTL in support of these activities. In addition to these formal engagement mechanisms, informal engagement between GfD and counterparts enables discussion of emerging priorities and troubleshooting of issues.

Regular communication between Embassy work area coordinators, GfD national staff, and government stakeholders is invaluable in maintaining positive relationships, and a network of current and potential future counterparts. Regular meetings between the Embassy, Cardno, and key GoTL counterparts provide opportunities to discuss changing priorities and needs and to identify where a change in approach may be appropriate, a new area of support required, or additional support needed, such as the emerging focus on ICT governance and strategy.

The GfD Review provided valuable independent insights into the strengths and weaknesses of the GfD program. The Review concluded that GfD represents overall 'adequate' Value for Money, with some work areas stronger in this regard than others. The review included a long list of recommendations, which were addressed in a DFAT Management Response. Key recommendations to be implemented in the final year of GfD include the following (noting that a number of timeframes have been impacted on by COVID-19 and related travel restrictions):

- Greater use of structured Political Economy Analyses (PEAs) to inform programming and investment decision-making
- Development of a GfD Economic Development strategy
- Increased technical expertise to inform decision making
- Assessment of the impact of GfD support on the CSC and broader public service performance
- More strategic use of Review and Reflection workshops to inform programming
- Completion, in conjunction with the Partnership for Human Development, of an updated study on Barriers to Service Delivery

Recommendations

Program-wide

- Leverage program strengths to support GoTL to make sound decisions in relation to the COVID-19 response and planning towards the recovery phase.

- Continue to implement GfD Review recommendations in line with DFAT's Management Response (noting that the originally-agreed timeframes will be modified as required as a result of COVID-19, as agreed at the next Aid Management Meeting).
- Position GfD and the Embassy for a smooth transition to a successor program.

Public financial management

- Continue dialogue with MoF in relation to possible GfD advisory support for the transition of annual program-based planning and budgeting to MoF if/when a new Minister is appointed.
- Strengthen GfD's analysis of how it can best provide support in the area of PFM through the appointment of a PFM adviser to the Strategic Advisory Team (SAT), and the completion of a PEA in relation to PFM support.
- Consider how GfD might collaborate with partners who work programmatically with line ministries to strengthen line ministry capacity to progress implementation of PFM reforms as a key element of improving service delivery.
- Adapt the focus of the Gender Responsive Budgeting role toward capacity building other staff and advisers and quality control, rather than 'doing'.

Public administration

- Early engagement with the incoming Commission in relation to an assessment of GfD impact on the CSC and the wider civil service, as committed to in the Management Response to the GfD Review.
- Early engagement with the incoming CSC Commission to discuss gender and social inclusion gains to date and to identify priorities that consolidate gains and build on successes during the remainder of GfD.
- Base GfD's engagement in relation to public administration reform on a sound PEA, informed by input from the SAT Public Administration Adviser.

Economic Development Economic Policy, and Business Enabling)

- Increase GfD's strategic economic expertise through the appointment of a full time Senior Economic Adviser to lead the GfD economic development team, as well as a part time Senior Economic Adviser to participate in the GfD SAT.
- Undertake a PEA to underpin GfD's priorities in relation to economic development, and on the basis of this develop an Economic Development Strategy for GfD for the remaining 12 months of the program.
- Review the workplan for Monash research in the final year of the grant, and identify topics of strategic importance, including potentially the youth bulge, as well as economic recovery post-COVID-19.

Economic Development (Aviation)

- Significantly increase GfD's investment in support for developing and implementing appropriate Air Navigation Services processes for the remaining 12 months of the program, with a view to making significant progress in relation to Air Navigation Services safety.
- Reframe the Tasking Notes of all advisers to place a primary focus on capacity development, and on developing processes and documentation with AACTL rather than for AACTL.
- Strongly encourage and support GoTL to establish its National Facilitation Committee and preparation of a National Facilitation Plan, and continue to advise the Government and Facilitation Committee on preparations for COVID-safe reopening of Dili airport, and on strategies to attract airlines to fly to Dili.

Other Voices

- Review options for providing greater support for Timor-Leste to undertake in-country research on important policy issues.

Working in Partnership

- Given the challenges of holding a Review and Reflection workshop in the current COVID-19 context, seek alternative ways to gains strategic input from both GoTL and other development partners into GfD's priorities for the final year of the program.

- Continue to identify areas for collaboration with other Australian Government-funded programs, not just through cross-program working groups, but also through program collaboration where programs intersect in their scope and interest.

Relevance, efficiency and sustainability

- Undertake an assessment of the impact of GfD support in public administration and the overall performance of the public service.
- Conduct formal, documented PEAs in each of GfD's workstreams to inform planning for the final year of the program.
- Establish an SAT with representatives of each of GfD's work streams to advise the Embassy and GfD management on program activities and performance.



Facilitator training for Focus Group Discussions on disability in the civil service. Photo by GfD

1 Introduction

1.1 Overview

The Governance for Development Program (GfD) is an eight year, A\$72 million governance program which commenced in 2014 and is due to end in June 2021. GfD supports evidence-based decision-making in the Government of Timor-Leste (GoTL) to improve the systems, policies and laws that underpin economic development and strengthened service delivery. GfD is working towards two end-of-program outcomes (EOPOs):

- GoTL makes evidence-based decisions and policy
- GoTL improves implementation of policy and delivery of services

The program achieves this through three areas of reform:

- Public financial management (PFM)
- Public administration
- Economic development (including economic policy, business enabling environment, and aviation)

A fourth focus area of strengthening alternative voices to influence public policy cuts across the three reform areas.

The program underwent a Program Review in late 2019, the results of which, together with the subsequent DFAT management response, are reflected in this Annual Report. The program is now preparing for its final year, with the design of a successor program to GfD anticipated to commence in coming months.

1.2 Context

The period May 2019 to April 2020 continued to be a period of political and budgetary uncertainty. While the 2019 State Budget was approved in late February 2019, the 2020 budget had not been approved by the end of this reporting period, with monthly duodecimal budget allocations in place. Further, ongoing political unrest had a significant impact on government decision-making, with the relationship between the governing Alliance for Change and Progress, a CNRT/ PLP/ KHUNTO coalition, and the President's FRETILIN party, deteriorating. The President's continued rejection of nine nominated cabinet members limited the ability of a number of ministries, including the Ministry of Finance (MoF) and the Ministry of Coordination of Economic Affairs (MCAE) to make strategic decisions. Strategic laws submitted by the Government were vetoed by the President, while the coalition limited the President's activities through Parliamentary decisions. Tensions also mounted within the governing coalition, which crumbled in January when CNRT voted against the budget that had been prepared by its own government. PLP left the coalition and formed an alliance with the President's FRETILIN party, and the Prime Minister (PLP) tendered his resignation. As parties scrambled to form new alliances, COVID-19 struck, and a State of Emergency (SoE) was called. As a result of the SoE, borders were closed and strict quarantine measures and other measures to prevent the spread of COVID-19 were implemented. As at the end of the reporting period, the SoE was still in place and no decision had been made regarding the future of the government.

COVID-19 and the associated SoE has had significant social and economic impacts on the country. Restricted movement of goods, including imports, has raised concerns about food security. Businesses have experienced challenges accessing supplies, together with a drop in demand, which has led to significant impacts on employment, with those working in the informal sector being especially vulnerable. The concurrent drop in global petroleum prices impacted the Petroleum Fund, with a current anticipated drop

GfD at a glance

 11 grant partners

11 grant partners

 11 GoTL entities supported

11 GoTL entities supported

 38 long-term advisers
(79 per cent national, 42 per cent women)

38 long-term advisers

(79 per cent national, 42 per cent women)

 8 short-term advisory inputs

8 short-term advisory inputs

 905 officials trained (45 per cent women)

905 officials trained (45 per cent women)

in value of US\$1.8 billion.² While Timor-Leste still has a sizable budget to self-fund government priorities, the drop in the price of oil has highlighted the risks of reliance on the Petroleum Fund.

COVID-19 also impacted significantly on GfD's program and operations in the final two months of the reporting period. In mid-March all international staff were relocated out of Timor-Leste, on 21 March the first case of COVID was confirmed in Timor, and a SoE called a few days later. All GfD national advisers moved to working from home or the GfD office, and many GoTL offices closed. International long term and short term advisers are unlikely to be able to return to Timor for some time. Programmatically, focus shifted to providing evidence to support sound decisions in relation to Timor-Leste's economic response to and recovery from COVID-19 and the impact of the SoE, to supporting planning, budgeting and reporting in relation to the COVID-19 emergency fund, and to supporting the civil service to continue to provide essential services under working from home arrangements. This unprecedented change in context has led to significant delays in a number of planned activities, including some of the planned Management Responses to the GfD Review, and a pivoting of many GfD activities towards COVID-related issues. A GfD Program Continuity Plan was developed, setting out GfD's response to COVID-19, both operationally and programmatically.

1.3 Purpose and structure of report

This report details GfD achievements and progress against anticipated outcomes during the period 1 May 2019 to 30 April 2020. Unlike previous reports, this report covers a full twelve-month period of activities.

Desired Change progress ratings

●	Achieved
●	Partly achieved
●	Not achieved

The report provides an overview of program performance, risks and risk mitigation, and program-wide recommendations, before providing more detailed responses to GfD's eight Key Evaluation Questions (KEQs) and related Sub Questions (SQs), a table of which is provided in Annex One. Under each SQ, ratings are provided against each of the 19/20 Financial Year desired changes (indicators of anticipated progress in accordance with work stream plans by end June 2020, i.e. two months beyond the end of the period covered by this report). It is worth noting that, almost without exception, if the changes had not been achieved before the SoE was introduced at the end of March, they are highly unlikely to be achieved by end June. Evidence for the assertions in these chapters is keyed as follows:

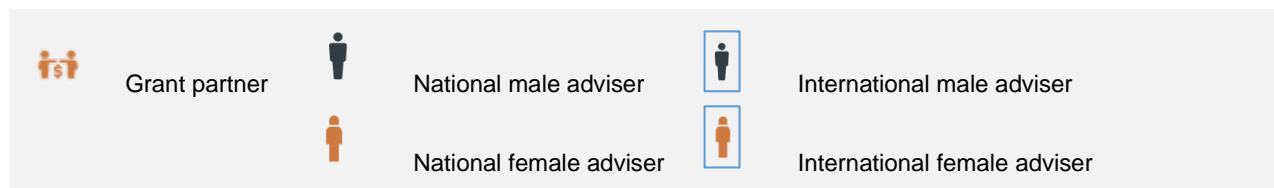
Evidence Source Key

A =Adviser report	G =Grant partner report
E =Event participant attendance and feedback	P =Publication and media review
I =Key informant interviews or stakeholder feedback	S =SSC
X =External Evaluation	C =Program Continuity Plan

Given the dramatic contextual change so late in the reporting period, ongoing reassessment of risk and recommendations in relation to GfD as a whole and each work stream will be ongoing. Therefore, the document will not attempt to provide detailed content-related recommendations against each work stream, but will instead focus on the program-level processes that will be put in place to ensure that risks and opportunities are adequately assessed and responded to (including ongoing implementation of DFAT's Management Response to GfD Review recommendations as feasible/appropriate). Previous recommendations have been mostly completed, or integrated into the ongoing work of the program, and have been presented to the Embassy for closure in a separate document.

² Tatoli, 14 April 2020.

A final section describes program resourcing throughout the reporting period. Resourcing throughout the report is signified as follows:



2 Summary of Program Performance

2.1 Performance against EOPOs

The GfD Review assessed that ‘Overall GfD has achieved reasonable progress in developing new laws, policies and systems (EOPO 1) but less on their implementation (EOPO 2).’^(x) This mirror’s GfD’s own assessment. Mid-year (end October), progress towards **EOPO 1** was assessed as being ‘on track’. Progress has, however, slowed since then, and is now facing some delays. GfD continues to provide evidence to support robust, informed decision-making by GoTL, but the impact of many months of political in-fighting, and more recently COVID-19, has slowed progress. Examples of achievements include:

- The launch in June of the Dalan ba Futuru (DBFTL) planning and budgeting management information system through which government decision-makers access comprehensive data on the government’s program budgeting and implementation
- Launch in September by the Minister for Legislative Reform and Parliamentary Affairs (MRLAP) of a report on economic diversification, and completion of an agricultural assessment in March, both of which were prepared under the Oxfam Hadalan grant
- Development and approval of a Public Administration Reform program
- Commencement of Information and Communications Technology (ICT) policy work within TIC Timor (GoTL Information and Communication Technology Agency located in the Prime Minister’s Office)
- Passage of two aviation Decree Laws, strengthening the legal basis for aviation safety and security
- Passage of the Arbitration Decree Law, strengthening the legal basis for civil litigation and contract enforcement
- Passage of a Decree Law establishing strengthened corporate governance for National Commercial Bank (BNCTL), bringing the governance of the bank up to international standards
- Completion of mapping of all current business licenses, establishment of a working group to progress business licensing reforms, and development of an action plan to streamline key licensing processes
- Completion and dissemination of two reports by Monash University – the Economics of Coffee, and the Economics of Education

Two Stories of Significant Change (SSCs) were submitted to demonstrate ‘instances of evidence being made available for decision-makers’ (Performance Assessment Framework (PAF) target #21), both of which received a rating of ‘highly significant’.

By late April, GfD economic advisers, as well as grant partners Monash University and the Organisation for Economic Cooperation and Development (OECD), have been increasingly called upon to provide evidence to inform Timor-Leste’s COVID economic stimulus and recovery plans, and grant partners The Asia Foundation (TAF) and Oxfam are conducting research and assessments of the economic and social impacts of COVID-19 on a range of different groups – information which will also be made available to decision-makers to inform future decisions in relation to the country’s response to COVID-19.

EOPO 2 was assessed in October as experiencing some delays, and since then little progress has been made in relation to policy implementation. Again, lack of a stable government, coupled with no approved state budget, and more recently the impact of COVID-19, have limited progress. However, there were some achievements, particularly in the first half of the reporting period, notably:

- Program budgeting approach used by all public institutions in 2020 budget preparation

- Completion of merit-based promotion process for general career regime civil servants
- Completion of technical interface between Personnel Management Information System (PMIS) and Financial Management Information System (FMIS), although go-live is still to be finalised

One SSC was submitted to demonstrate ‘instances of improved policy implementation’. The SSC received a rating of ‘significant’, with the panel noting that it was still early to be confirming the specific impact of GfD’s work on the policy’s implementation.

The final year of the program will focus significantly on implementation, including in relation to new civil service legislation (workforce planning, performance evaluation, merit-based recruitment and selection), economic development (implementation of the outcomes of the COVID economic recovery planning, and significant support for implementation of new safety and security protocols in civil aviation) and improvements to service delivery through strengthened annual and medium term planning and budgeting processes, as program based budgeting is bedded down. However, progress in policy implementation is likely to continue to lag behind policy development, particularly as the country grapples with its response to COVID-19, coupled with a likely significant reshuffle in government bringing new ministers who will want to make their own policy mark. Ongoing support for COVID-19 response and recovery will also be a key driver of GfD priorities.

The GfD Review also included an assessment of the Value for Money (VfM) of the GfD program across its lifespan, and concluded that it represents ‘adequate’ VfM, noting that, according to their assessment, some work areas (introduction of program-based budgeting, support by ABS to GDS, aviation, and GfD support to other voices) provided ‘good’ VfM. The review included a long list of recommendations, which were addressed in a DFAT Management Response. Key recommendations to be implemented in the final year of GfD include:

- Greater use of structured Political Economy Analyses (PEAs) to inform programming and investment decision-making
- Development of a GfD Economic Development strategy
- Increased technical expertise to inform decision making
- Assessment of the impact of GfD support on the Civil Service Commission (CSC) and broader public service performance
- More strategic use of Review and Reflection workshops to inform programming
- Completion, in conjunction with the Partnership for Human Development (PHD), of an updated study on Barriers to Service Delivery

2.2 GfD COVID-19 response

GfD found itself well positioned to provide timely support to GoTL in its response to COVID-19, with national advisers already positioned in key economic, planning and budgeting entities, with established and trusted relationships with counterparts. These advisers were well placed to advise GoTL as the COVID-19 pandemic began to impact on Timor-Leste, even while international staff were withdrawn from the country as a result of the growing pandemic and increasing restrictions in international travel. Locally-based grant partners with strong networks with civil society organisations were also able to quickly pivot to the collection and synthesis of input from the community to inform Government decision-making. This seamless transition demonstrated the strength of GfD’s national advisory team, as well as the program’s partnerships with locally-based grant partners, and the benefits of having a strong local staffing footprint, with reliance on international advisers being reserved for key strategic inputs where specific skills and experience are required that cannot be recruited locally.

Trusted advisers at multiple points of strategic importance have been able to influence not only early decision-making and policy development, but also legislative development and operationalisation, with GoTL promptly developing a package of economic stimulus measures, and continuing to engage with both GfD advisers and grant partners on evidence to support decision-making in relation to Timor-Leste’s longer-term recovery. This contribution to GoTL handling of such an unprecedented humanitarian and economic threat is a strong counterbalance to delays in terms of planned GfD objectives during the period.

2.3 Gender and social inclusion

Progress in relation to gender and inclusion was rated in October as being 'on track', and progress towards the program's gender-equity objective of 'Women have enhanced voices in decision-making and leadership' has continued through to the end of this reporting period. Previous decisions to support activities benefiting gender equality are now showing results. Gender equality is mainstreamed across all of GfD's work areas and the program is funding specific initiatives aimed at women's economic empowerment, although there is still room for improvement. In response to the GfD Review, the program is drafting a Gender and Social Inclusion Strategy to analyse gender equality gaps and opportunities during the remainder of the program, building on the 2015 GfD Gender Strategy and Practice Note and Action Plan. Closely linked to this is GfD's cross-cutting focus on inclusion of alternative voices in policy-making, and in particular the voice of vulnerable or disadvantaged groups. A Civic Engagement Strategy is under development and will complement the Gender and Social Inclusion Strategy.

There is evidence that GfD's continued support for Gender-Responsive Budgeting (GRB) is influencing GoTL to increase transparency of budget allocations related to gender equality and women's empowerment.^(A) For the first time, the gender marker was applied to all programs during development of the 2020 Budget. Furthermore, 11 institutions responsible for implementing gender programs not only correctly used the gender marker but also included measurable targets in their annual plans. This was a significant achievement, although work needs to continue to progress this in other institutions, and to ensure that budget allocations reflect mainstreaming of gender equality.

Gender equality has been a continued focus of GfD's work with the CSC. GfD's advisory support has focused on improving recruitment and promotion opportunities for women through implementation of gender-sensitive policies. In the recent roll-out of the first merit-based promotion round for general career regime civil servants, approximately 11 per cent of women and 10 per cent of men received promotions.^(S) GfD is now working with the CSC to examine potential barriers to women's participation in future promotion rounds. This was presented as an SSC in March 2020 and received a rating of 'highly significant'.

GfD is also working with grant partners to ensure commitment to gender and inclusion in program activities. Social statisticians from ABS have begun work with both GDS and the Secretary of State for Equality and Inclusion to strengthen the collation and reporting of gender and other social statistics, although this work has slowed since COVID-19 prevented the ABS advisers from travelling to Timor-Leste. The Judicial Sector Monitoring Program (JSMP) advocated for budget allocation for United Nations Resolution 1325 in relation to women, peace and security, although the outcomes of this are not as yet known, given that the budget has not as yet been passed. JSMP also developed a training manual on gender-based violence, and contributed to a Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) report that included women's access to the formal justice system. The International Finance Corporation (IFC) provided gender sensitisation training to Kaebauk Investimentu no Finansas (KIF) staff, and is ensuring an ongoing focus on women in the roll out of the KIF agent and mobile banking systems. Gender and Inclusion is a significant focus of the Oxfam Hadalan grant, with its report on economic diversification and more recent agriculture assessment including specific findings about the experience of women.

GfD's monitoring and evaluation (M&E) includes specific sub-questions about the program's contribution to gender equality and social inclusion in each work area and Program progress



Focus Group Discussion on disability in the civil service, Ermera.
Photo by GfD

reports describe key gender equality achievements, with supporting evidence. There has been a sustained effort to ensure sex-disaggregated data is generated from all of the program's activities. There is strong analysis of gender issues in the program's risk register.

The program has also made significant progress in relation to disability inclusion. A GfD-supported seminar on disability inclusion in the civil service was a first step towards supporting implementation of the National Disability Policy across the civil service, and since then a series of focus groups involving both civil servants and members of Disabled Persons Organisations have been conducted across the country to discuss in detail the barriers facing people with a disability, and strategies for addressing these in civil service employment. Through the support of ABS, GfD was also able to influence the upcoming Population Census to include a modified set of Washington Group Questions on disability. All GfD advisers attended training on Disability Inclusive Development run by Christian Blind Mission, and are being encouraged to consider how disability inclusion might be integrated into their respective workstreams.

3 Risk and mitigation

Key risks to the program continue to revolve around loss of momentum on key reforms due to political instability and lack of State Budget. Anticipated resolution of the current political stalemate may offer opportunities for GfD to engage with a new governing coalition with a parliamentary majority. Detailed risks and mitigation measures are set out in an updated Risk Matrix in Annex Two, but some key measures include:

- Ongoing monitoring of the political landscape, and regular conversations between the Embassy and GfD about how to adapt to changes in context
- Formal PEAs, as recommended by the GfD Review
- Appointment of a Strategic Advisory Team (SAT) to provide impartial and independent advice on GfD's strategy in each of its work areas
- Regular formal and informal engagement with GoTL counterparts – both politicians and bureaucrats
- Maintaining flexibility to enable the program to adapt or refocus its approach where necessary

The impact of COVID has clearly added another layer of both risk, and opportunity, for the program. GfD's Program Continuity Plan addresses both the risks (operational and programmatic) and mitigation strategies, in some detail, and COVID-related risks are included in the updated risk matrix. As at the time of writing, GfD has successfully continued to provide valuable support to GoTL through remote working arrangements, and has put in place clear and stringent measures to minimise health and safety risks to the team.

4 Program-wide management recommendations

GfD's previous Six-Monthly Progress Report included an extensive list of management recommendations. The majority of these have now been implemented and a separate report has been provided to DFAT to confirm closure of these legacy recommendations. The recommendations in this report are confined to strategic recommendations that impact at a whole-of-program level. Recommendations are also included in relation to each KEQ, but focus on the program-level processes that will be put in place to ensure that risks and opportunities are adequately assessed and responded to, rather than specific content-related recommendations.

Program-wide recommendations for the next reporting period are as follows:

- Leverage program strengths to support GoTL to make sound decisions in relation to the COVID-19 response and planning towards the recovery phase.
- Continue to implement GfD Review recommendations in line with DFAT's Management Response (noting that the originally-agreed timeframes will be modified as required as a result of COVID-19, as agreed at the next Aid Management Meeting).
- Position GfD and the Embassy for a smooth transition to a successor program.

5 Public Financial Management



Grant with OECD



13 long-term advisers – UPMA /1 part-year with SEI

5.1 To what extent did GfD contribute to improved budgetary governance? (KEQ1)



The overall progress rating for the PFM work area moved from 'on track' in the October progress update to 'less progress than expected'.

Sound progress on technical milestones during the first half of the reporting period was overshadowed by the political and budgetary impasse, COVID-19 and the related SoE in the latter half of the reporting period. As a result, a number of desired changes in the PFM work area will not be fully achieved (see KEQ SQ sections below), with the work of advisers pivoting towards supporting GoTL in its response to COVID-19 as of March 2020. Nonetheless the period saw some significant achievements, including:

- Official launch of DBFTL on 10 June 2019, a comprehensive web-based system that supports a holistic approach to planning, budgeting, monitoring and evaluation, and its use by all entities other than ZEESM to plan the 2020 budget.^(P; A)
- Use of DBFTL for program monitoring, with entities recording 2019 performance results and system data used to prepare the 2019 Annual Performance Report.^(P; A)
- OECD mission during October 2019 resulting in a report on establishing a medium-term planning function for budgetary purposes across government.^(G;A)
- 2020 budget developed using GoTL program classification and program budgeting approach by all government entities.^(A;G)
- COVID-19 program structure established in the Chart of Accounts, allowing for ongoing monitoring of budget execution and performance results.^(A)



OECD visit. Photo courtesy of Timor-Leste's Prime Minister's office

Pivot of activities as a result of COVID-19 and unanticipated achievements

The mobilisation of significant funding towards the COVID-19 response late in the period highlights the important foundation that has been laid through the Budgetary Governance Roadmap reforms implemented to date, as well as benefits of having a team of capable, trusted national GfD advisers. With significant input from GfD advisers, a COVID-19 program structure was established in the Chart of Accounts, along with indicators and reporting arrangements, allowing for ongoing monitoring of budget execution and performance results.^(A) It is expected that the monitoring arrangements being put in place around the COVID-19 budget will reinforce recent broader gains in relation to performance reporting, with the Integrated Crisis Management Centre (CIGC) taking steps towards public reporting of the economic stimulus package implementation as well as health indicators.^(A) This may provide momentum for continued strengthening of M&E systems so that robust data can be provided to decision-makers. The rapid development and implementation of the COVID budget has, however, also reinforced the urgency of strengthening financial management capability across government entities 'to support decisions, manage fiscal risks and improve the fiscal sustainability of the country'^{3(G)} and break down the barriers between

³ OECD, Interim Report by the OECD under the 2019-20 Grant Agreement, April 2020, p5.

central government budgetary and financial planning, and operational implementation of service delivery at the level of line ministries.



GfD PFM advisers supporting the Economic Recovery Commission. Photo by GfD.

SQ 1.1 To what extent are relevant PFM laws and policies in place to support the improved budgetary governance system? (EOPO1, IO1)

Throughout the reporting period MoF has been working under an Acting Minister, which has limited the institution's ability to make strategic decisions (such as in relation to progressing a Medium-Term Expenditure Framework (MTEF)). Ongoing tensions between MoF and the Planning, Monitoring and Evaluation Unit (UPMA) have also limited the progression of new PFM policies.^(A)

With the Council of Ministers (CoM) focused on other matters, the revised Budgetary Governance Roadmap, developed in early 2019 with OECD support, has not yet been approved, nor have amendments to the PFM law, the latter now requiring review to reflect changes to organic laws (see SQ1.2 below) as well as other changes across government.^(G)

Work toward medium-term planning, which will lay the foundation for a MTEF, is progressing at a technical level. OECD noted strengthened medium-term planning capacity within UPMA and that progress achieved to date in implementing the Roadmap places Timor-Leste in a good position to implement medium-term planning.^(P;G) Implementation, however, will be dependent upon formation of stable government. In response to a request from GoTL, OECD delivered a report in March which provides recommendations to inform introduction of a coordinated approach to medium term planning. A whole of government planning framework has been drafted by UPMA in collaboration with MoF but is unlikely to be agreed by CoM prior to the end of June.^(A) Similarly, discussions which had commenced on a medium-term planning and budgeting pilot with the Departments of Health and Education will now be delayed due to ongoing delays in approval of a budget for 2020.^(A)

Desired changes 2019/20 (SQ1.1)

The Government of Timor-Leste's updated Budgetary Governance Roadmap is approved by Council of Ministers	●
Financial management law revised to accommodate all changes as per the reform (Roadmap) and ready for presentation to CoM	●
MTEF implementation plan is developed and agreed across Government	●

SQ 1.2 To what extent is there improved government leadership, management and coordination on PFM? (IO7, IO3)

Expected improvements to high-level government leadership on PFM reforms were not achieved in light of the ongoing political dynamics. The PFM Interministerial Council was established but did not meet, and is unlikely to until a Minister of Finance is appointed. There has, however, been a high-level demonstration of commitment to performance reporting, with the CIGC taking steps towards public reporting of economic stimulus package implementation as well as health indicators. Reports are expected to be released monthly, drawing on data from DBFTL.^(A)

Desired changes 2019/20 (SQ1.2)	
PFM Inter-ministerial Council meeting regularly and with clear delineation of responsibility between UPMA and MoF	●
National standards, official guidelines and roadmap developed for medium-term sectoral planning	●

OECD observed a strengthened relationship between MoF and UPMA at the technical level, and positive flow-on effects in terms of work quality from both institutions.^(G) GfD advisers have also observed MoF taking the initiative to consult with UPMA on routine activities such as meeting preparation, as well as on the introduction of a medium-term perspective on budgeting.^(A) Nonetheless, MoF has not yet incorporated an outcomes-based approach into budgeting processes, despite the significant progress that has been made on program-based planning.^(A) Continued focus on developing closer ties between the two institutions is essential for continued progress of reforms.^(G; X) A revised MoF organic law, published in September 2019, clarified the likely responsibilities of MoF and UPMA, however uncertainty remains over the transfer of planning responsibilities skills from UPMA to MoF to ensure that the momentum of progress is maintained.^(A) A draft UPMA organic law to reflect the agreed revision of functions has been approved by the Prime Minister and is awaiting presentation to the CoM.

GfD advisers supported the development of Standard Operating Procedures (SOPs) and guidelines on planning and reporting during the duo-decimal budget regime, GRB, and an annual planning & budgeting manual (prepared by MoF and UPMA). As noted above, a medium-term planning framework is also in draft, however all are unlikely to be approved until the political situation stabilises.^(A)

SQ 1.3 To what extent are improved PFM systems and processes being developed and implemented? (EOPO2, IO5)

In spite of the lack of progress at the political level, some sound progress has occurred in relation to improved PFM systems and processes in accordance with the Budgetary Governance roadmap. The preparation of the 2020 General State Budget using program classification across all government entities was a significant achievement toward phase 3 of the program budgeting rollout.^(G) The lack of approval of the 2020 budget and resultant duo-decimal budgetary regime means, however, that this extension of program classification and associated monitoring has not as yet been fully implemented.^(A)

Desired changes 2019/20 (SQ1.3)	
All Government entities for 2020 General State Budget use program classification for planning and monitoring	●
At least 80% of current 2018-20 Budgetary Governance roadmap reforms are assessed to be 'on track'	●
M&E Framework developed, and guidance prepared for government entities on roles and responsibilities and reporting requirements	●
National framework of indicators and key statistical data/markers developed, informed by the requirements of program budgeting, medium-term planning and monitoring/implementation of SDGs	●
DBFTL accessible to and being used by Prime Minister, National Parliament, central agencies and line ministries, including to monitor performance of programs and influence annual budget debate	●

GfD's program budgeting advisers provided strong support for enhanced performance reporting during the period. External stakeholders noted that the quality of quarterly performance reports has improved substantially between 2017 and 2019 and they are now used as a credible source for analytical work.^(A)

Despite this progress, implementation of Roadmap reforms has been delayed without a functioning PFM Interministerial Council.^(G) OECD observed 'good progress on monitoring and evaluation', enhanced by M&E

training that was provided by M&E House to UPMA staff as well as representatives of MoF and Ministry of Planning and Strategic Investment during October 2019.^(E) However, finalisation of the M&E manual and development of a training package is dependent upon adoption of the draft framework and associated legislative change, to be driven by UPMA as the program classification process progresses.^(G; A)

GfD advisers, with support from ABS, have undertaken initial work to develop national indicators that align with the Strategic Development Goals which will feed into medium-term plans. Again, the current focus on COVID-19 means this work is now likely to be completed in 2021.^(G)

The Government and CIGC are utilising DBFTL to approve and monitor monthly plans and budgets under both the duo-decimal regime and COVID-19 fund. The GfD Review found DBFTL to be a key achievement of the program to date.^(X) It is anticipated that when approved, the amended UPMA organic law will legally mandate the use of DBFTL for the budget cycle. In the meantime, it is being utilised in practice, including by members of Parliament during budget debate.^(A; I) A total of 512 (256 females and 256 males), government agents in central government and municipal levels were trained on use of DBFTL during the reporting period.^(E)

SQ 1.4 To what extent are PFM policies, systems and processes more gender-responsive and socially inclusive? (EOPO2, IO5, Promotion of gender and inclusion)

The GfD Review found implementation of GRB to be a key achievement of the program to date.^(X) Work continues to maximise the effectiveness of reforms, with gender information now incorporated in the DBFTL dashboard, an SOP for GRB developed, and the draft Planning and Budgeting Manual revised to include all aspects of GRB. Coordination with UN Women, a key development partner in this space, has improved during the period.^(A)

Implementation of the 11 phases of GRB PFM reforms has progressed as prescribed by the GRB Policy Note, approved in August 2018. The Secretary of State for Gender and Inclusion is now taking a more active role in leading the GRB process, but progress has dramatically slowed under the duo-decimal budget, with gender focused activities receiving less priority in times of limited budget availability.^(A)

Although budget books have not been finalised (in the absence of an approved annual budget), the Secretary of State for Gender and Inclusion developed a Gender Budget Statement 2020 with the support of the GfD GRB Adviser, using a refined structure consistent with OECD recommendations from March 2019.^{4(A)} A gender responsive analysis report was also prepared with the support of GfD and included in the 2019 Annual Performance Report. All government entities applied the gender marker in preparing the 2020 budget, and 11 institutions are now using the gender marker correctly and including appropriate targets. OECD noted that implementation of the marker is an important first step and that the usefulness of the marker and indicators will increase as data becomes available^(G) although the use of the marker has yet to be reflected in increased budget allocations to support gender mainstreaming.

GfD also contributed to the 4th Periodic State Party Report on the CEDAW report, finalised in November 2019,^(A; P) and drafted Timor-Leste's Beijing Declaration and platform for action national review and appraisal report 2014–2018.^(A)

Desired changes 2019/20 (SQ1.4)	
Gender statement is included in 2020 Budget Book #2 and used in 2020 budget	●
A minimum of 5 line ministries undertake gender responsive reporting/analysis against gender program based on the performance indicators	●

PAF Target – PAF Indicator #20b	
A minimum of 10 service delivery institutions use the gender marker appropriately and include measurable targets in their annual plans	Pending verification, but on track

⁴ OECD, Timor-Leste Budget Governance Roadmap: Review and Update, March 2019, pp 67-68.

SQ 1.5 To what extent is budgetary and performance information accessible to decision makers, civil society and other stakeholders? (IO1, IMO1)

GfD's advisers in UPMA have continued to support GoTL to produce data reports for multilateral institutions, in particular supporting preparation of the Least Developed Country report in November 2019, as well as the Voluntary National Review and its presentation to the UN

High Level Political Forum in July 2019, for which GfD supported the attendance of two non-government representatives, representing youth and the private sector.

The program continues to invest in refinements to DBFTL, which OECD anticipates is likely to replace the Transparency Portal on the MoF website in terms of providing timely and meaningful information on budget performance.^(G) Improvements were made to security mechanisms and adjustments made to accommodate monthly duo-decimal budget plans.^(A) Information on capital project information is publicly accessible, and data on COVID-19 implementation will also be made available. Full budget and planning information, however, can only be made available once program classifications are fully implemented for all entities.^(A)

GRB training delivered by GfD's GRB adviser to the Women's Parliamentary Group, staff of the Centre for Promotion of Gender Equality in National Parliament, and the Women's Network (Rede Feto), led to increased gender-sensitivity of Committee C opinions.^(A)

SQ 1.6 What evidence is there that the improved budgetary governance system has contributed to improved service delivery outcomes (including gender and social inclusion programs)? (EOPO2, IMO5)

The GfD Review found that the program had made a significant contribution to implementation of new systems, but that it is still too early to assess impact on service delivery.^(X) The preparation of the 2020 State Budget showed,

however, that Government budget discussions and the subsequent allocation of funds were focused on the key priority areas where performance results were lagging behind anticipated results. Implementation of reforms to date have also led to improved transparency of government spending, with GoTL performance reporting now showing a link between results and performance indicators.^(G)

Performance results are included in the 2019 annual report for the 56 entities which implemented program classifications in 2019. Performance reporting for all entities is dependent upon passage of an annual budget to bring about full implementation of program classifications.

Desired changes 2019/20 (SQ1.5)	
Budget performance information publicly accessible through DBFTL	●
Training delivered to key civil society organisations on use of DBFTL	●

Desired changes 2019/20 (SQ1.6)	
GoTL annual performance report shows link between results and performance indicators	●

5.2 Lessons learned and recommendations

There is some concern that Budgetary Governance Roadmap reforms have lost momentum, with insufficient budget and political will to progress implementation, exacerbated by political instability and a lack of a substantive Minister of Finance.^(A) UPMA acted as a change-agent to effectively kick-start reforms, but ownership of program based budgeting now needs to shift to MoF, backed by adequate transfer of skills and knowledge, to ensure that progress made to date in PFM reform continues.^(A; X) GfD continues to place a high priority on fostering a strong relationship with MoF and increased clarity of roles between UPMA and MoF.

Recommendation: Continue dialogue with MoF in relation to possible GfD advisory support for the transition of annual program-based planning and budgeting to MoF if/when a new Minister is appointed.

Recommendation: Strengthen GfD's analysis of how it can best provide support in the area of PFM through the appointment of a PFM adviser to the SAT, and the completion of a PEA in relation to PFM support.

The absorptive capacity of line ministries to implement reforms continues to be a concern, with central government monitoring only as good as the data provided by entities across government. Central reforms must continue to be supported by adequate capacity development within implementing institutions. The pace of reform must allow time for institutions to effectively develop capacity and implement new systems, tools and processes before further process changes are introduced. Without this, the potential for improvements to service delivery will be limited.^(A)

Recommendation: Consider how GfD might collaborate with partners who work programmatically with line ministries to strengthen line ministry capacity to progress implementation of PFM reforms as a key element of improving service delivery.

It is similarly important that GRB becomes mainstreamed as part of standard planning and monitoring processes rather than being seen to be the specific responsibility of the GRB adviser.

Recommendation: Adapt the focus of the GRB role toward capacity building other staff and advisers in relation to GRB, and quality control, rather than ‘doing’.

6 Public Administration

7 long-term advisers – CSC 2 long-term advisers – TIC 1 long-term adviser - MRLAP

6.1 To what extent did GfD contribute to improved public administration? (KEQ2)



The overall progress rating for the Public Administration work area moved from ‘on track’ in the October progress update to ‘less progress than expected’.

After significant progress in the first half of the reporting period, planned outcomes for the latter half of the year were not fully achieved, with the impact of COVID-19 and the SoE, together with the political and budgetary impasse, effectively halting progress on planned reforms across all three GfD-supported entities: The focus of advisory support to TIC (ICT Unit in the Office of the Prime Minister), which commenced during the period, has been reshaped in response to COVID-focused priorities; Passage of some key CSC legislative reforms are now unlikely before the expiry of the Commission’s current mandate; And although MRLAP’s Public Administration Reform program was approved by CoM, GfD advisory support for this work was discontinued after it became apparent that some elements of the GfD-supported Public Administration Reform program would result in tension between GfD-supported agencies.

Nonetheless there were some notable achievements:

- A strong focus by CSC on disability inclusion in public administration employment, with a GfD-produced video broadcast on national TV and online showing high-level GoTL endorsement of disability inclusion, and subsequent focus group discussions held during October in 12 municipalities and at the national level to gain greater understanding of the issues pertaining to employment of people with disabilities in the civil service.^(P; A)
- First merit-based promotion round for general career regime civil servants leading to the promotion of 1,354 civil servants.^(S; P)
- List of remote areas eligible for civil service Remote Area Allowance finalised and approved by the CSC and enacted in June 2019.^(A)
- Implementation of the GfD-developed training manual for CSC disciplinary investigators, including delivery of training to 15 CSC staff using workplace scenarios.^(A; E)
- Public Administration Reform Program 2019-2023 approved by the CoM in February 2020.^(P; A)
- Technical interconnection of PMIS/FMIS finalised and user-acceptance completed (now awaiting final data cleansing and ‘go live’).^(A)

Pivot of activities as a result of COVID-19 and unanticipated achievements

GfD has played a significant role in supporting the business continuity of the civil service from the outset of the COVID-19 crisis, with advisers in both TIC and CSC supporting the continuation of agency functions during the SoE. In the CSC this included development of checklists to support the establishment of working from home arrangements, as well as advice on streamlining internal processes and authorisations so that service delivery can be maintained. GfD's CSC ICT adviser also provided a comprehensive review of teleconferencing options, supported establishment of electronic communication methods and work from home systems, and built the capacity of CSC ICT staff to monitor and maintain systems in his absence.

TIC has put on hold its plans to undertake an e-governance assessment survey across GoTL, and turned its attention to technology requirements to enable effective remote working arrangements for civil servants, as well as other technology that might be required to support GoTL in the management of the pandemic. GfD is in discussion with TIC about support for development of a consolidated dashboard of COVID information for the both government decision-makers and the public.^(A)

SQ 2.1 To what extent has GfD supported evidence-based and inclusively developed public administration law and policy? (EOPO1, IO2)

GfD advisers continue to play a significant role in supporting a cultural shift to inclusive, rather than 'desk-based', policy development.

Consultations on draft amendments to the individual performance evaluation Decree Law involved 737 civil servants (265 females, 471 males) across 34 Government institutions at the national and municipal levels from a range of levels and categories.^(A)

The proposed amended law was submitted to the Prime Minister in February 2020 but has yet to be presented to the Council of Ministers.^(A) The Workforce Planning bill, which will support effective management of resources and associated wage costs, is also awaiting approval by CoM.^(A) With the second CSC Mandate due to conclude on 29 May, the future of both laws will depend upon the priorities of the third CSC mandate.

With GfD support, including widespread municipal-level consultations, all Government Institutions are now applying remuneration and allowances in accordance with the new list of remote, very remote and extremely remote areas of public service, in accordance with the list approved by CSC in June 2019.^{5 (A)}

Decentralisation remains a key focus for GoTL. GfD was instrumental in the design and coordination of a National Seminar in November 2019 focused on the implications for civil service human resource management arising from decentralisation processes. The program also supported the Ministry of State Administration to develop internal regulations for two technical groups working on decentralisation: the Permanent Technical Group and the Inter-ministerial Technical Group.^(A)

SQ 2.2 To what extent is there improved leadership, management and coordination on public administration? (EOPO1, IO3, IO7)

The GfD Review team noted the difficulty in driving system-wide public service reforms from an agency, rather than from the centre of government.^(x) The conflicting agenda in relation to public administration reform between MRLAP and the CSC highlights these ongoing challenges.

The Line Ministry Human Resource Managers' Group (GJPRU) continues to provide a forum for members to discuss and coordinate national level HR policies and laws. The group has played an important

Desired changes 2019/20 (SQ2.1)

Decree Law on performance management and subsidiary regulations are approved by the Council of Ministers	●
Workforce Planning Law approved by Council of Ministers and promulgated	●
CSC approves the results of the assessment and the new list of remote areas of public service	●

Desired changes 2019/20 (SQ2.2)

Members of GJPRU take a lead role in the socialisation of key civil service/human resources policies and laws	●
Effective preparation for the transition from the 2nd to the 3rd CSC mandate	●
Whole of Government Public Administration Reform Program approved by Council of Ministers	●

⁵ Deliberation no. 96/CSC/2019, 10 June.

role in socialisation of the draft Individual Performance Evaluation bill, developed standard procedures on leave without pay, and contributed to revision and standardisation of training administration procedures.^(A)

GfD has been integral in preparations for the upcoming transition from the second to the third CSC mandate, with a report on pending priorities and future directions submitted to CSC on 22 April 2020.^(A)

Support to MRLAP for development of the Public Administration Reform program broadened the scope of GfD's public administration support, and was described by the GfD Review team as a 'relevant reform'.^(X) GfD advisers supported development of the program, including consultation with development partners, civil society and the private sector.^(P; A) The resultant policy framework, approved by CoM in February 2020, proposes comprehensive reforms across that will in many cases require subsequent implementing legislation. The final plan is considered by some, however, to be overly-ambitious.^(X) A challenge to the policymaking role of the CSC inherent in the reform program prompted GfD to discontinue advisory support to this area to avoid intra-program inconsistency. GfD will now undertake a PEA to consider its role in supporting public administration reforms going forward.

SQ 2.3 To what extent have improved systems and tools been developed to effectively support public administration? (IMO7, IMO8)

GfD was integral to the design and implementation of systems and tools to support the merit-based civil service bulk promotion round during the second half of 2019, including design of the promotions process, installation of equipment for computer-based testing, and oversight of the simulation testing and appeal processes.^(A; P) The outcome was promotion of 1354 civil servants out of 9350 who were eligible to sit the test. The gender aspects of this process are discussed further under SQ2.5. Design of a promotion round for Special Career Regime did not progress, and will now be dependent upon priorities agreed under the third CSC mandate.

Desired changes 2019/20 (SQ2.3)	
Merit-based promotions of approximately 1,000 general career regime civil servants completed as a result of implementation of GfD-supported promotions process	●
Design and implementation of merit-based Promotion System for Civil Servants under Special Career Regime	●
Workforce Planning Manual, forms and procedures developed/ revised	●
Assessment of current status of ICT and e-governance development underway, as a precursor to updating/development ICT strategy and roadmap	●

A manual to support implementation of the (pending) Workforce Planning changes has been completed and translated, and has been trialled within two entities (see SQ2.4).

The e-governance assessment survey planned by TIC was delayed as a result of COVID-19 and the SoE. GfD advisers will, however, continue to prepare the survey, with input from other ministries, so that it is ready for implementation when the COVID-19 crisis and SoE have passed.^(A)



Civil service merit-based promotion round. Photo by GfD.

SQ 2.4 To what extent have public administration policies and systems been resourced and implemented across government? (EOPO2, IO5)

Significant preparatory steps have been taken for implementation of workforce planning and individual performance management, two high-priority CSC reforms. Workforce Planning processes have been successfully trialled within the CSC as well as the Press Council. The third trial (with the Secretariat of State for the Affairs of Former Combatants) is, however, unlikely to take place due to the SoE. The results of the trials, together with the Workforce Planning Manual, have been provided to the CSC Executive Secretariat and the Office of the President with suggestions on next steps.

Training on implementation of the new individual performance management system will take place once the Decree Law has been approved.

Development of a manual to support implementation of supplementary remuneration changes, while forecast as a desired change, was not required. While classifications were adjusted, calculation and payment of supplementary remuneration remains as per Decree Law No20/2010.

Desired changes 2019/20 (SQ2.4)	
Pilot project established to test initial implementation of new Workforce Planning processes, forms and systems in three entities	●
Majority of relevant line ministries and municipalities are trained on the revised Individual Performance Management system	●
Development of manual to support implementation of the Supplementary Remuneration changes	N/A

SQ 2.5 To what extent is PA practice (systems and processes) more gender-responsive and socially inclusive? (EOPO1, Promotion of gender equality and inclusion)

The GfD Review assessed the introduction of human resource management laws, policies and systems on merit-based recruitment and promotion, sexual harassment and disability awareness activities to be key achievements of the program.^(X)

Focus Groups conducted by the CSC, with GfD support, during the period provided CSC with greater understanding of the barriers facing people living with disabilities and a resultant

report contains recommended actions for CSC to consider progressing during its next mandate.^(P) This builds on the GfD-supported disability seminar in March 2019 and lays a platform for improved implementation of the National Disability Policy throughout the civil service.^(X) GfD will discuss how it can continue to provide support to progress these actions with the incoming Commission.

As also noted under the 'Gender and social inclusion' section above, an SSC highlighting implementation of gender-sensitive policies by CSC as an instance of 'women's leadership opportunities and empowerment' received a rating of Highly Significant in the March SSC verification round. Data shows that in recent years women have constituted a greater proportion of recruitments, with the figures now approaching parity, and that an equal percentage of male and female civil servants were promoted in the 2019 merit-based bulk promotion round. A random sample of women who were promoted reported the previous lack of advancement opportunities that had been open to them, and the positive impacts the promotion has, and will have, on their confidence, family and career.^(S)

The Trainer Guide to support the implementation of Manual on Investigations Reports was also updated during the period to include Sexual Harassment offences and an investigation case study.^(A)

Desired changes 2019/20 (SQ2.5)	
CSC has evidence/understanding about the barriers facing people with disabilities in the workplace and how to address them	●

PAF Target – PAF Indicator #14	
CSC leads the development of gender-sensitive and socially inclusive policies and practices (equal employment opportunity, promotion)	SSC – Rated Highly significant

SQ2.6 What evidence is there that improved public administration has resulted in improved efficiency and effectiveness of the civil service and / or government functions? (EOPO2)

The interconnection between the CSC PMIS with the MoF FMIS is expected to eliminate ghost workers and improve the accuracy of salary payments, removing human error associated with manual entry of salary data and leading to

Desired changes 2019/20 (SQ2.6)

Improved accuracy of salary payments across the civil service as a result of the interface between CSC IT system and MoF payroll system



quantifiable budget savings. A monthly average of 38,748 ledgers will be processed without manual double entry and allow easy data matching and audits on processed data. Although the technical interface is finalised and user acceptance testing complete, ongoing adjustments to organic structures are delaying implementation of the system, which had been expected in late 2019. Finalisation of this project is unlikely to be prioritised by either MoF or CSC until the SoE concludes.^(A)

More broadly, in response to the GfD Review team finding of insufficient evidence of impact by GfD on civil service performance, GfD will commission an assessment of GfD's impact on CSC capacity, as well as on the overall performance of the public service.^{6 (X)}

6.2 Lessons learned and recommendations

The GfD Review Team raised questions about evidence of the lasting impact of GfD inputs in relation to strengthening the CSC in its management of the civil service workforce.

Recommendation: Early engagement with the incoming Commission in relation to an assessment of GfD impact on the CSC and the wider civil service, as committed to in the Management Response to the GfD Review.

As noted by the GfD Review team, gains made in CSC in relation to gender equality are a key success of the program to date. However, the team cautioned in relation to the recent work on disability inclusion that 'GfD should not do something half-heartedly', noting the need for engagement with the new CSC Commission to support renewed commitment to gender and social inclusion, and tangible, sustainable improvements.^(X)












Recommendation: Early engagement with the incoming CSC Commission to discuss gender and social inclusion gains to date and to identify priorities that consolidate gains and build on successes during the remainder of GfD.

Political tensions and philosophical differences between CSC and MRLAP associated with the Public Administration Reform program impacted significantly on GfD's engagement in relation to Public Administration Reform, and led to some conflicting advisory positions within the program.

Recommendation: Base GfD's engagement in relation to public administration reform on a sound PEA, informed by input from the SAT Public Administration Adviser.

⁶ Review of Timor-Leste Governance for Development Program Management Response – February 2020, p 3.

7 Economic Development – Economic Policy and Business Enabling Environment

 Grant with ABS	 1 long-term adviser – OPM	 4 long-term advisers - MRLAP
 Grant with IFC	 1 long-term adviser – SEFOPE	 1 long-term adviser – SERVE
 Grant with ADB	 1 long-term adviser – ADB (part year)	 1 STA - BNCTL
 Grant with Oxfam	 1 long-term adviser – Cross program (part-year)	

7.1 To what extent did GfD support development and implementation of **evidence-based economic policy** (KEQ3) and to a **strengthened business enabling environment** (KEQ4)?



Overall there has been less progress than anticipated in the economic development work area, although the rating remains unchanged from the October progress update. The GoTL decision not to proceed with the appointment of a GfD-funded Senior Economist in MCAE limited GfD's ability to support coordinated economic policy progress. The broad spread of program activities, and steady progress on some technical aspects, served to

maintain progress in some areas while progress in other areas slowed due to political and budgetary issues, and the impact of COVID-19. Inputs from internationally-based grant partners, including IFC, Asia Development Bank (ADB) and ABS, were significantly impacted by travel restrictions in March and April, and progress in relation to the roll-out of agent and mobile banking slowed as a result of the pandemic and SoE. However, GfD's national advisers have been well-positioned to support GoTL in its COVID-19 response, which emerged as the key focus in the final months of the reporting period. Key achievements included:

- Approval by CoM of an Arbitration Decree Law as well as a draft resolution for accession to the New York Convention in October 2019.
- Establishment of the Economic Activities Licensing Reform Working Group to take forward IFC recommendations for streamlining business licensing processes.
- Approval by CoM of improved corporate governance arrangements for BNCTL and adoption by BNCTL in an Extraordinary General Assembly Meeting in February 2020.
- Commencement of KIF agent banking pilot in February 2020.
- Contribution of evidence and advice on policy options to support development of COVID-19 economic stimulus measures.

Pivot of activities as a result of COVID-19 and unanticipated achievements

GoTL developed an immediate economic response to the COVID-19 crisis, including a package of economic stimulus measures involving cash transfers, wage subsidies, import subsidies, and a credit scheme for the private sector and small businesses.^(P;A) A number of GfD's national advisers contributed to the policy development process: GfD advisers in Office of the Prime Minister and MRLAP provided economic policy analysis and advice to the Prime Minister and to the Minister leading the CIGC, supported by analysis and international data provided through GfD's grant partnerships with Monash University and OECD; GfD's adviser in the State Secretariat for Vocational Training and Employment (SEFOPE) advised on the impacts of COVID on employment and contributed evidence-based advice on measures to support employment retention and recovery.

GfD is also contributing to analysis of the economic impact of COVID-19 on different sectors of the community, with planning underway for a range of activities to monitor and evaluate the efficacy and impact of both GoTL's response, as well as Australian Government emergency funding. The harnessing of GfD grant partnerships for monitoring of the GoTL economic response is covered under KEQ6.

SQ 3.1 To what extent did GfD contribute to economic evidence, data and advice being accessible and used by decision makers? (IO1)

The provision of high-quality data and analysis for use by decision-makers continues to be a strength of the program, with the GfD Review finding increased use of evidence in economic policymaking to be a key achievement of the program.^(X) GfD's adviser in SEFOPE has been able to harness labour market data to contribute to discussions in relation to employment during the COVID-19 crisis, and the Secretary of State SEFOPE cited Labour Market Information Outlook data during a recent television interview.^(A) There are also indications that political leaders are increasingly recognising the centrality of economic considerations in policymaking, which is a key focus of the role of GfD's Economic Development and Policy Adviser to the Office of the Prime Minister. The creation of the Economic Recovery Commission and the Commission's active pursuit of economic data and analysis is an important step in the development of an evidence-based and budgeted plan for Timor-Leste's post-COVID economic recovery.

Through a grant partnership with GfD, Monash University has continued to produce high quality, Timor-Leste specific research — presented through reports and blog posts. The GfD Review found that the reports are perceived by stakeholders to have been influential.^(X) A report entitled *The Economics of Education in Timor-Leste* was launched in March, and attracted attendance from academics, development partners, government entities, civil society and university students.^(P) Findings from a shorter study on the coffee sector were referenced by the President of the Republic during his 20th Anniversary of Restoration of the Independence Day speech.^(P) A study is underway in partnership with ABS, drawing on time series data from Business Activity Surveys, however has progressed more slowly than anticipated due to issues regarding compatibility of data sets.

Plans to support line ministries to develop economic impact projections did not proceed due to a number of decisions by the Acting Minister MCAE following his appointment in August 2019.

The GfD Review found improvements in the capacity of GDS to be a key achievement of the program, including the capacity to produce quarterly Consumer Price Index and business activity statements, and to prepare national accounts with limited oversight by ABS.^(X) GDS is now producing a quarterly Producer Price Index for both manufacturing and accommodation.^(G) Improvement in GDP timeliness was rated as highly significant in the March SSC verification round, contributing to a decision by the IMF to upgrade Timor-Leste's economic statistics rating from 'C - significantly hampers surveillance' to 'B - broadly adequate for surveillance' when the next Article IV review is published.^(S)

SQ 3.2 To what extent is there evidence of strengthened government commitment, leadership and co-ordination in relation to economic policy? (IO2, IMO4, IO7)

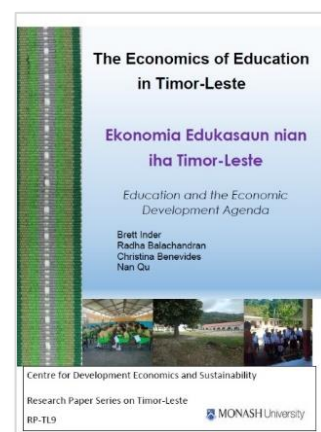
The appointment of the Minister MRLAP as acting Minister MCAE expanded opportunities for GfD advisers to collaboratively support economic development across MRLAP and MCAE. This convergence of responsibilities also provided GfD advisers in MRLAP with the

Desired changes 2019/20 (SQ3.1)

Key decision makers use Monash University's reports and other GfD-produced economic data and research to inform economic policy development and decision-making	●
Analysis of Business Activity Survey time series co-authored between GDS and Monash University	●
Line Ministries have an Economic Impact projection in place	●
Producer Price Index time series for manufacturing and accommodation produced	●

PAF Target – PAF Indicator #21

Increased timeliness of the release of GDP estimates	SSC – Rated Highly significant
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opportunity to support progress on World Trade Organisation accession negotiations, including establishment of focal points from relevant line ministries. Due to COVID-19 this work will slow for the foreseeable future.

As noted under SQ 3.1, the lack of appointment of a Senior Economic Adviser to MCAE prevented GfD from supporting an updated economic development policy. However, COVID-19 has provided an important opportunity for GfD to continue to provide decision-makers with access to evidence and analysis on issues highlighted by the crisis, such as Timor-Leste's reliance on imports, in particular food staples such as rice, and associated food security concerns, and the importance of economic diversification, and in particular development of the country's agricultural sector.

SQ 3.3 To what extent has GfD supported women's empowerment and social inclusion in economic development? (Promotion of gender equality and inclusion)

The GfD Review observed weaker results in relation to gender and inclusion in the economic development area than other GfD work streams.^(X) However, a number of outcomes have progressed since the review was undertaken. The GfD-funded Oxfam Hadalan project has a key focus on gender and social inclusion, aiming to bring diverse voices to the forefront of media and public policy debate on economic diversification and agriculture, and is beginning to gain traction, in particular as a result of the Economic Diversification Report that was launched in October by Acting Minister MCAE. A TVTL Talk Show involving the Director General of Agriculture, PHD, President of Rede Feto and Oxfam focused on the issue of women and agriculture, drawing on the findings of the Assessment. Another TV Talk Show on the role of people with disabilities in economic development, coordinated by Oxfam and led by Asosisasun Ema ho Deifisensia Timor-Leste, aimed to change perceptions of the capabilities of people with disabilities by highlighting some of the economic activities that they are involved in at the municipal level. The findings of the recently-completed Agricultural Assessment, including a lack of youth participation in agricultural activities, were presented to youth parliament representatives and further explored in a seminar and workshop together with SEFOPE representatives in February.^(G) Unfortunately some of the follow-ups to these activities have been put on hold as a result of COVID-19. During the period Oxfam also developed an internal advocacy strategy that takes into consideration issues identified in both the agriculture assessment and economic diversification report. Development of a further, more focused, campaign strategy to engage diverse stakeholders in the project has, however, been postponed due to COVID-19.

ABS has increasingly supported progress on gender and disability statistics, providing advice on an approach to mapping disability across the civil service,^(X) and obtaining agreement with GDS for inclusion of Washington Group Questions in the next population census.^(G) ABS also convened discussions with GDS and the Secretary of State for Equality and Inclusion, as well as UN Women and the United Nations Population Fund, on the collation of gender statistics, however this work is now on hold with COVID-19 preventing ABS undertaking further visits to Timor-Leste to continue progress.

Desired changes 2019/20 (SQ3.3)

Economic Diversification Report, Agriculture Assessment and Advocacy Strategy Developed (Oxfam)	●
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Washington group questions included in the population census	●
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Training on gender and Women's Economic Empowerment (WEE) delivered to GfD advisers and counterparts in relevant economic institutions	●
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Launch of Oxfam Economic Diversification Report by Minister Magalhaes. Photo by GfD.

SQ 4.1 To what extent is there evidence of improved leadership and coordination on business enabling environment? (IO3, IO7)

With the placement of MCAE within the interim portfolio of Minister MRLAP, coordination of business enabling environment reforms improved significantly during the latter part of the reporting period. MRLAP's legislative program prioritised business enabling environment reforms, with Component 5 of the Public Administration Reform program including measures that focus on 'doing business' improvements, including contract enforcement.^(P; A)

Desired changes 2019/20 (SQ4.1)	
MRLAP prioritises BEE reforms to develop a realistic legislative reform program, supported by adequate GoTL and donor resources	●
Business Enabling Action Plan to be included in the Public Administration Reform Program	●
Inventory of sectoral licences completed through consultation with relevant agencies	●
Recommendations developed for streamlining of business licensing	●

Intensive GfD support for streamlining business licensing processes yielded positive results. With the support of GfD (including grant-funded IFC support), Servico de Registro e Verificacaun (SERVE) completed an inventory of business licenses in October 2019, as well as recommendations for simplifying the registration process. The Acting Minister MCAE approved the creation of the Economic Activities Licensing Reform Working Group in late November 2019, which includes representation from relevant government entities, as well as the private sector and civil society, with representation from both Timor-Leste Chamber of Commerce, as well as The Timor-Leste Non-Government Organisation. An Action Plan prepared by the Working Group was approved by the Minister in January 2020, which outlines activities to be undertaken by the group through to December 2020, including follow-up on quick wins recommended from the licensing inventory. Although there have been some delays due to COVID-19, the Working Group continues to make progress. This positive example of inclusive policy development is further discussed under Other Voices - KEQ7.

SQ 4.2 To what extent has GfD supported improved law and policy that strengthens the business enabling environment? (EOPO1)

CoM approval of the Arbitration Decree Law as well as to accession to the New York Convention on the recognition and execution of foreign arbitral sentences is an important step toward improved options for commercial dispute resolution in Timor-Leste. GfD's adviser in ADB worked with MRLAP in drafting and consulting on the draft laws with relevant stakeholders, including Ministry of Foreign Affairs and Cooperation and the private sector, and supported translation into Tetun. Both are now awaiting approval by National Parliament before they can be submitted to the President for promulgation. If approved and implemented, the availability of international arbitration to settle disputes arising from commercial arrangements in Timor-Leste is expected to improve Timor-Leste's position on the World Bank Ease of Doing Business rankings (currently ranked 181 out of 190 countries) and promote foreign investment.^(A,P)

Desired changes 2019/20 (SQ4.2)	
Arbitration Decree Law drafted and presented to Council of Ministers	●
Timor-Leste signs New York Convention on Arbitration	●
Secured Transactions Decree Law and justification note drafted, validated by MRLAP and ready for CoM submission	●

SQ 4.3 To what extent is the business regulatory environment strengthened (laws, policies and systems being implemented)? (EOPO2)

As observed by the GfD Review, considerably more progress continues to be made towards the use of evidence in policy making than in policy implementation. The GfD Review team found few improvements in actual ease of doing business. While SERVE, has become an autonomous one-stop shop, it still lacks control over the issuance of

Desired changes 2019/20 (SQ4.3)	
Strengthened implementation of 'one stop shop' business licensing arrangements leads to reduction in time required to register and licence a business	●
SERVE to mandate collection of TIN and commence recording this data within Synthus	●

many licences. The Review also highlighted that TradeInvest's Investment Reform Roadmap, was still to be approved by CoM.^(x)

A Business Process Review of the business registration process was completed in January 2020 with GfD support, with more than 40 recommendations for work through to 2022. The recommendations, presented to SERVE management, include the importance of moving toward an online registration system, which will require considerable investment to digitalise existing files. COVID-19 has caused further challenges, with recruitment of new staff difficult.

SERVE has been working to ensure that all entries associated with formal businesses include a reference to the businesses' Tax Identification Number. This data will enhance the Business Register and result in flow-on improvements for accuracy of macroeconomic statistics such as GDP.

SQ 4.4 To what extent did GfD support financial institutions to improve accessibility to financial services? (IO4)

The GfD Review found improved access to finance through Timor-Leste's commercial bank and microfinance bank to be a key achievement of the program to date.^(x) GfD, through ADB, has supported improved corporate governance arrangements for BNCTL, the government-owned bank responsible for social security payments to vulnerable Timorese. A new Decree Law and by-laws, adopted through an Extraordinary General Assembly Meeting of BNCTL on 24 February 2020, are now in place, raising BNCTL corporate governance systems to international standards that fulfil Central Bank regulations. This work has taken on added importance given that the Government of Timor-Leste is considering providing additional social security payments through BNCTL as part of its COVID-19 response.

Desired changes 2019/20 (SQ3.1)	
New corporate governance arrangements of domestic commercial bank improve accountability and transparency and focus on the sustainable long-term success of the banking sector	●
New agent, mobile & internet banking services launched	●

GfD, through IFC, has also contributed to improved access to finance through the microfinance bank KIF^(x). However, roll out of agent and mobile banking has experienced some delays, largely as a result of ICT delays in finalisation of the core banking system to underpin the provision of rural services, exacerbated by COVID-19 and the difficulty of undertaking work in rural areas during the SoE. A pilot of the agent banking system commenced in February 2020 but progress of the pilot stalled due to COVID-19 and is yet to be completed, prior to full roll out of the system.

7.2 Lessons learned and recommendations

Ongoing political instability continued to impact on GfD's ability to engage in economic policy debate. While the appointment of an interim Minister MCAE led to some progress on business enabling environment, the economic debate and associated budget allocations continued to be plagued by political differences. The GfD Review emphasised the importance of determining GfD's investment in economic development on the basis of robust analysis, within a coherent GfD economic development strategy. This remains a priority, and will be more achievable with the addition of further expertise to lead that process.

Recommendation: Increase GfD's strategic economic expertise through the appointment of a full time Senior Economic Adviser to lead the GfD economic development team, as well as a part time Senior Economic Adviser to participate in the GfD SAT.

Recommendation: Undertake a PEA to underpin GfD's priorities in relation to economic development, and on the basis of this develop an Economic Development Strategy for GfD for the remaining 12 months of the program.

Monash University reports are highly regarded by GoTL and other stakeholders, and are regularly cited by politicians when discussing economic policy. It is therefore critical to ensure that Monash research focuses on issues that are key to economic diversification and growth, as well as economic recovery post-COVID-19.

Recommendation: Review the workplan for Monash research in the final year of the grant, and identify topics of strategic importance, including potentially the youth bulge, as well as economic recovery post-COVID-19.

8 Economic Development – Aviation



2 long-term advisers – AACTL



4 STAs – AACTL/ANATL/GfD

8.1 To what extent did GfD contribute to supporting aviation sector development (KEQ5)?



Aviation has been given a separate progress rating this period given its unique nature. Aviation requires highly specialised technical skills, within an environment that is highly regulated at the international level, which places unique requirements and pressures on both GfD, and the recipient agency. This body of work has experienced significant delay.

Provision of support to Autoridade da Aviação Civil de Timor Leste (AACTL) to assist it to progress towards compliance with International Civil Aviation Organization (ICAO) safety and security standards was a significant element of GfD's work over the period, coupled with support for legislative changes and the progression of Timor-Leste's National Aviation Policy more broadly. Key achievements included:

- Passage of Decree Laws on Aerodrome Certification and Incident and Accident Investigation.^(A)
- Finalisation of Air Navigation Services Licensing and Training Manuals and training of relevant staff in their implementation.
- Translation of key aviation legislation into Tetun which has provided a basis for greater understanding of AACTL functions and imperatives.^(A)

Budgetary pressures and political dynamics, however, limited the ability to progress deeper implementation of reforms. Delays in passage of the 2020 budget further delayed appointments within AACTL, and the suspension of the President of the AACTL Board and appointment of an interim President impacted on decision-making, such as the establishment of the urgently-needed Facilitation Committee. Progress was further hampered by COVID-19 disruptions, with all international commercial operations suspended due to the pandemic, and international advisers unable to travel to Timor-Leste.^(P) The ICAO Audit, anticipated in the second half of 2020, has been delayed, with no new date advised.

Pivot of activities as a result of COVID-19 and unanticipated achievements

Despite limited progress on planned targets, GfD support for aviation has remained highly relevant during the COVID crisis. The impact of COVID-19 on civil aviation globally is unprecedented. ICAO has issued a stream of guidance for States on how to maintain safety and security under lock-down conditions. The GfD aviation team has drawn AACTL and the Embassy's attention to key developments from ICAO. In particular GfD has continued to advocate for, and provide guidance on how to progress, the establishment of a National Facilitation Committee, development of a national facilitation plan, and a plan for managing facilitation during a global health emergency – a standard required under Annex 9 to the International Convention of Civil Aviation. The National Facilitation Committee is the essential mechanism to coordinate the activities of border control agencies and other official entities and to align them with best practices for managing flow of people, baggage and goods at airports. While addressing these, and other safety and security issues, is not a guarantee that airlines will choose to fly to Timor-Leste, it is an important part of a national response and without a safe, strong and secure aviation sector, airlines are unlikely to even consider flying to the country.

During the crisis, the Government of Timor-Leste chartered Air North to maintain a minimum level of service, underscoring the vital role that aviation plays for an island nation. GfD provided advice on legal arrangements for the establishment of these charter flights^(A). Expectations are that the process of

restoring regular air services to Timor-Leste will be prolonged. The initial challenge will be to establish confidence with bilateral partners that travel is safe, which will require adaptation of facilitation arrangements. The competitive landscape that will emerge out of the crisis will continue to determine levels of service available to a peripheral destination such as Timor-Leste. The GfD team has been providing AACTL and the Embassy with regular analysis of the impact of COVID on the global aviation sector, and urging AACTL to take a lead in laying the foundation for a resumption of commercial services, including strategies to attract airlines to return during the recovery phase, while assuring COVID-safe protocols on entry and exit, and continuing to strengthen safety and security more broadly in the sector.

SQ5.1 To what extent has there been improved laws and policies supporting aviation sector development? (EOPO1, IO2)

With GfD advisory support a Roadmap has been developed for the establishment of a National Aviation Security Committee, which is central to progressing safety and security in Timor-Leste's aviation sector. However, the SoE has created delays to the original timeframes which would otherwise have seen it in place before June 2020. The purpose of the Committee is to coordinate security activities between departments, agencies and other relevant stakeholders concerned with implementation of the National Civil Aviation Security Program, which was approved by the Minister in September 2019. ^(A)

Desired changes 2019/20 (SQ5.1)	
National Aviation Security Committee formed and applying the National Civil Aviation Security Program	●
National Aviation Facilitation Committee formed and applying the National Facilitation Program	●
AACTL safety and security policies revised and updated	●
Requirements for Airline designation under Air Services Agreements approved, guidance materials issued and a procedures manual developed	●

As noted, establishment of the National Facilitation Committee is a requirement under Annex 9, but its importance has been elevated because of the global pandemic. GfD continues to advocate for the urgent establishment of the Committee, noting that it would be acceptable to have a joint Facilitation and Aviation Security Committee, since the membership tends to involve the same set of entities.

AACTL's safety and security policy has been revised and is in place.⁷ Procedures for cargo security under the newly established cargo terminal at Dili International Airport have been developed with GfD assistance, and are awaiting final comments from other key government entities before they can be approved by AACTL. ^(A)

Air Services Agreements for a range of countries, including Australia, have been drafted by AACTL. The current SoE has made engagement with GoTL on this challenging, however it is understood that the Australian Air Services Agreement has been cleared by all government bodies and is awaiting an exchange of notes to bring the agreement into force. Once the current political situation has stabilised and relevant new ministers are confirmed, GfD will renew efforts to have the Air Services Agreements approved and implemented.

SQ 5.2 To what extent do aviation authorities have strengthened institutional capacity to fulfil their mandate in civil aviation regulation? (IO4)

The GfD Review found Timor-Leste's aviation policy and improved capacity of AACTL to be key achievements of the program. ^(X) Institutional capacity remains, however, a key barrier to progressing readiness for the ICAO audit. Recent finalisation of AACTL's recruitment process for director-level positions therefore constitutes an important step strengthening the management and technical capability of AACTL. The Authority now has greater clarity of roles and an adequate and

Desired changes 2019/20 (SQ5.2)	
Establishment of institutional linkages between AACTL and key counterpart Australian agencies (eg CASA, Air Services Australia, BOM and ATSB)	●
PNLIA certification	●
75% progress on Suai certification	●

⁷ Civil Aviation Authority of Timor-Leste (AACTL): Profile, Policy and Organisational Structure, December 2019, section 3 – AACTL Policy.

sustainable organisational structure to fulfill its safety oversight function, noting that a number of technical positions still remain to be filled, having been delayed by the lack of approved 2020 budget.^(A) AACTL has, however, been impacted by leadership instability as political manoeuvring played out between the Minister of Transport and Communications and the AACTL President. An Interim President is currently in place, and the dismissal of the former President is subject to appeal.

In June 2019 GfD funded a study tour during which key AACTL board members and directors visited a number of counterpart agencies in Australia. Through GfD facilitation, AACTL has subsequently begun to develop institutional linkages between key Australian counterparts. The Australian Transport Safety Bureau and AACTL have actively engaged on the development on an accident investigation Memorandum of Understanding. Linkages with other Australian government agencies are still developing and will take time to get to a level of organic engagement. GfD has agreed to fund the Australian Bureau of Meteorology to continue to provide weather forecasting to AACTL for a period of six months, pending approval of the GoTL budget and the availability of funds for the Authority to fund this themselves.

While AACTL has taken steps to progress operationalisation of GfD-developed documentation for Dili International Airport certification, budgetary constraints together with the SoE have delayed progress, with certification now unlikely before the end of the 2020 calendar year. Suai aerodrome has currently stopped operations, and in the current circumstances certification of the aerodrome is unlikely to be prioritised.^(A)

SQ 5.3 To what extent is aviation policy and law being implemented to strengthen safety in civil aviation? (EOPO2)

Decree Laws on Aerodrome Certification and Incident and Accident Investigation were promulgated in December 2019 and January 2020 respectively. This was a significant achievement for the program, however further steps are required to see implementation of these frameworks. In particular the new Aviation

Accident Investigation Service will need support

from the Ministry of Transport and Communications for its operation, including to develop manuals and procedures.^(A) A Contraventions regime, while developed, is yet to be presented to Parliament. And while a number of other pieces of legislation and policy have been developed and approved, AACTL is not yet fully undertaking the regulatory oversight of sector activities in accordance with licensing requirements that is required of its role as the aviation regulator.

Implementation of the PNLIA Safety Management System has commenced and key personnel nominated, however planned training has not yet been delivered due to the inability of the Adviser to return to Timor-Leste because of COVID-19.

Planning has progressed in relation to the Corrective Action Plan and preparation for the ICAO audit in relation to Air Navigation Services, but a number of significant documents still require creation or updating. Furthermore, extensive capacity-building of staff will be required now that key positions are filled, if staff are to demonstrate the required level of understanding required to meet ICAO standards. Progress on capacity building has slowed significantly while advisers are unable to travel to Timor-Leste due to COVID-19.

Desired changes 2019/20 (SQ5.3)

Improved legal and policy framework for air safety oversight in place and being implemented by relevant GoTL agencies	●
ANATL to be compliant with its Safety Management System (SMS) prior to the ICAO audit	●
Roadmap developed and implemented to address critical areas for correction prior to ICAO audit	●

8.2 Lessons learned and recommendations

While the focus of recent efforts by both AACTL and GfD has been on preparation for the ICAO audit, it is clear that sustainable improvement to aviation safety in Timor-Leste will require a much longer-term view, and a significant investment not only in the development of appropriate processes and documentation, but in building the understanding of AACTL staff of their role as the regulator, and their capacity to implement, maintain and update the required processes and documentation.

Recommendation: Significantly increase GfD’s investment in support for developing and implementing appropriate Air Navigation Services processes for the remaining 12 months of the program, with a view to making significant progress in relation to Air Navigation Services safety.

Recommendation: Reframe the Tasking Notes of all advisers to place a primary focus on capacity development, and on developing processes and documentation *with* AACTL rather than *for* AACTL.

COVID-19 has had an unprecedented impact on the global aviation industry. The challenges for the recovery, and anticipated growth, of Timor-Leste’s aviation sector, are significant, both in terms of the ability of Timor-Leste to demonstrate its ability to implement COVID-safe protocols, and in the face of a recovering aviation sector that will be seeking profitable, reliably-patronised routes.

Recommendation: Strongly encourage and support GoTL to establish its National Facilitation Committee and preparation of a National Facilitation Plan, and continue to advise the Government and Facilitation Committee on preparations for COVID-safe reopening of Dili airport, and on strategies to attract airlines to fly to Dili.



Dili International Airport. Photo courtesy of the Ministry of Tourism Timor-Leste

9 Other Voices



Grant with TAF



Grant with OXFAM



1 long-term adviser – Cross-program



Grant with FM



Grant with JSMP



Grant with IRI

9.1 To what extent did GfD support other voices to engage with the policy-making process and to advocate for improved service delivery (KEQ6)?



Despite strong progress in the first half of the period, by the conclusion of the reporting period progress on engaging other voices in policy-making was less advanced than expected. The political impasse limited the extent to which government progressed its policy agenda, limiting opportunities for public engagement. Restrictions on movement and gatherings of people due to COVID-19 have also hampered some grant partner activities. Highlights from the period include:

- Launch of the Oxfam Hadalan program, which focuses on increased engagement between government and rural voices, including women and people with disabilities, and launch of associated reports including on economic diversification and on agriculture
- Launch of TAF-run Tatoli! 2018 public perception survey report in October 2019
- Inclusion of civil society and private sector partners in the Economic Activities Licensing Reform Working Group

- Involvement of Ra'es Hadomi Timor Oan and community members in CSC disability focus groups and development of resultant recommendations in relation to people with a disability in the civil service workforce
- Progression of work on a strategy for engagement with other voices for the remainder of the program, reshaped in response to COVID-19 contextual changes

Pivot of activities as a result of COVID-19 and unanticipated achievements

While a number of grant partner activities have not been able to progress as a result of COVID-19 (municipal level consultations and capacity building in relation to Hadalan, progress of 2020 Tatoli! Public perception survey) GfD has worked with grant partners Oxfam and TAF to refocus their activities on COVID-related issues.

Through its grant with Oxfam, GfD will assess the impact of COVID-19 on vulnerable and disadvantaged communities, including women and people with a disability, and those working in the informal economy, to inform the government's immediate and longer-term economic policy responses to COVID-19, particularly in relation to agriculture and food security.

TAF will refocus the Tatoli! public perception survey to seek public feedback on COVID-19 through regular pulse surveys, replacing the planned single large-scale survey anticipated for April this year. Using phone survey techniques, the pulse surveys will seek feedback on how well the crisis has been managed by the government, and how COVID has impacted on people's health, social and economic well-being. Support for the Policy Leaders Group (PLG) has been paused in light of the current heavy workload of members and the difficulty in convening the group.

JSMP successfully advocated for creation of an *ad hoc* committee to ensure effective oversight of COVID-19 funding allocations, which has since been established by National Parliament.^(G)

SQ 6.1 To what extent has GfD supported transparency and accessibility of government information? (IMO8)

Some performance monitoring data is now publicly available through DBFTL, noting that this is currently restricted to capital projects. Work will continue to provide public access to a broader range of government services, and to provide training to enable civil society to access and understand the data.

Desired changes 2019/20 (SQ6.1)	
Budget performance information publicly accessible through DBFTL	●
Training delivered to key civil society organisations on use of DBFTL	●

As a result of December 2019 training to Community Service Organisations (CSOs) on GRB, Rede Feto submitted a comprehensive gender analysis of the 2020 budget to Grupo das Mulheres Parlamentares de Timor-Leste (GMPTL – the Women's Parliamentary Caucus) and Parliamentary Committee F, drawing on gender marker data. This input was incorporated into the overall paracer from Parliamentary Committee C.^(A)

GfD advisers supported GoTL with key accountability, transparency and inclusion initiatives, including through advisory support to TIC to lay the foundation for GoTL progress on e-Governance reforms, and adviser and IFC support to SERVE on improving transparency and accountability in the business registration process.

JSMP continued to advocate for transparency around district court proceedings (over 400 criminal cases monitored) and public awareness on access to the formal justice system (243 people trained) and contributed to informed public debate through its national seminar as well as four televised discussions.^(G)

SQ 6.2 To what extent has GfD supported civil society organisations to effectively produce and disseminate evidence and data that is used by decision-makers? (IMO1)

GfD grant partners continued to demonstrate their commitment to gender and inclusion. JSMP continued its inclusive focus in its conduct of community training, with approximately 45% of those trained being women. In response to requests from CSOs JSMP provided specific training to people with disabilities on access to justice in November 2019.^(G) Furthermore, JSMP appointed its first female Executive Director in early 2020. IFC conducted training in gender sensitivity for KIF frontline staff in December 2019 and has also increased its focus on hiring women, particularly in support of the new agent banking approach, with a view to successfully expanding financial service provision to women.^(G) Although the PLG aired a TV Talk Show on Women in Public life and Uniform in November 2019, plans for a project on the gendered implications of the Tasi Mane Petroleum Infrastructure Project, which would have included extensive consultation with women in affected communities, were put on hold due to COVID-19, along with plans to engage a full-time female researcher.^(G)

GfD also supported local CSOs Fundasaun Mahein (FM) and JSMP to strengthen their internal processes through training on fraud, anti-bribery and child protection, and a Theory of Change workshop for JSMP.

Oxfam finalised its report on economic diversification, which was launched by Minister MRLAP in September 2019. The report has been widely cited, and, along with the more recently completed Agricultural Assessment, is resonating during the current COVID-19 crisis.^(G) With food security issues coming to the fore, and increased public and political debate in relation to the economic recovery post-COVID, both reports are timely contributions to the public debate.

In addition to the work by Oxfam, there are several examples of data generated through GfD support for CSOs being used by policy and decision-makers. JSMP's February 2019 *Report and Recommendations for Civil Law Litigation Reform in Timor-Leste* highlighted some key shortcomings of Timor-Leste's civil law system, including high case backlog and judicial attention. An SSC in July 2019 received a rating of Highly Significant, highlighting GoTL consideration of the report and the likelihood of positive flow-on impacts for private sector investment and Timor-Leste's 'Ease of Doing Business' rating that would result from improvements to the civil law system.^(S) More recently the Court of Appeal nominated four judges to focus solely on civil law matters, indicating a move to address civil case backlog.

The International Republican Institute (IRI) NextGen project built leadership and policy analysis skills, with the project culminating in cross-party groups of upcoming leaders developing policy projects, and one group presenting their project to members of Committee D, who were impressed with the approach and stated that the committee will use the findings as a resource for the upcoming state budget. The Committee agreed to invite the group to testify at a committee hearing to advocate for their proposal during the budget process.

Desired changes 2019/20 (SQ6.2)

CSOs supported by GfD demonstrate commitment to gender and disability inclusion in their program activities	●
Economic Diversification Report, Agriculture Assessment and Advocacy Strategy Developed (Oxfam)	●
Decision-makers use data and research produced by GfD civil society grant partners to inform policy development and improvements to service delivery	●



JSMP Theory of Change workshop. Photo by GfD

SQ 6.3 To what extent has GfD supported non-government organisations to engage with the policy-making process? (IMO2, IMO3)

The PLG conducted TV talk shows on various topics in relation to economic development and diversification, involving representation from civil society and the private and public sectors. Topics included agriculture, tourism and land use, and more recently, the implications of COVID-19 on the economy. ^(P; A) After reviewing the findings from the Tatoli! public opinion survey, the Secretary of State for Social Communication requested that the PLG should conduct further research on public news and information sources as part of the government's plans for investment in the public television, (further research on social communication will be funded by GoTL).

Desired changes 2019/20 (SQ6.3)

GoTL policy development is influenced through Policy Leaders Group activities	●
DPOs are consulted in the development of civil service HR policies	●

PAF Target – PAF Indicator #16

Recommendations from the Technical Working Group for Economic Activity Licensing to improve business registration and licencing system accepted by Government	Pending verification, but on track
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CSOs (including disability and gender organisations) took part in CSC disability focus group discussions that were held in all municipalities and in Dili during October and November. The CSC has indicated that it is committed to progressing the outcomes from the focus groups during its third mandate, in collaboration with Civil Service Human Resource Managers' Group, GJPRU.

The Economic Activities Licensing Reform Working Group, established by Acting Minister MCAE to progress reform following the mapping and initial analysis of all current business licenses, includes representation from civil society and the private sector, including the national forum of non-government organisations, and the Timor-Leste Chamber of Commerce. The action plan for reform developed by the Working Group has been approved and implementation is now progressing following a delay as a result of COVID.

9.2 Lessons learned and recommendations

In the past six months GfD's engagement with civic actors outside of government has increased, largely but not exclusively through its grant partners. There are opportunities to continue this momentum, particularly as the country considers its path to recovery from the COVID-19 crisis, and the potential to engage to a greater extent with local researchers to support this. A civic engagement strategy to guide program activities to the end of the program is close to finalisation.

Recommendation: Review options for providing greater support for Timor-Leste to undertake in-country research on important policy issues.

10 Working in Partnership

10.1 How strategic is GfD's engagement with partners? (KEQ7)

Grant partners

A significant proportion of GfD spending is directed through arrangements with grant partners – approximately 33% of Cardno-managed funds in 2019/20, which went to nine grant partners. In addition, contributions by ADB and IFC were funded directly by the Embassy.

GfD's grant partners fall largely into two groups:

- Harnessing technical expertise
- Multilaterals: ADB, IFC, OECD
- Universities/research institutions: Monash University
- Australian Government Departments: ABS

- Supporting other voices to engage in policy debate and stimulate demand for good governance
- International NGOs: Oxfam, TAF, IRI
- National NGOs: FM, JSMP, Lalenok Ba Ema Hotu (LABEH)

The GfD Review concluded that ‘Grants to national and international organisations have been an efficient modality to deliver, building on the grantees’ reputations and technical skills... Grants have been in general an appropriate modality to deliver more arm’s length support while drawing on the technical expertise and relationships of the grantees’.^(x) The review did note also, however, the challenges of coordination with grant partners, and the potential loss of direct influence by GfD.

Harnessing technical expertise

The institutional partnership with ABS has continued to reap rewards, with significant improvements in the timeliness of statistical data, contributing to a decision by the IMF to upgrade Timor-Leste’s economic statistics rating from C to B when the next Article IV review is published.^(S) ABS has also contributed to a greater focus on social statistics, both gender and disability. This work has slowed as a result of recent travel restrictions, but will continue in the next financial year. The GfD Review noted that the relationship with ABS was an effective modality providing ‘good’ VfM, with pragmatic ambitions linked to well-defined needs.

OECD has continued to assess progress against the Budgetary Governance Roadmap, and has provided advice in relation to the changing roles and responsibilities of UPMA vis a vis MoF, with UPMA adopting a greater focus on medium term planning and budgeting. Support from OECD for the Roadmap was singled out in the GfD Review as providing greater legitimacy to program-based budgeting than would have been possible had the work been undertaken directly by DFAT-funded advisers. OECD has also contributed to GoTL’s thinking in relation to the country’s COVID-19 economic stimulus package by providing a compendium of the COVID-related budgeting and public management responses in each of the 36 OECD countries.^(G)

Significant progress has been made with the support of IFC working in collaboration with the GfD national adviser in relation to business licensing. A working group has now been established to progress licensing reforms, and an approved action plan is in place. While progress on agent and mobile banking has been considerably slower than anticipated, piloting of the agent banking system commenced prior to the onset of COVID-19, although is currently on hold.

Monash University has continued to produce high quality applied research that is available to inform policy and decision-making through a series of major research papers, as well as shorter think-pieces and blogs. The focus on Monash’s work has recently pivoted to providing evidence in support of plans for Timor-Leste’s post-COVID economic recovery.

ADB’s support led to the passage of legislation to bring BNCTL’s corporate governance arrangements up to international standards, as well as other business enabling legislation that will strengthen the ease of doing business in Timor-Leste.

Supporting Other Voices

Through **Oxfam** GfD has harnessed the voice of communities, and in particular women, people with a disability and other vulnerable community members, in relation to the future of agriculture, and economic diversification. Having launched reports on the basis of initial consultations, Oxfam will now work with communities and CSOs to develop and implement an advocacy strategy. Oxfam is also contributing to the body of understanding of the economic and social impacts of COVID, particularly on vulnerable and disadvantaged groups.

TAF has coordinated both the Tatoli! public opinion survey (2018 survey results were launched in October 2019) and the PLG. The GfD Review assessed that the PLG has been ‘quietly effective’ in stimulating debate around a range of public policy issues^(x), although its ability to engage has reduced significantly over the past few months as members have been busy with issues related to COVID-19, and the changes within

government.^(G) TAF is re-shaping the 2020 Tatoli! Survey into a series of pulse surveys on community perceptions of COVID and the government's response.

IRI completed its Next-Gen program in September, in which 25 young leaders from eight political parties engaged in six months of training to strengthen their knowledge in policy development and conflict resolution. Parliamentary Committee D undertook to use the findings of one of the policy projects as a resource for the upcoming state budget.^(G)

FM and **JSMP** continued their advocacy and training in the areas of the security sector, and strengthening the justice sector, respectively, with a number of examples of both increased community understanding, as well as influence on government decision-making.^(G) The GfD Review noted, however, that the grants sit outside the main thematic objectives of GfD and recommended that they should not be continued under a successor governance program. GfD has agreed to provide reduced financial support to both organisations for the coming financial year, with a focus on transitioning to alternative sources of funding.

A small grant was provided to **LABEH**, a non-profit NGO focused on promoting good-governance and anti-corruption in Timor-Leste, to support their advocacy work in anti-corruption, including a workshop, radio talk show, and a march.

GoTL

Strong, trusting relationship with GoTL counterparts are at the core of GfD's success. The GfD Review found that 'The quality of the relationships and degree of trust between GfD advisers and their GoTL counterparts have been significant success factors'.^(X) Across the reporting period GfD has placed advisers within eight GoTL entities, and interacts with a number of others through grant partner arrangements.

Engagement with counterparts is through a combination of formal and informal mechanisms, involving Embassy staff and the GfD team. Counterparts are involved in the selection of all advisers, and contribute to their annual performance reviews. Counterparts were integrally involved in the GfD review process, and their feedback on the program was a key contribution to review findings.

Formal GoTL feedback is usually sought through an annual Review and Reflection Workshop, held as part of the preparation of the annual report, and planning for the coming financial year. This was not possible this year due to COVID-19 and the SoE. Informal discussions have, however, continued, to access feedback on both the performance of individual advisers or grant partner inputs, as well as to consider GfD support for the coming year. These planning discussions will be revisited once the new CSC members have been appointed, and new ministers are in place under the re-organised VIII Government.

GfD is mid-way through developing Joint Work Strategies that set out agreed resourcing and activities between GfD and each key counterpart agency. Progress has, however, been hampered by political instability and changing counterparts. The Joint Work Strategies will be revisited early in the new Financial Year.

Development partners

GfD worked with existing development partner mechanisms whenever possible during the reporting period. This approach is important given the diversity of donors in Timor-Leste and has taken on added gravity given the need to respond in a coordinated way to the health and economic impacts of COVID-19.

In the governance sector, UNDP leads sector coordination and convenes meetings quarterly, with a focus on a particular theme, however the cadence of meetings has been impacted by COVID-19. At the most recent meeting in early-2020, it was agreed that GfD would present on some of the lessons learned from the program to date and the key findings from the independent review at a future meeting.

In the economic development and PFM sectors, the World Bank leads donor discussions. GfD continues to push actively for this group to hold more regular coordination meetings, and for increased collaboration, particularly in PFM. For PFM reforms to progress it is essential that development partners speak with one voice and lend their support to a single PFM reform roadmap, bringing together respective recommendations of OECD (funded by GfD) and PEFA (funded by the World Bank). GfD has also advocated

to MoF and UPMA for the new inter-ministerial council on PFM and fiscal reform to include a development partners sub-committee, ensuring that donors report directly on their work and are accountable to the broader commission, and giving scope for development partners to have a voice at the PFM policy making table. It is unclear whether this proposal has been accepted, however establishment of such a sub-committee would be a major step forward for PFM donor harmonisation.

Development assistance in Agriculture is led by the Ministry of Agriculture and Fisheries, with Development Partner coordination meetings being organised by DFAT and the European Union. GfD's Stakeholder Engagement Adviser played a key role in the coordination of initial Development Partner meetings. However, the intended placement of the adviser within the Ministry was not able to be achieved, and the position was discontinued in November 2019.

Outside of these formal mechanisms, GfD successfully worked bilaterally with donors on an as-needs basis that usually centred around working together on specific issues. The Unique ID project is an example of how GfD advisers worked to foster partnerships with other development partners, ensuring support is tailored to country need. GfD's adviser in MRLAP collaborated with UNDP and UNICEF to develop a proposal for an 'Integrated Strategy aiming at the Implementation of a unique identifier system for Timorese Citizens', which was presented and approved by the CoM in March 2020.^(A) TIC Timor was appointed by CoM as the lead agency for the project Technical Committee, which will prepare a strategy to implement a unique identification system as a basis for the launching of E-governance.^(A)

Other Australian Government programs

Throughout the reporting period GfD has continued to facilitate a number of program-wide working groups, including on decentralisation, private sector, and ICT. The working groups have brought together interested members from other Australian government-funded programs to share information, identify potential points of intersection or overlap, and areas for cross-program collaboration. The Private Sector Working Group resulted in the development of a Private Sector Development Strategy across the Australian aid program in Timor-Leste. The GfD Review noted, however, that while 'GfD has facilitated a number of cross-program working groups... there is room for further linkages between GfD and other Australian programs, to leverage GfD's access and ability to engage with central GoTL agencies.'^(X)

Since the review was completed, a number of additional cross-program activities have progressed:

- Discussions were held in early 2020 in relation to a study on Barriers to Service Delivery, which will be commissioned by PHD but with significant input from both GfD and PARTISIPA. However, the study is now delayed as a result of COVID-19.
- GfD is discussing with PHD support for an assessment of the household level social and economic impacts of the COVID-19 stimulus package. This will be conducted by TAF early in the new financial year through GfD funding.
- Similarly, GfD is discussing with PARTISIPA support for monitoring and evaluation of the Australian Government COVID-support that will be delivered through Direct Budget Support to the PNDS program. This will be conducted next financial year by Oxfam through GfD funding.
- GfD has been engaging with the Market Development Facility to identify and address some of the immediate economic impacts of the SoE on the private sector.
- GfD's work on GRB has gained traction across other Australian funded programs which have been able to influence gender-focused allocations in line ministry planning and budgeting, including PARTISIPA in their work with Ministry of State Administration, Roads for Development in their work with the Ministry of Public Works, and PHD in their work with the Ministry of Social Solidarity and Inclusion.

10.2 Lessons learned and recommendations

The development partner landscape in Timor-Leste is complex, and GoTL coordination of this is limited. The importance of coordination to ensure complementarity and avoid duplication and overlap has been highlighted, but also complicated, by COVID-19 and its social and economic impact on Timor-Leste, as well as the resultant challenges of travel restrictions and the difficulty for international development partners to enter the country.

Recommendation: Given the challenges of holding a Review and Reflection workshop in the current COVID-19 context, seek alternative ways to gain strategic input from both GoTL and other development partners into GfD's priorities for the final year of the program.

Recommendation: Continue to identify areas for collaboration with other Australian Government-funded programs, not just through cross-program working groups, but also through program collaboration where programs intersect in their scope and interest.

11 Relevance, efficiency and sustainability

11.1 KEQ 8 Is GfD using the right approach to maximise the long-term impact of the program?

GfD's approach is underpinned by a philosophy of Thinking and Working Politically – building strong relationships with government counterparts, monitoring and reviewing the political, economic and social context on an ongoing basis, and adapting inputs to reflect this changing context. There is a level of flexibility inherent in the program's annual planning and budgeting that enables the program to respond to emerging demands and opportunities, always driven by the demands of the Timorese government. The program delivers through a range of modalities, including short term and long term national and international advisory support, engagement of grant partners, financial support for capacity building and study tours, and other modalities that are deemed fit-for-purpose. Across the reporting period

- Approximately 64 percent of the Cardno-managed activity budget was spent on direct adviser support, and 33 percent on grant partners, with the remainder on other activities such as support for training or study tours
- 30 out of 38 long term advisers were national Timorese staff (79 per cent), with eight international long-term advisers. These were complemented by a suite of short-term technical advisers to provide specific technical expertise, particularly in the aviation sector.

The Review team suggested that the program should consider a broader range of modalities, although was not specific about what these might be. In particular they noted that 'The adviser-driven approach works well when government has a coherent plan but not when it does not' and that '... the placement of advisers is most effective when government itself has a coherent plan and can use such assistance well'.^(x) Consideration will continue to be given to utilisation of other modalities of support, noting that direct adviser support accounts for less than two thirds of GfD's activity budget, with grants making up almost a third.

SQ 8.1 To what extent is GfD working in the most relevant reform areas to improve and sustain economic development and service delivery?

The GfD Review found that 'High level program objectives are relevant to the Timor-Leste national context and adapted to the Timor-Leste/Australia diplomatic relationships... GfD work areas are relevant at a high level...' ^(x) However the Review also assessed that there were differences in the relevance of specific work area priorities. Their assessment was that:

- **PFM and statistics** objectives were relevant, and in particular the focus on Program Based Budgeting, noting that 'effective implementation will require long-term GoTL-wide commitment in a frequently changing political-institutional context.'^(x)
- While the objective of supporting improved **civil service performance** was relevant, the narrow focus on human resource management was less so.^(x) The Review team recommended that an assessment should be undertaken of the impact of GfD's work on the capacity of the CSC as well as the overall performance of the public service. GfD will conduct this assessment when feasible in light of COVID-19 travel restrictions.
- While GfD support in relation to **economic policy** was undoubtedly relevant, and support in business enabling environment, access to finance and aviation was clearly important to supporting the growth of the economy, the program's lack of engagement in relation to the significant economic challenges of oil and gas and land tenure limited the ability of the program to influence significant economic drivers.^(x)

While the Review team's assessment is valuable, it is important to reflect on the context within which the program operates, and the rationale behind specific decisions in relation to program priorities, and in particular how they have changed over time in response to changes in context. In particular:

- GfD's ongoing support for the implementation of program budgeting and progression of the Budgetary Reform Roadmap continues to be central to improving government planning and budgeting processes, which in turn lay a foundation for improved delivery of government services.
- GfD's investment in public administration reform has broadened across the life of the program, and during the reporting period included not only HR support to the CSC, but also support through advisers based in MRLAP for the development of a much broader Public Administration Reform program as well as, more recently, advisers in TIC Timor supporting the development of an e-governance strategy. The latter, a key element of the Public Administration Reform program, is now seen by GoTL as central to strengthening both governance and the delivery of government services.
- The 'big issues' of oil and gas and land tenure are highly political, and addressed through a range of forums other than GfD. The importance of economic diversification to the economic future of the country, and a reduction in reliance on oil and gas, has been written about widely and clearly demonstrated during the COVID-19 crisis and SoE. GfD supports progress towards economic diversification by providing economic evidence and analysis through its grant with Monash University, input from civil society through its grant with Oxfam, as well as analysis conducted by the program's advisers in the Office of the Prime Minister, in SEFOPE and MRLAP. Nor will the economy be able to grow and diversify without a safe, secure, sustainable aviation sector and the ability to move goods and people in and out of the country, which is also supported by significant GfD advisory inputs. Furthermore, Timor-Leste rated 181 out of a total of 190 countries on the World Bank 'Ease of Doing Business' rankings in 2019. Economic diversification will not be achieved if investors continue to shy away from a country in which they perceive it is too difficult to establish and operate a business. The progress that GfD is supporting in relation to key business enabling legislation (e.g. arbitration legislation), banking and access to finance (e.g. through the program's work with BNCTL, and with KIF), and in relation to business licensing, as well as support for accession to international organisations such as the WTO, are all critical elements of strengthening the business environment in Timor-Leste and improving the country's attractiveness as place in which to establish and grow a business.

SQ 8.2 To what extent is GfD adaptive to evolving contexts and emerging opportunities?

Flexibility and adaptability are a strength of the GfD program. The GfD review noted that 'GfD is a flexible and adaptive program operating in a volatile political context'.^(x) Regular formal and informal communication with GoTL counterparts by the Embassy and GfD management enables the program to monitor changes in context or GoTL priorities that may impact on GfD's work. This contextual monitoring is discussed at weekly GfD management meetings, and appropriate program responses determined. While, as noted by the Review team, there is scope for this contextual analysis to be more structured and captured through a formal PEA process, the program has demonstrated its ability to respond to both the evolving context in Timor-Leste and to relevant opportunities that present themselves. Examples during the reporting period include:

- Appointment of two advisers to support TIC Timor to support the development of an e-governance strategy
- Appointment of two M&E advisers to UPMA to reflect the evolving role of the unit
- Flexibility to fund two civil society attendees (youth, and private sector) at the UN High Level Political Forum in New York in July 2019, at the request of UPMA
- Ability to retain six Program Budgeting Advisers on the GfD payroll who were anticipated to move to the GoTL payroll in February, when the lack of passage of the State budget meant that this transfer was not possible

Further, following the outbreak of COVID-19, GfD was able to quickly pivot its activities to areas of direct relevance to the COVID response. In particular GfD is providing evidence and budgetary analysis to support decisions in relation to the country's economic recovery, as well as planning, budgeting, monitoring and evaluation of the country's COVID emergency fund. Public Administration advisers have provided input to

civil service working-from-home processes, and GfD has supported the establishment of technology to enable fundamental public administration work to continue through remote working arrangements. GfD is also supporting data collection and analysis in relation to the social and economic impacts of COVID and the government's response, and is supporting the development of a website and mobile app platform through which a range of verified and government data related to COVID can be made available to both decision-makers and the community.^(C)

SQ 8.3 To what extent is GfD efficiently delivering the program?

The GfD Review assessed that ongoing reallocation of responsibilities from DFAT to Cardno has been appropriate and more efficient, and rated GfD as providing 'adequate' VfM.^(X) GfD management have continued to receive positive feedback on their management of the program, and their responsiveness to both Embassy and GoTL requests.^(X)

While VfM is challenging to assess in relation to governance programs, given the long-time frames required to see results and the often incremental pace of change, the program continues to identify ways to deliver lasting benefits to GoTL while managing program costs. The extensive use of national advisers is not only significantly lower cost than relying on internationals, but also builds local capacity and sustainable outcomes. This was particularly evidenced when all internationals had to leave Timor-Leste because of COVID: national advisers very ably continued to provide valued advice and expertise, with arms-length contributions from international advisers based outside the country. Furthermore, six of GfD's national Program Budgeting Advisers were anticipated to shift to the GoTL payroll in January. With delays in the passage of the state budget this has not as yet occurred, but is now on the agenda for 2021, and is a good example of GfD's ability to catalyse sustainable capacity building for GoTL.

The management of GfD is 'light touch', with no middle management structure in place, for a team of over 50 full time and part time staff and a wide range of grants partners and activities. While a positive in terms of cost effectiveness, the GfD Review concluded that there would be benefit in greater investment in senior technical level oversight and input in each of the three work streams. GfD is in the process of establishing a SAT to provide guidance and advise to the Embassy and GfD management on program direction, and of recruiting a Senior Economic Adviser to provide technical leadership to GfD's diverse portfolio of economic activities.

11.2 Lessons learned and recommendations

Public administration reform is highly politicised, with vested interests impacting on decision-making and willingness to implement reforms. The cultural change required to improve the performance of the public service is challenging, takes time, and requires strong, consistent leadership, and GfD needs to continually review the appropriateness of its engagement in this space.

Recommendation: Undertake an assessment of the impact of GfD support in public administration and the overall performance of the public service.

While GfD undertakes regular monitoring of the political, economic and social context, this process has not always been formalised and documented. This lack of documentation of the rationale behind decisions was raised as a concern by the GfD Review team. Further, the Review team noted that GfD would 'benefit from more regular and in-depth technical oversight and advice across all work areas, to provide a sounding board and impartial assessment for DFAT and Cardno managers.'^(X)

Recommendation: Conduct formal, documented PEAs in each of GfD's workstreams to inform planning for the final year of the program.

Recommendation: Establish an SAT with representatives of each of GfD's work streams to advise the Embassy and GfD management on program activities and performance.

12 Program Resourcing

12.1 Management systems

Program governance

GfD is managed through a 'one team' approach across Cardno and the Embassy. The model has evolved over time, with Cardno taking an increasing role in relation to program strategy, implementation and quality assurance. The majority of grants, with the exception of ADB and IFC, are now managed directly by Cardno, with Cardno engaging closely with grant partners in relation to planning, and program and financial reporting. The appointment of a GfD Team Leader and Program Coordinator in January 2019 strengthened the Cardno team and enabled them to take on this more strategic role. The new model is operating well and continues to lead to efficiency gains, and was particularly valuable during the transition to both a new Counsellor and new First Secretary at the Embassy. The GfD Review team noted that the changes were appropriate and more efficient, and that they received positive feedback from GoTL counterparts in relation to the program's leadership.^(x)

The Cardno team in Dili is supported by a Melbourne-based contractor representative, as well as a team of program staff (human resources, finance, procurement, administration). The contractor representative visited Dili four times during the reporting period to provide advice and guidance in relation to program management, and to engage with the Embassy in relation to Cardno's management of the program. The Program Manager made two visits, and the Program Support Officer and Asia Regional Manager also each made one visit to Dili during this twelve-month period, as well as Cardno's Chief Executive Officer - International Development. A management audit of the program was conducted in September 2019.

Decisions on program direction, strategy and resource allocation are jointly made by the Embassy and Cardno management team, who meet weekly to discuss program strategy and emerging issues. GoTL representatives and other stakeholders are consulted but do not have a formal role in resource allocation decisions, as political tensions mean a formal process would be at significant risk of capture by political interests. The GfD Review noted that 'Although GfD does not have a steering committee with GoTL representation, this suits Timor-Leste's current political environment'.^(x) GfD is in the process of developing Joint Work Strategies with the key GoTL entities with which the program engages, which will set out the purpose of the engagement, commitments from both GfD and GoTL (activities, resourcing) and anticipated outcomes. The process has, however, been delayed due to changes in senior GoTL counterparts in almost all work areas. An annual reflection and planning workshop was held in May 2019, providing a formal opportunity for GoTL and other stakeholders to provide input into GfD priorities for the coming 12 months, resulting in a brief Annual Work Plan for GfD which was provided to MoF and Office of the Prime Minister (see Annex Three). A similar workshop planned for May 2020 will be delayed because of COVID-19.

Monitoring and evaluation

GfD has continued to refine its approach to M&E through minor modifications to its M&E Framework (see Annex One for updated KEQs and SQs) and the introduction of 'desired changes' for the 2019/20 financial year. Agreement was also reached with the Embassy to move to a verbal six monthly progress report for the period May to October, with a full written Annual Report to be provided for the period May 2019 to April 2020. A whole-of program Learning Dialogue was replaced by a series of work stream focus groups that discussed and validated evidence prior to compilation of the six-monthly progress report. With COVID-19 restrictions, these have not been possible in preparation for the Annual Report: rather an evidence matrix was compiled on the basis of adviser monthly activity trackers and six-monthly reports, grant partner reports, and conversations with individual advisers, grant partners and other stakeholders to verify evidence.

GfD contributes to the Australian Development Cooperation PAF through the following narrative indicators and presented the following SSCs during the reporting period:

Strategic Themes	Outcome	PAF Indicator #	Narrative Indicator	SSC Title	SSC Rating
Economy	More jobs and a stronger private sector	3	Instances of improved business environment		
People	Higher quality frontline services	8	Instances of improved systems for service delivery		
	More women and girls are safe and empowered	14	Instances of women's leadership opportunities and empowerment	Female civil servants are increasingly recruited and promoted due to gender-sensitive employment policies	Highly significant
Society	More people participate in decision-making	16	Instances of inclusive policy development		
	Improved governance at sub-national level	19	Instances of improved sub-national governance		
	Better decision-making and evidence-based policy	20	Instances of improved policy and implementation	First National Seminar on Disability Inclusive Policy Administration	Significant
		21	Instances of evidence available for decision makers	Judicial System Monitoring Program (JSMP) report and recommendations on civil law litigation reform in Timor-Leste available for decision-makers	Highly significant
				Increased timeliness of the release of GDP figures	Highly significant

The GfD Review assessed that 'GfD management approach to MEL has improved in the last two years' and also noted improvements in GfD's MEL reporting.^(x) The Review team also noted, however, that the program's Theory of Change remains complex (see Annex Four), and assessed that they could not find evidence that the Theory of Change has guided implementation strategically by helping GfD management make rigorous investment decisions. On the basis of recommendations from the Review, GfD will develop mini-Theories of Change for its major investments, as well as involving the soon-to-be appointed SAT in planning for anticipated program results.

Human resources

GfD's HR systems have continued to demonstrate that they are fit for purpose. Recruitment for new staff takes place in a timely manner and feedback received from counterparts is that advisers are of high quality. GoTL counterparts are always invited to participate in selection panels for in-line advisory positions. Terms of reference are developed by GfD, in consultation with GoTL counterparts, and are reviewed at the time of contract extensions. Annual performance management reviews are completed for each adviser with input from GoTL counterparts. The performance review process was reviewed and streamlined at the start of 2020.

There have been a number of staffing changes during this reporting period as a result of changing requirements of and relationships with GoTL counterparts. The role of the Program Coordinator was amended to increase the position's leadership responsibilities, including taking on responsibility for management of the inclusion team, and the communications and knowledge management hub, as well as management of national grant partners. The program also gained access to 30% of an international Finance Manager, a position which is shared with the Cardno-managed PARTISIPA program. The contract of an international adviser who was anticipated to be placed within the Ministry of Agriculture and Fisheries (MAF) was discontinued when it became clear that the placement was not going to be possible. The contracts of two international advisers working in MRLAP on public administration and legislative reform were not renewed, as they had completed the primary purpose of their engagements, and an international

PFM adviser position was discontinued at the conclusion of the adviser's contract in April. Two new positions were created in TIC Timor, one national and one international, to support GoTL's e-governance agenda. And GfD's inclusion team was restructured slightly following the resignation of the national Disability Adviser, with the creation of the positions of Gender and Social Inclusion Adviser, and the re-orientation of the position of Inclusive Policy and Gender Adviser to Civic Engagement Adviser. Furthermore, the national Governance Adviser was re-oriented to become the Adviser Municipal Planning and Budgeting.

In summary, over the reporting period:

- Five staff resigned or did not extend their contract and have been replaced
- five new positions were created and filled
- eight positions were discontinued.

The positions of six Program Budgeting Advisers in UPMA were expected to transfer to the GoTL payroll in February. However, the lack of State Budget meant that this has not as yet been possible, and the advisers have continued on GfD contracts. It is anticipated that the transfer will take place in early 2021.

A number of national staff currently on fixed term contracts have moved to open ended contracts (an entitlement under Timorese labour law after three years of continuous service), and more will do so in coming months. GfD will calculate the cost implications of this in terms of severance pay when the program comes to an end in June 2021, and will factor this into the program's final year budget. GfD's staffing structure as at 30 April 2020 is shown at Annex Five.

Finance

GfD's financial systems continue to be fit-for-purpose. GfD maintains a comprehensive Lifetime Budget (LTB) against which forecasts and expenditure are monitored, which is reviewed and updated on a monthly basis. Regular budget discussions with the Embassy ensure that there are no surprises in the budget, and that joint decisions can be made around changes to funding allocations. Adjustments were made to the funding cap in April 2020, with AU\$750,000 being returned to support DFAT's COVID response. Further adjustments to the funding cap may be made as the end of the financial year approaches, in consultation with the Embassy, in light of the changing COVID context. A financial report for the reporting period is provided separately.

Workplace health and safety

Health and safety have always been a priority for GfD, but particularly so in light of COVID. A Cardno Timor-Leste Incident Management Team meets regularly to discuss the evolving health and security context within Timor-Leste, to agree on the response level across all Cardno-managed programs in Timor-Leste, and to determine strategies to protect the health and safety of all staff. A GfD Business Continuity Plan was developed which included five phases of response to the COVID-19 pandemic. As at end April, the program is at Phase Two. Specific measures have included:

- Relocating all international staff outside of Timor-Leste, where possible to their country of origin
- Organising for all national staff to work from home or the GfD office during the pandemic
- Providing staff with regular briefings on both COVID-19 and the security situation through emails, the GfD security WhatsApp group, face-to-face briefings and posters
- Providing staff with Personal Protective Equipment including hand sanitiser, disposable gloves and disposable face masks
- Rearranging the GfD office so that those present can be meet physical distancing guidelines

Other than COVID-19, GfD has continued to monitor the health and safety of adviser worksites, and in August commissioned an engineering report on Casa Europa, the location of a number of CSC staff and GfD advisers. The report, which was shared with both the President of the CSC and the Prime Minister, clearly indicated that the building was not structurally sound. As a result, all GfD advisers were immediately relocated from the building, with all CSC staff being relocated soon afterwards.

12.2 Advisory inputs

Long-term advisers

As at 30 April 2020 GfD employed 33 long-term advisers. In addition to this, the operations, management and program strategy team consisted of eight locally engaged staff (LES) and two long term advisers (LTA).

Table 1 Long-term adviser inputs

	National				International				Total	
	M		F		M		F			
In-line positions	Oct-19	Apr-20	Oct-19	Apr-20	Oct-19	Apr-20	Oct-19	Apr-20	Oct-19	Apr-20
UPMA	7 ¹	7	3	4 ²	1	0	1	1	12	12
CSC	4	4	1	1	2	2			7	7
Office of Prime Minister	1	1							1	1
TIC IP			1	1	1	1			2	2
SERVE IP	1	1							1	1
MRLAP	1	1	2	2	1	0	1	0	5	3
MTC/AACLT	1	1 ³	1	1					2	2
ADB/BNCTL							1	0	1	0
SEFOPE	1	1							1	1
Cross-cutting positions										
Gender and Inclusion ⁴	1	1	2	1 ⁵					3	2
Stakeholder engagement ⁶							1	0	1	0
Communications and M&E			2	2					2	2
Total	17	17	12	12	5	3	4	1	38	33

¹ This figure includes the role of governance adviser which was supporting UPMA (three days per week) during the first 6 months of the period on the roll out of program budgeting to the municipalities, and has now been redefined to support UPMA on an ongoing basis.

² This figure includes the GRB Adviser which is a movement of GfD's gender adviser from cross-program (supporting both SEII and UPMA) to UPMA, with the scope focused on GRB.

³ This position was vacated during the period but has been re-filled, with the new adviser commencing 4 May 2020.

⁴ Includes the GfD Civic Engagement Adviser.

⁵ This does not represent a decrease in support to Gender and Inclusion – only the movement of a cross-program position to a position based in UPMA focusing on GRB.

⁶ This position operated as a cross-cutting position pending engagement with MAF on the in-line placement of the adviser. As this was not achieved the position ceased from 20 November 2019.

Short-term advisory inputs

The LTAs were supported by a number of short-term technical inputs during the reporting period. These were mainly in the areas of aviation, with one short-term adviser being engaged to support the transition of BNCTL to its new corporate governance structure, and a national adviser engaged to conduct focus groups on disability inclusion in the civil service.

Table 2 Short-term advisory (STA) inputs

Position	F/M	Input days	Purpose of input
International aviation legal specialist	M	59	Provision of legal advice and implementation support to AACLT as it works towards achieving regulatory compliance and improved safety oversight, in preparation for 2020 ICAO audit.
International aviation technical specialist	M	77	Provision of advice and support to the president of AACLT on regulatory and compliance matters and general aviation policy, and support ANATL with the certification process for Dili Aerodrome. Evaluation of infrastructure readiness and managerial competency for Suai and Oecusse aerodromes in preparation for certification processes.

Position	F/M	Input days	Purpose of input
International aviation specialist	M	18.125	Support the development of GfD's Aviation Sector Joint Work Plan, advise GfD, MTC and AACTL on strategic aviation issues, and support AACTL's ongoing institutional development work.
Air Navigation Service Adviser	M	55	To progress the development of the manuals, guidelines and procedures in relation to Air Navigation Services to the standard required for ICAO certification.
PFM Specialist (program budgeting)	F	21.5	To develop standard operating procedures (SOPs) and information fact sheets and material for the planning, monitoring and evaluation (PME) processes recently implemented through the public financial management reform program.
BNCTL Transition Support Adviser	M	8.25	Provision of advice and support to facilitate the transition to BNCTL's new corporate governance arrangements.
Private Sector Development Adviser	F	10	Support for establishment of new corporate governance arrangements in BNCTL (long-term adviser working on STA basis while on extended leave until 31 May 2019)
National Disability Inclusive Development Adviser	F	64	Support for the design, facilitation and documentation of a series of focus groups on disability in the civil service.

12.3 Grants

The table below summarises GfD grant partner arrangements during the period. Tranche payments were made during the reporting period to OECD, ABS, TAF, Monash, JSMP, FM and Oxfam.

Table 3 Grant partner arrangements

Grant partner	Duration of grant	Focus
ADB	DFAT-managed	Strengthening of the financial sector, and in particular BNCTL
IFC	DFAT-managed	Strengthening of the business enabling environment, and in particular TradeInvest, business licensing (through SERVE), and the establishment of mobile banking in rural areas, in partnership with KIF
ABS	Multiyear to 31 May 2021	Strengthening of the ability of GDS to provide timely, accurate economic and other data
JSMP	Multi year to July 2020	Monitoring of Timor-Leste's judicial systems, and strengthening the understanding of civil society of the country's formal legal processes
FM	Multi year to October 2020	Monitoring of and advocacy in relation to security and policing systems
OECD	Single year x 3, to June 2021	Development of a draft of and monitoring of progress of the implementation of Timor-Leste's Budgetary Governance Roadmap
International Republican Institute	Six months to 30 September 2019	Development of skills in policy development and debate of future political leaders
Monash	Multiyear to 31 March 2021	Economic research and analysis, and drafting of evidence-based papers on specific economic development topics
TAF	Multi year to June 2021	Support for bringing other voices into the public policy debate, through the Policy Leaders Group and the Taitoli! survey
Oxfam	July 2019 to June 2021	Establishment of an economic diversification coalition that will become an inclusive cross sector influencing force.
LABEH	5 to 13 December 2019	Promoting good-governance and anti-corruption in Timor-Leste, supporting LABEH's advocacy work in anti-corruption, including a workshop, radio talk show, and a march.

Annex 1 Key Evaluation Questions and Sub-questions

Criteria	KEQs	SQs
Effectiveness	KEQ 1. To what extent did GfD contribute to improved budgetary governance?	1.1. To what extent are relevant PFM laws and policies in place to support the improved budgetary governance system?
		1.2. To what extent is there improved government leadership, management and coordination on PFM?
		1.3. To what extent are improved PFM systems and processes being developed and implemented?
		1.4 To what extent are PFM policies, systems and processes more gender-responsive and socially inclusive?
		1.5 To what extent is budgetary and performance information accessible to decision makers, civil society and other stakeholders?
		1.6 What evidence is there that the improved budgetary governance system has contributed to improved service delivery outcomes (including gender and social inclusion programs)?
Effectiveness	KEQ 2. To what extent did GfD contribute to improved public administration?	2.1. To what extent has GfD supported evidence-based and inclusively developed public administration law and policy?
		2.2. To what extent is there improved leadership, management and coordination on public administration?
		2.3. To what extent have improved systems and tools been developed to effectively support public administration?
		2.4 To what extent have public administration policies and systems been resourced and implemented across government?
		2.5 To what extent is PA practice (systems and processes) more gender-responsive and socially inclusive?
		2.6 What evidence is there that improved public administration has resulted in improved efficiency and effectiveness of the civil service and / or government functions?
Effectiveness	KEQ 3. To what extent did GfD support development and implementation of evidence-based economic policy?	3.1. To what extent did GfD contribute to economic evidence, data and advice being accessible and use by decision makers?
		3.2. To what extent is there evidence of strengthened government commitment, leadership and co-ordination in relation to economic policy?
		3.3. To what extent has GfD supported women's empowerment and social inclusion in economic development?
Effectiveness	KEQ 4. To what extent did GfD contribute to strengthening the business enabling environment?	4.1. To what extent is there evidence of improved leadership and coordination on business enabling environment?
		4.2. To what extent has GfD supported improved law and policy that strengthens the business enabling environment?
		4.3. To what extent is the business regulatory environment strengthened (laws, policies and systems being implemented)?
		4.4. To what extent did GfD support financial institutions to improve accessibility to financial services?
Effectiveness	KEQ 5. To what extent did GfD contribute to supporting aviation sector development?	5.1. To what extent has there been improved laws and policies supporting aviation sector development?
		5.2. To what extent do aviation authorities have strengthened institutional capacity to fulfil their mandate in civil aviation regulation?
		5.3. To what extent is aviation policy and law being implemented to strengthen safety in civil aviation?
Effectiveness	KEQ 6. To what extent did GfD support other voices to engage with the policy-making process and to advocate for improved service delivery?	6.1 To what extent has GfD supported transparency and accessibility of government information?
		6.2 To what extent has GfD supported civil society organisations to effectively produce and disseminate evidence and data that is used by decision-makers?
		6.3 To what extent has GfD supported non-government organisations to engage with the policy-making process?
Partnership	KEQ 7: How strategic is GfD's	7.1 To what extent is GfD's approach to engagement with GoTL enabling progress toward improved governance and service delivery?

Criteria	KEQs	SQs
	engagement with partners?	7.2 To what extent are GfD grant partners contributing towards the achievement of GfD outcomes?
		7.3 To what extent is the GfD way of working with government harmonised with the work of other development partners?
		7.4 To what extent is GfD enabling other Australian programs to strengthen governance and service delivery?
Relevance / Model / Approach	KEQ 8: Is GfD using the right approach to maximise the long-term impact of the program?	8.1. To what extent is GfD working in the most relevant reform areas to improve and sustain economic development and service delivery?
		8.2. To what extent is GfD adaptive to evolving contexts and emerging opportunities?
		8.3. To what extent is GfD efficiently delivering the program?

Annex 2 Risk Register

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
Achievement of GfD Goal: A Stable and Prosperous Timor-Leste, characterised by economic development and better service delivery						
Political	Political change leads to: <ul style="list-style-type: none"> Lack of 'politically possible' interventions, and under-utilised advisers; or Loss of momentum on reforms, reducing the impact and progress of the GfD program. 	Likely	Moderate	High	<ul style="list-style-type: none"> Political economy analysis to identify where work can be focused on what can be done technically, without political level decisions. Maintain the political neutrality of the program by engaging with stakeholders from all political persuasions. Continue to maintain flexibility of the program so that as opportunities arise, they can be evaluated and acted upon in a timely manner. Be willing to withdraw from areas where engagement has reduced. Bilateral dialogue to determine impact of event and negotiation of any required changes to the program. Advisers build institutional as well as individual relationships, and identify opportunities to take work forward in the changed environment. 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. 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. 	Australian Embassy Program Director, First Secretary-Governance and Work Area Coordinators, GfD Team Leader and Program Coordinator, GfD advisers
	Political decisions around foreign support impact on the work of Australian Embassy in Timor-Leste, which could lead to withdrawal of advisory support in particular Ministries/Agencies.	Likely	Moderate	High	<ul style="list-style-type: none"> Use adviser network to monitor government decisions that may impact on ongoing advisory support. Seek advice from development partners and within Australian Embassy on alternative approaches. GfD supports the bilateral relationship by working with GoTL at the policy and technical levels. GfD and Australian Embassy maintain communication to identify relationship/perception risks. Advisers to look for new opportunities to achieve the same objectives through different counterparts. Work closely to ensure consistent, agreed messaging to advisers regarding their role on GfD and associated perceptions and risks. 	Australian Embassy Program Director, First Secretary-Governance and Work Area Coordinators, GfD Team Leader and Program Coordinator

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
					<ul style="list-style-type: none"> Prioritise the use of national advisers/technical experts with existing agency understanding and relationships where possible. 	
Relationship	Change of staff in the Australian Embassy and GfD team, compromises relationships built.	Possible	Moderate	High	<ul style="list-style-type: none"> Embassy staff to engage broader GfD team in relationship building with key GoTL stakeholders Regular GfD meetings held for institutional knowledge sharing. Written reports to record key information. Maintain the ability to be responsive/flexible GfD to have adequate transition planning in place. Handover notes prepared, and handover period held where possible. 	Australian Embassy Program Director, First Secretary-Governance and Work Area Coordinators, GfD Team Leader and Program Coordinator,
TL Security	Dynamic security situation impedes advisers' ability to deliver.	Possible	Moderate	High	<ul style="list-style-type: none"> Monitor security developments. 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 Team Leader and Program Coordinator, Australian Embassy First Secretary-Governance and Work Area Coordinators
COVID-19 mitigation measures disrupt business and program continuity	Lack of staff connectivity and communication, work from home arrangements, inability to make payments to partners and staff impede the program's ability to operate.	Possible	Moderate	High	<ul style="list-style-type: none"> Development of COVID-19 business continuity plan Provision of equipment (dongles, subscriptions, sims, headsets) and training on ICT functions provided. Additional month's supply of phone pulsas purchased and kept at the office. Administration, HR and finance functions set up and new ways of working information provided to all staff. A range of ICT options made available to advisers to support remote communications. Regular meetings held with workstream work teams to check on work focus, and any issues arising from remote working. Regular meetings with GoTL counterparts to check on how well arrangements are working. Update of work plans and regular review of activities for each adviser. Weekly GfD newsletter. Payment processes reviewed and now all made through bank transfers. Confirmation by Melbourne office that they are able to make payments to Timor if it is not possible to do so from Dili. 	Cardno Program Manager, GfD Team Leader, GfD Office Manager, GfD Finance Manager
COVID-19 mitigation measures limits technical and operational	GoTL counterparts have reduced attendance, or are diverted to other priorities, leading to loss	Likely	Moderate	High	<ul style="list-style-type: none"> Support for counterparts to access appropriate remote-working technology (communications, file access etc). Review of activities to ensure continued relevance/ feasibility in current context. New activities focus on COVID response, recovery and enabling environment. 	GfD Team Leader, Australian Embassy First Secretary-Governance, GfD advisers

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
capacity of counterpart agencies	of momentum on GfD-supported reforms.				<ul style="list-style-type: none"> Capitalise on new opportunities gaining momentum due to Government's response to COVID. Review those activities which need to be delayed and determine appropriate timing to rebuild momentum. 	
Achievement of EOPO 1: Government makes better decisions and develops evidence-based policies						
Policy development	GfD advisers are driven by political imperatives at the expense of following good practice policy development process, leading to policies not based on evidence or involving consultation.	Possible	Moderate	High	<ul style="list-style-type: none"> Support advisers to develop and implement procedures within agencies that regularise sound policy development processes. GfD to give consideration to supporting development of a consistent policy process to promote across GoTL. Australian Embassy to continue to reinforce messaging with counterpart agencies around the role of advisers. Ensure induction process develops a common understanding of what the program is trying to achieve (both international and local advisers). 	GfD Team Leader and Program Coordinator, Australian Embassy First Secretary-Governance and Work Area Coordinators, GfD advisers
	GfD advisers pursue reforms that are technically sound but that do not adequately consider political feasibility, undermining both the impact of the reforms and the perception of the program.	Possible	Moderate	High	<ul style="list-style-type: none"> Undertake political economy analysis of investments, involving relevant advisers, so that there is a shared understanding of the political dynamic and the most constructive way that the program can support reform. Ensure induction process develops a common understanding of the objectives of the program and the role of the advisers as members of the GfD team. 	GfD Team Leader and Program Coordinator, Australian Embassy First Secretary-Governance and Work Area Coordinators, GfD advisers
	Other advisers contracted by Government of TL or other donors undermine change efforts.	Possible	Minor	Moderate	<ul style="list-style-type: none"> Political economy analysis to identify influences and blockages. Support GoTL to influence through use of evidence and include agents in change process to change mindset. Ensure donor coordination. Engagement with counterparts on the purpose of the reform to develop ownership. Be responsive to the needs of the particular work area – e.g. recruit an adviser with Portuguese language where this may be an advantage. 	GfD advisers, Australian Embassy Work Area Coordinators GfD Team Leader and Program Coordinator.
Achievement of EOPO 2: Government improves implementation of policies and delivery of services						
Resource allocation	GoTL does not allocate budget in accordance with the Strategic Development Plan, limiting GfD's impact on the people of TL.	Likely	Moderate	High	<ul style="list-style-type: none"> GfD adviser support to implementation of budgetary governance roadmap. Support to implementation of information management tools. Support to line ministries to advocate for budget allocation to allow for program and service delivery. 	GfD Advisers

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
	GoTL investing insufficient resources in GfD-supported reforms	Likely	Moderate	High	<ul style="list-style-type: none"> Develop and regularly review joint work strategies to encourage joint commitment to objectives and activities and agreement on GoTL investment Adopt a principle of GfD adviser travel only being approved when accompanied by GoTL counterpart 	GfD Team Leader and Program Coordinator, Australian Embassy First Secretary-Governance, GfD advisers
Achievement of intermediate outcomes						
Capability development of GoTL officials	The behavior change that GfD is trying to influence is constrained by organisational disincentives.	Likely	Moderate	High	<ul style="list-style-type: none"> GfD adviser support to officials that have responsibilities in the specific reform areas GfD support to inclusive policy development process that improves the possibility that policies will be well implemented GfD support to GoTL to link performance at the institutional and individual levels with achievement of results 	GfD Advisers
Accessibility of expertise	Comparative pay scales impact on the recruitment and/or retention of staff.	Possible	Minor	Moderate	<ul style="list-style-type: none"> Retain readiness to seek variations in salary framework for certain skills. Monitor salary framework for locally engaged staff to ensure it is adequate and appropriate relative to comparative positions in the public, private and not-for-profit sector. 	GfD Team Leader and Program Coordinator, Cardno Contractor Rep, Australian Embassy First Secretary-Governance
Sustainability						
Expansion of scope	Pressure to expand into new areas results in thinning of resources, increased administration and reduced impact.	Unlikely	Moderate	Moderate	<ul style="list-style-type: none"> Consider new requests 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 to manage unforeseen activities. Be guided by advisers working closest with the counterparts. Utilise Review and Reflection workshops to consider the whole of program perspective. Develop and regularly review joint work strategies to encourage joint commitment to objectives and activities 	Australian Embassy whole of program responsibility GfD Team Leader and Program Coordinator,
Capacity building	Too much focus on plugging short-term gaps detracts from longer-term capacity building.	Possible	Minor	Moderate	<ul style="list-style-type: none"> GfD 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 and formalised in joint work strategies. 	GfD Team Leader and Program Coordinator Australian Embassy First Secretary-Governance and Work Area Coordinators

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
					<ul style="list-style-type: none"> Being clear as to when and why capacity substitution is appropriate in certain circumstances. GfD to consider alternative and appropriate modes of assistance to achieve agreed outcomes. GfD review adviser impact and assess against relevant, alternative assistance modalities. 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. 	
	Insufficient focus on organisational capacity building undermines the sustainability of changes	Possible	Moderate	High	<ul style="list-style-type: none"> Adviser training on capacity development has been provided based on DFAT Capable Counties Guidance Note. Joint work strategies articulate organisational capacity building goals and are regularly reviewed Regular discussions across GfD advisers from different work areas provides an opportunity to discuss approaches to organisational capacity building and opportunities for sharing of knowledge, and potential resources, to support this 	
Implementation / operational risks						
Fraud	Misappropriation of Australian Government funds by partners / sub-contractors / advisers / project staff and subsequent damage to reputation of Australian Government.	Unlikely	Major	Moderate	<ul style="list-style-type: none"> Review of safeguards and ability to mitigate risk of misappropriation carried out in light of COVID-19 restricted movements/ work from home arrangements, ICT systems set up to ensure correct procedures remain in place. Protocols for safe keys reviewed and updated. 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. Minimise cash handling and storage as per Cardno policies and procedures that are in place; continue to search for and apply alternative approaches to cash payments; and implement any recommendations that arise from internal audits that address cash management systems and security. 	GfD Team Leader, Personnel & Office Manager, Senior Finance Officer

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
Child protection	Advisers and staff come into contact with children during the course of their work or outside work activities, and commit child abuse, which damages children, and destroys the reputation of Australian Government.	Unlikely	Severe* (*As per DFAT child protection guidance note)	High	<ul style="list-style-type: none"> Review of safeguards and ability to mitigate child protection risks carried out in light of COVID-19 restricted movements/ work from home arrangements. GfD/Cardno follows DFAT CP Policy. All GfD staff participate in CP training within 45 days of commencing their employment 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. Due diligence of potential sub-grantees carried out prior to entering into grant agreements, including on child protection practices. 	GfD Team Leader and Program Coordinator, GfD Office Manager, Cardno Contractor Rep., Advisers
Harassment / bullying	GfD advisers engage in or are the subject of harassment or discrimination	Possible	Major	High	<ul style="list-style-type: none"> Ensure advisers are familiar with the Workplace Behaviours policy and are aware of the process for reporting harassment or discrimination. GfD/Cardno has a number of policies that cover DFAT's PSEAH policy, such as Workplace Behaviour, Code of Conduct and Supplementary Code of Conduct. Provide annual refresher / training – ensure that the managers and employees are aware of their respective responsibilities for preventing workplace harassment / bullying. GfD continually promotes a positive work environment, where everyone is treated fairly and with respect. GfD demonstrates commitment in identifying and preventing workplace bullying (through modelling behaviour which will send a clear message to staff that the program is serious about preventing workplace bullying & unreasonable behaviours will not be tolerated) Regular consultation with advisers / staff to identify unreasonable behaviours & prevent potential case of bullying. Eliminate factors that can lead to workplace harassment / bullying. 	GfD Team Leader, GfD Office Manager, Cardno Contractor Rep.
Health and safety	GfD advisers are exposed to less than optimal work environments or other hazards	Likely	Major	High	<ul style="list-style-type: none"> Follow Australian and Timorese Government travel and WHO/ISOS safety precautions in relation to COVID-19. Provision of regular health and security information provided to staff by Incident Management Team (IMT) and Team Leader. Phased Emergency Response Plan, which includes phasing in of remote working. Higher level of office cleaning. Appropriate PPE provided to staff. Meeting protocols provided to all staff. Staff counselling services available. Return to office checklist WHS completed and reviewed by Cardno before advisers permitted to return to their GoTL office post-COVID. 	GfD Team Leader, GfD Office Manager, Cardno Contractor Rep. Australian Embassy Program Director

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
					<ul style="list-style-type: none"> WHS workplace checklist used to assess GfD advisers' work places, prior to working in that location. Any hazards identified to be recorded in hazard register, and remedied as far as reasonably practicable to do so, where appropriate in collaboration with Embassy. Palm Business Office: induction briefing to include familiarisation with the fire safety and building evacuation plan. Inductions for all staff to include advice on travel safety, security and evacuation. 	
Budget	Final year budget is overstretched as a result of termination payments for LES with service >3 years moving to open-ended contracts.	Unlikely	Minor	Low	<ul style="list-style-type: none"> 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. Cardno to develop policy on termination payments, ensuring compliance with Labour law. 	GfD Team Leader and Program Coordinator Cardno Contractor Rep.
Management/ Coordination	Lack of clarity between GfD stakeholders on responsibilities, level of authority, and communication protocols could lead to delays / inefficiency, uncertain accountabilities, resulting in lack of confidence and trust.	Possible	Moderate	High	<ul style="list-style-type: none"> GfD to review Ways of Working on a regular basis to establish engagement protocols, roles and division of responsibilities, principles, communication protocols, delegations, decision-making authorities and dispute-resolution procedures. 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. Regular team meetings. 	GfD Team Leader and Program Coordinator, Australian Embassy Program Director, First Secretary-Governance and Work Area Coordinators
Reputation	Advisers under-perform or demonstrate inappropriate attitudes or behaviour in the Timor-Leste context.	Possible	Moderate	High	<ul style="list-style-type: none"> 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. Adviser performance issues addressed in a timely manner, in consultation with embassy, through due process Regular contact with advisers includes appropriate pastoral care. 	GfD Team Leader and Office & Personnel Manager Australian Embassy First Secretary-Governance

Category / Issue Description	Risk	Likelihood	Consequence	Risk Rating	Mitigation Strategy	Responsibility
	Sub-grantees under-perform or sub-grantee staff demonstrate inappropriate attitudes or behaviour in the Timor-Leste context.	Possible	Moderate	High	<ul style="list-style-type: none"> Review of activities to ensure continued relevance/ feasibility in the context of COVID-19. New activities focus on COVID response, recovery and enabling environment. Undertake comprehensive risk assessment prior to sub-contracting / as part of the activity design process; seek formal approval from the Embassy before implementation. Due Diligence Assessment for Partner Organisations applied prior to sub-contract being finalised. The due diligence checklist incorporates requirements from DFAT and extends to assurance around WHS, child protection practices, integrity systems, fraud, bribery and corruption prevention and management practices. GfD has incorporated the requirements to comply with the PSEAH policy and reporting processes for PSEAH incidents as part of the sub-contractor agreement. 	GfD Team Leader and Office & Personnel Manager Australian Embassy First Secretary-Governance

LIKELIHOOD	CONSEQUENCE				
	Negligible 1	Minor 2	Moderate 3	Major 4	Severe 5
Almost certain 5	Moderate	Moderate	High	Very High	Very High
Likely 4	Moderate	Moderate	High	High	Very High
Possible 3	Low	Moderate	High	High	High
Unlikely 2	Low	Low	Moderate	Moderate	High
Rare 1	Low	Low	Moderate	Moderate	High

Annex 3 Annual Workplan 19/20

Introduction

The Governance for Development (GfD) priorities for the period July 2019 to June 2020 have been developed on the basis of ongoing analysis of the political and economic context of Timor-Leste, GfD's close engagement with Government of Timor-Leste (GoTL) counterparts, and formal input through the recent GfD Reflection and Planning Workshop⁸ (28 May 2019). The priorities are consistent with GfD's End of Program Outcomes⁹, and build on the substantial work undertaken over the previous six years of the program, focusing on the three areas of Public Financial Management, Public Administration, and Economic Development.

During the period Joint Work Strategies will be developed in conjunction with relevant GoTL counterpart agencies to articulate the key objectives of GfD's support to the agency, anticipated activities, outputs and outcomes, and the resources to be provided by both GfD and GoTL in support of these activities. The table below provides an overview of GfD's priorities and anticipated resources, noting that GfD continues to operate as a flexible and responsive program, seeking solutions that are feasible, technically appropriate and locally-led.

Public Financial Management (through ongoing support for implementation of Budgetary Governance Roadmap)

GfD Priorities

- Support for the development of Medium-Term Expenditure Framework
- Support for the Interministerial Council on Fiscal and PFM Reform and PFM Working Group
- Support for the implementation of Program Budgeting for the 13 municipalities/ZEESM TL and Organs of State that will adopt Program Budgeting for the first time for the 2020 budget
- Ongoing support and capacity development for those government entities that adopted Program Budgeting for previous budgets
- Continued roll-out of and improvements to Dalan Ba Futuru, including finalisation of a public access module
- Development of a national Monitoring and Evaluation Framework and National Framework of Indicators, and capacity building to support implementation
- Continued support for implementation of Gender Responsive Budgeting and reporting against gender markers across all entities
- Annual assessment of progress against and recommendations for amendments to Budgetary Governance Roadmap by OECD

Resources:

- GfD long term national and international advisers in UPMA¹⁰, MoF (TBD) and SEII
- Grant funding for OECD to review and advise on implementation of the Budgetary Governance Roadmap

Public Administration

Priorities:

- Ongoing support for the finalisation and implementation of a number of new HRM policies and decree laws, including in relation to supplementary remuneration, performance management and merit-based recruitment, with an emphasis on consultation and a process of inclusive policy development
- Support for the implementation of the Workforce Planning Decree Law (following approval by Council of Ministers), including the development and socialisation of a workforce planning manual
- Support for first CSC-led annual merit-based promotion round for general career regime civil servants

⁸ A summary of outcomes from this workshop and the subsequent workshop with key GfD stakeholders is attached

⁹ GoTL makes evidence-based decisions and policy, and GoTL improves implementation of policy and delivery of services

¹⁰ Note the intention for Program Budgeting Advisers to transfer to the GoTL payroll in 2020

- Finalisation of Public Administration Reform Program and support for initial phases of implementation
- Ongoing support to ensure that gender equity is reflected in all civil service policies and that policies encourage the advancement of women
- Completion of the interface between the Personnel Management Information System and Financial Management Information System, improvements in a number of other areas of CSC IT hardware and software, and capacity building of CSC IT team to enable them to continue to update and maintain CSC ICT hardware and software
- Support to strengthen whole-of-government ICT governance and strategy implementation, and to progress e-governance solutions
- Coordination of discussion across Australian Government-funded programs in relation to government ICT systems development and implementation through an ICT Working Group
- Support for a series of focus group discussions to develop a better understanding of the current status of people with a disability working in the civil service, and the barriers they face
- Work with the General Directorate of Statistics to ensure that appropriate questions are included in the population census in relation to gender and disability
- Work closely with the PARTISIPA program in relation to support for the progression of decentralisation processes (financial, legislative and administrative), noting that PARTISIPA will take the lead in engagement with the Ministry for State Administration
- Continue to coordinate discussions across all Australian Government-funded programs in relation to decentralisation processes through the Decentralisation Working Group

Resources

- GfD long term national and international advisers in the CSC, MRLAP and TIC
- Grant funding for Australian Bureau of Statistics to strengthen the work of the General Directorate of Statistics

Economic Development

Priorities – Economic Policy

- Continue to provide robust economic analysis to support evidence-based decision-making and policy development
- Continue to support the General Directorate of Statistics to produce and disseminate accurate and timely economic data
- Continue to support the collection, analysis and dissemination of Labour Market Information
- Support the formation of a WTO/ASEAN technical working group
- Support the development of an Economic Diversification and Agriculture Advocacy Strategy that engages the voices of rural and disadvantaged groups in the development of economic diversification and agricultural development policies
- Continue to support development partner coordination in the agriculture and fisheries sector through the Agriculture and Fisheries Development Partners Working Group
- Coordination of discussion across Australian Government-funded programs in relation to private sector development through the Private Sector Development Working Group

Priorities – Business Enabling Environment

- Develop a Business Enabling Action Plan on institutional reform to be included in MRLAP's strategy document
- Continue to support the streamlining of key business licensing processes
- Support strengthening of civil law and contract enforcement through the drafting of a Mediation Decree Law
- Finalise development of a new business registry
- Continue to support implementation of new agent and mobile banking services which will increase accessibility to financial services for people in rural areas

- Support implementation of BNCTL’s new corporate governance arrangements, including capacity building of board members and the executive, and the establishment of sound corporate governance processes

Priorities – Aviation

- Continue to support progress towards ICAO certification through improved safety and security legislation, policies and processes
- Continue to provide economic and strategic analysis to support evidence-based decision making in relation to Timor-Leste’s aviation sector
- Support coordination of advice in relation to aviation across development partners

Resources:

- GfD long term national and international advisers in Office of the Prime Minister, MRLAP, SERVE, BNCTL, AACTL, SEFOPE, MCAE (TBD), MAF (TBD)
- Short term international advisers in AACTL, BNCTL
- Grant funding for
 - Monash University to produce economic analysis and reports
 - IFC to support business licensing reforms, strengthening of capacity and processes within TradeInvest, and the introduction of agent and mobile banking (in partnership with KIF)
 - ADB to support corporate governance reforms in BNCTL
 - Oxfam to establish an Economic Diversification and Agriculture Advocacy Strategy through their project on strengthening pathways for voices in good governance
- Partnership arrangements with Australian aviation-related entities (TBD)

Other Voices in Policy Development

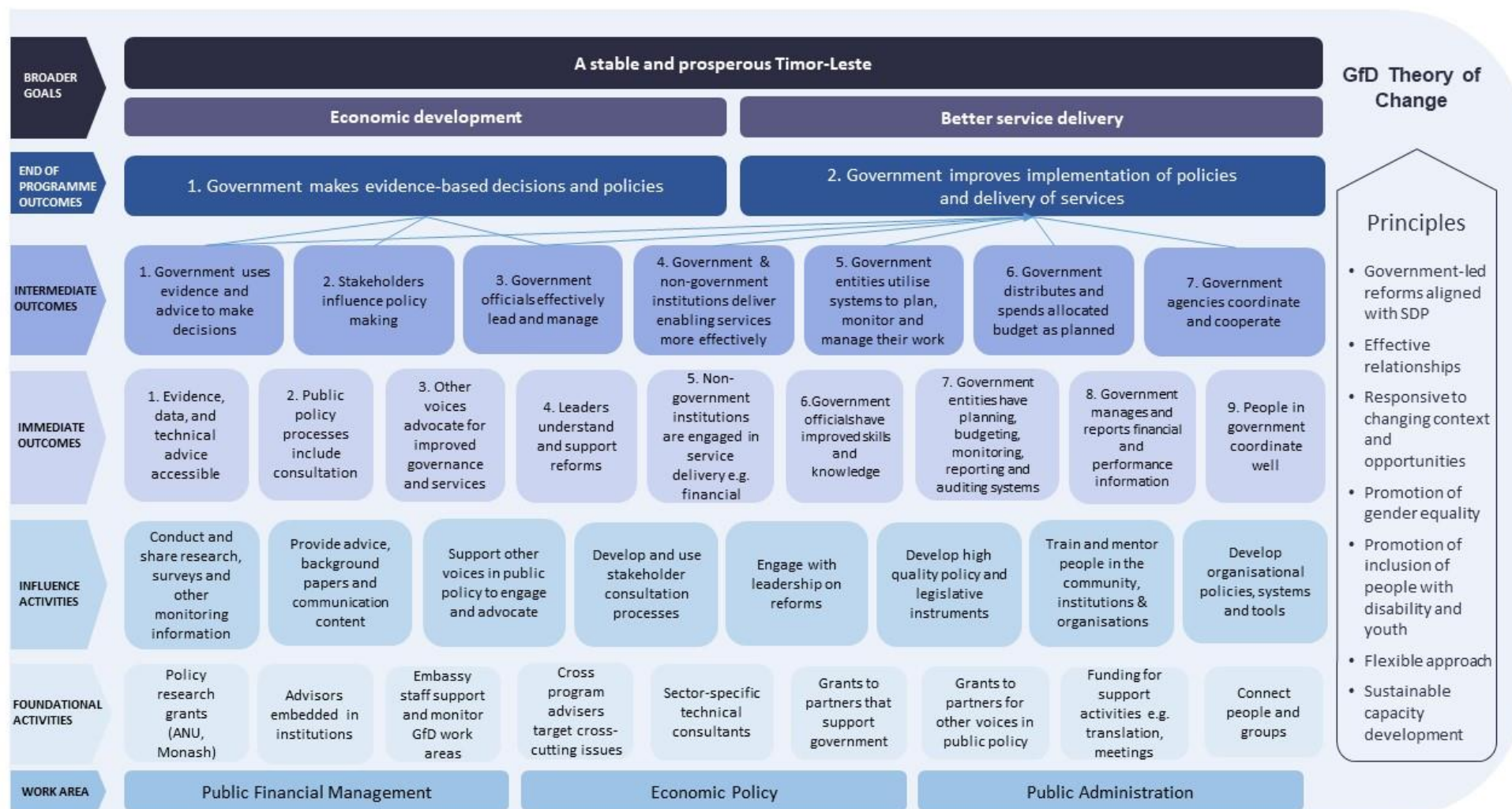
Priorities:

- Continue to support the research and advocacy work of JSMP in relation to strengthening understanding of and access to the formal justice system
- Continue to support the research and advocacy work of Fundasaun Mahein in relation to policy and security services
- Continue to support emerging leaders to contribute to policy debate and development through the Policy Leaders Group and International Republican Institute (IRI) Next-Gen program
- Continue to support research into public opinion through the Tatoli survey
- Support the development of advocacy strategies that engage the voices of rural people and people from vulnerable or disadvantaged groups in relation to economic diversification and agricultural development

Resources

- GfD Long term national adviser working on “other voices in public policy”
- Grant funding for
 - JSMP to undertake advocacy and capacity building work in relation to the judicial system
 - FM to undertake advocacy and capacity building work in relation to Timor-Leste’s policy and security services
 - The Asia Foundation to continue to support the Policy Leaders Group, and Tatoli public opinion survey
 - Oxfam to establish the “Hadalán” project – strengthening pathways for voices in good governance
 - IRI to complete the program: Strengthening The Next Generation Of Political Leaders In Timor-Leste (Next-Gen)

Annex 4 Theory of Change



Annex 5 Organisational Chart (as at 30 April 2020)

