



Australian Government

Department of Foreign Affairs and Trade



Aid Program Performance Report 2014-15

Timor-Leste

November 2015

Key Messages

This report summarises the progress of the Australian Government's aid program in Timor-Leste from July 2014 to June 2015. The aid program is implemented in accordance with the priorities jointly agreed by the governments of Australia and Timor-Leste in the *Strategic Planning Agreement for Development*.

In the reporting period, we responded flexibly and proactively when the Sixth Government of Timor-Leste was inaugurated in February 2015. We delivered on the Australian Government's new aid paradigm, engaging with the private sector (where appropriate) and promoting innovation and gender equality. We continued to prioritise consolidation, reducing the number of investments by 39 per cent.

Key successes have been

- Australia demonstrated that it is a responsive and flexible development partner to the new Timor-Leste Government. For example, following a request from the Prime Minister, we are providing assistance to his office to implement his agenda for improving public financial management.
- Through our sustained advocacy on operations and maintenance policy reform, the Timor-Leste Government committed increased budget for rural road and water system maintenance.
- The Seeds of Life program's achievements and strong relationships formed with the Timor-Leste Government allowed the Ministry of Agriculture and Fisheries to take on funding and management of key components when the program ends in 2016.
- Our strong investment in integrating gender equality saw around 90 per cent of programs achieve an effective rating for gender equality.
- Our innovative maternal and child health program, where pregnant women are connected to midwives using mobile phone technology, resulted in more mothers giving birth in health facilities.
- We made progress on basic education support to the Ministry of Education, assisting with the distribution of their new curriculum materials and working on a model for teacher mentoring, following the cancellation of the proposed program in 2013.
- We supported private sector development through partnerships with ten businesses that resulted in increased income for 335 farmers (79 of which were women).

Context

In February 2015, Timor-Leste transitioned smoothly to its sixth government since independence in 2002. Dr Rui Maria de Araujo was appointed Prime Minister following the resignation of Xanana Gusmao. New ministers were appointed in key portfolios including finance, education, health, defence, police and foreign affairs. The new government committed to Timor-Leste's framework for development, the *Strategic Development Plan 2011-2030*, and outlined its priorities in its Program of the Sixth Constitutional Government in March 2015.

Timor-Leste remained one of the most oil-dependent countries in the world. Timor-Leste has accrued a national sovereign wealth fund, the Petroleum Fund, from oil and gas revenues, valued at USD16.86 billion (as at June 2015). Around 85 per cent of public expenditure is financed from the Petroleum Fund. But Timor-Leste's total real GDP has been contracting since 2012 by around 10 per cent each year and is expected to continue doing so, as a result of declining petroleum production. The country's real non-oil GDP grew by an estimated 6.7 per cent in 2014, although much of this growth is dependent upon public expenditure. This was a decline from 7.4 per cent in 2012, primarily on the back of lower than expected public capital expenditure.

The Timor-Leste Government's withdrawals from the Petroleum Fund have exceeded its own sustainable estimates. The government has recognised that unless its fiscal policy changes or new sources of revenue come online, there is a significant risk that the Petroleum Fund will be exhausted in the next ten to fifteen years. The government has invested heavily in electrification, roads and other infrastructure; and in 2014-15, it signed a contract for an oil and gas supply base in the south valued at USD719 million and one for USD300 million for a section of highway on the South Coast. The new Prime Minister has stated that attention to other pillars of the economy and human development is needed for a more resilient and inclusive economic base. Timor-Leste's budget allocation to human development has been declining. In 2015, around 4.5 per cent was allocated to health and around 7 per cent to education. Civil society has also been an active participant in debates on economic diversification and fiscal sustainability, demonstrating the advances Timor-Leste is making in consolidating its nascent democratic institutions.

One of the youngest countries in the world, fifty per cent of Timor-Leste's population is under 19 years of age and the fertility rate is 5.7 births per woman. This provides opportunities but also puts pressure on the small private sector, with the largest youth bulge yet to hit the workforce. Over 70 per cent of the population are subsistence farmers whose capacity to generate income is hampered by low productivity and limited access to markets. The 2013 Timor-Leste Labour Force Survey found that there were only 53,000 formal sector jobs out of a working population of 696,000. Women are only half as likely as men to be in the labour force. Social and cultural norms restrict women's access to skills development and participation in the formal workforce, with the prevailing view of men in Timor-Leste being that a woman should not work after marriage or childbearing.

Timor-Leste remains a challenging business environment, with the World Bank ranking Timor-Leste 172 out of 189 in the 2015 "Ease of Doing Business" survey. Asian Development Bank's 2015 assessment found that private sector growth is constrained by lack of access to finance, lack of inclusive infrastructure, a weak land titling framework, a low-skilled workforce and low levels of women's participation in the formal economy.

While Timor-Leste has made progress against some development indicators, poverty remains widespread with two-thirds of people living on less than US\$2 a day. Timor-Leste ranked 128th in the 2014 Human Development Index, the same as last year. Timor-Leste is making gradual improvements in nutrition, but 2014's Global Hunger Index ranked it 74th out of 76 countries, putting it in the 'alarming' category. Timor-Leste achieved the Millennium Development Goal (MDG) to reverse malaria but women and children's health is still faring poorly. Death during childbirth is the number one killer of Timorese women, with maternal mortality (557 deaths per 100,000 live births) among the highest in the world. While primary school enrolment rates have increased to an estimated 94 per cent with parity for girls, Timor-Leste will not achieve MDG 2 on universal primary access. Learning outcomes are poor with only 30 per cent of children reading at the appropriate level in grade 3.

The reported incidence of violence against women is around 38 per cent, with high levels of unreported violence likely. Women's political participation and leadership is low at local levels despite relatively high representation in national parliament (owing to a 30 per cent quota system). People with disabilities are among the most marginalised of groups in Timor-Leste - 72 per cent have never attended school.

Australia remains Timor-Leste's largest development partner, accounting for 42 per cent of total Official Development Assistance (ODA) in 2013 (latest available figures). Aid is becoming a smaller proportion of Timor-Leste's national budget - in 2015 ODA accounted for less than six per cent of the budget compared to 75 per cent in 2002. Australia's aid is focused on working with Timor-Leste to use its own resources to develop the economy and alleviate poverty. Buoyed

by oil revenues, Timor-Leste has formally reached lower-middle income status and is transitioning out of post-conflict status. Consequently, it is no longer eligible for grants and the most concessional loans from the international development banks. Resulting pressure on public finances makes prudent fiscal policy and economic decision-making more critical.

In addition to aligning with Australia's development policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, the aid program aligns with Timor-Leste's own development priorities as reflected in its *Strategic Development Plan 2011-2030*. The *Australia-Timor-Leste Strategic Planning Agreement for Development* articulates our shared commitment to achieving Timor-Leste's development goals. Active in the G7+, Timor-Leste placed the *New Deal for Engagement in Fragile and Conflict-affected States* (New Deal) principles at the centre of its development, such as country systems and ownership. As the New Deal pilot partner, Australia supported implementation of New Deal principles by remaining flexible, adaptable and responsive and by supporting government systems, such as providing budget support to the Ministry of Finance to strengthen public financial management systems.

The aid program reflects Australia's commitment to being an enduring partner to Timor-Leste. We have emphasised mutual accountability, as evidenced by our advocacy for government budget for rural roads and water system maintenance. The program has a strong focus on gender equality and looking for private sector engagement opportunities (noting that the private sector is limited in Timor-Leste).

In 2014-15, Australia supported a range of sectors that will address constraints to Timor-Leste's critical development needs: increased agricultural productivity and improved rural roads and water and sanitation systems; better access to and quality of health and education; ending violence against women; strengthened public sector administration and governance; and security in the form of police training.

Expenditure

Table 1 Total ODA Expenditure in FY 2014-15

Objective	A\$ million	% of total ODA
Objective 1: Water, sanitation and hygiene	9.53	8.99
Objective 2: Rural roads	5.95	5.62
Objective 3: Agriculture	3.25	3.06
Objective 4: Education	10.41	9.82
Objective 5: Health	7.10	6.70
Objective 6: Police support	8.00 (est)	7.55
Objective 7: Governance	14.54	13.73
Objective 8: Support to National Program for Village Development	10.42	9.84
Objective 9: Ending Violence Against Women	4.96	4.68
Multi-sector (operations, cross-cutting)	9.24	8.73
Sub-Total Bilateral (including AFP)	83.40	78.75
Regional and Global	20.70	19.54
Other Government Departments (excluding AFP)	1.80	1.69
Total ODA Expenditure	105.9	100

Progress towards Objectives

The overall performance of Australia's aid program in Timor-Leste improved from last year. Three objectives performed as expected and the rest required attention to improve performance. Performance in the education and water and sanitation sectors improved, whereas progress in police support and governance slowed. The change of Timor-Leste Government resulted in a period of uncertainty and some programs experienced delays, such as the Ending Violence Against Women program and police support. Leadership changes in some ministries, including the social sectors and agriculture, led to more productive engagement.

We continued to integrate gender equality, nutrition and disability-inclusive development into sectoral programs. Momentum to strengthen gender equality outcomes across the aid portfolio continued. DFAT's Principal Gender Specialist visited Dili twice to refine the Gender Action Plan and support its implementation. The senior management-led Gender Working Group met regularly throughout 2014-15 to coordinate and improve mainstreaming gender in design, activity management, reporting and evaluation. This APPR includes a new objective on Ending Violence Against Women, in recognition of this huge challenge.

To advance progress on nutrition, we supported the President's office to launch and award two Nutrition Awards to raise community awareness of the nutrition situation. We appointed a full-time Nutrition Specialist to provide technical support to the Awards Secretariat and integrate nutrition in sector programs. In 2014-15, we completed the design of the new TOMAK program, which is Australia's first nutrition-sensitive agriculture investment and will focus on improving the diets of rural households as well as raising incomes.

Progress on disability was mixed: DFAT continued support for the Timor-Leste Disability Association and adopted disability-inclusive approaches in some programs, including health, but more work is needed to integrate disability across sectors.

Australia's aid for trade assistance, including roads, market development and rural development, focussed on promoting a diversified economy in Timor-Leste. Our support to agriculture is promoting diversification of the non-oil economy and we are working with the Timor-Leste Government to improve roads to facilitate domestic trade. Through our partnership with the International Finance Corporation (IFC) we are supporting the development of a new port through a public-private partnership (PPP). Approximately 22 per cent of the bilateral program's budget was allocated to aid for trade activities.

We continued to report against an interim performance assessment framework for this reporting period, using objectives drawn from the *Australia-Timor-Leste Country Strategy 2009-2014* and the *Strategic Planning Agreement for Development*. A new Timor-Leste Aid Investment Plan (AIP) will cover the period 2015-16 to 2018-19, and a new Performance Assessment Framework will be drawn from this Plan.

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

Objective	Previous Rating	Current Rating
Objective 1: Increased access to and use of safe water and sanitation		
Objective 2: Rural population has better roads		
Objective 3: Increased productivity of major staple food crops through farmers using improved seed		
Objective 4 : More children and youth attain improved learning outcomes and employability		
Objective 5: Households, especially the most vulnerable, increasingly practice behaviours that are conducive to better maternal and child health and nutrition and use reproductive, maternal, newborn and child health services		
Objective 6: Police service effective and accountable in supporting rule of law		
Objective 7: Poverty reduction in Timor-Leste through improved economic development and delivery of services		
Objective 8: Human and economic development enhanced by communities building small-scale infrastructure that meets their development needs		
Objective 9: Reduced violence against women and improved support and legal services for women and children affected by violence	N/A	

Note:

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

 **Amber.** Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

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

Objective 1

	Previous Rating	Current Rating
Objective 1: Increased access to and use of safe water and sanitation		

The objective was rated green in recognition of the sound progress against agreed revised priorities for the BESIK program. Priorities were revisited, in light of budget revisions, to focus on operations and maintenance (O&M) of existing water systems and sanitation and hygiene support in just one district (Bobonaro). Against these priorities, Australia's progress in the sector has been effective.

Australia's support to rural water and sanitation aligns with the *Strategic Development Plan* vision of all Timor-Leste citizens having access to clean water and improved sanitation by 2030.

The Timor-Leste Government increased its commitment to rural water and sanitation, funding rural water system maintenance for the first time with a \$1 million budget contribution in 2015.

WASH progress continues to be constrained by the delineation between the Ministry of Public Works, Transport and Communication responsible for water supply and the Ministry of Health responsible for sanitation and hygiene. In 2014-15 the sub sectors progressed at different rates due in part to differences in ministerial approaches. Sector coordination between government, development partners and NGOs has been strengthened by the BESIK-supported bimonthly Water Forum. The Sanitation Working Group continues to complement the Water Forum and to focus on supporting the Ministry of Health’s sanitation and hygiene promotion agenda.

Australia’s support to WASH has been through the Rural Water Supply and Sanitation Program (BESIK) program (2012-16, \$30 million). Following Management Committee decisions led by relevant Timor-Leste ministries, BESIK’s focus was narrowed in 2014-15 towards more achievable and sustainable outcomes appropriate to the policy context. The program committed to transitioning to the ongoing maintenance of existing systems rather than new construction. Ongoing high level advocacy by BESIK and demonstration of successful approaches to O&M in a series of pilots, have contributed to Timor-Leste Government’s first formal budget commitment to water system maintenance.

Progress against targets for sanitation has been constrained by ongoing issues of lower engagement and resourcing by the Ministry of Health. In 2014-15, 7,100 people gained access to sanitation, 2,500 of which gained access to improved sanitation, a disappointing result against the target of 15,000. As such, BESIK has adjusted its priorities to a more narrow and achievable work plan in Bobonaro municipality only, where there is strong local-level government support to implement a Community Led Total Sanitation approach and increase hand washing promotion. If successful, the approach can be replicated in other municipalities.

In line with the narrowed focus, we rationalised BESIK’s adviser profile with the support of the government-led Management Committee, and will draw increasingly on the work of national rather than international advisers. BESIK ends in mid-2016 and we are working on a new consolidated model of support to service delivery in human development sectors, including water and sanitation.

The strong participation of women in community water facility management groups continued, with over 30 per cent of group members female. BESIK is now working with communities to increase this target to 50 per cent. BESIK’s commitment to disability inclusion remains strong with accessible ramps an ongoing feature of water systems; however, the depth of participation of people with a disability in the Community Action Planning (CAP) process is an ongoing challenge. BESIK is working with disability organisations to deliver disability inclusion training during CAP processes and BESIK’s monitoring system is now capturing disability participation rates through district data collection.

Opportunities for private sector development are growing thanks to the negotiation of an MOU with Unilever for soap production, distribution and promotion. Unilever sponsored BESIK’s hand washing campaign in 2015 and is supporting rural kiosks to sell soap in communities.

Management response: Australia will encourage the Ministry of Health to commit budget and resources to support the scale up of sanitation and hygiene promotion activities.

Objective 2

	Previous Rating	Current Rating
Objective 2: Rural population has better roads		

The objective was rated amber in recognition of the challenges to secure ongoing Timor-Leste Government commitment to rural road maintenance. Recent gains in the national coordination of rural roads through the Rural Roads Master Plan are helping Roads for Development (R4D) to gain traction in a difficult sector.

Australia's rural roads program, Roads for Development (R4D, 2012-16, \$30 million), contributes to the *Strategic Development Plan* target of all roads in Timor-Leste being fully rehabilitated to international standards.

The new Timor-Leste Government's commitment to rural roads was outlined at a high-level with the release of the Program of the Sixth Constitutional Government in March 2015, which stated its commitment to the improvement and maintenance of rural roads through the implementation of the Roads for Development program and the Rural Roads Master Plan (RRMP). Notably, R4D was the only donor-led development program mentioned in the Sixth Government Program. Prime Minister de Araujo made rural roads one of his headline budget priorities for the 2016 budget. These signals of improved engagement have enabled DFAT to extend R4D to December 2016.

Australia continues to be the lead development partner in rural roads alongside the European Union, while donors such as the ADB, World Bank and Japan focus on loan projects for national roads. Informal development partner coordination in the sector remains strong.

The R4D program has enjoyed gradual progress against its agenda of strengthening the Ministry of Public Works, Transport and Communications' (MPWTC) capacity to rehabilitate and maintain the rural road network, with increased Government engagement on budget and the RRMP in the past year. Progress in early years had been constrained by the ministry's slow engagement on R4D's reform agenda; however, higher government funding commitments over the past year will help to institutionalise the systems required to sustain rural roads nationwide.

Timor-Leste's engagement on the RRMP deepened in 2014-15 and a number of key RRMP sites were inaugurated by President Taur Matan Ruak. These inaugurations, along with a short film that communicates the work of R4D, have been part of R4D's ongoing advocacy with key Government and non-Government stakeholders on the importance of a functioning rural roads network for the achievement of broader development outcomes.

An impact study conducted in 2014-15, sampling two rehabilitated roads (Maliana to Saburai in Bobonaro municipality & Boile to Uatabo in Baucau municipality), found considerably reduced travel times following road rehabilitation. Average travel times to markets reduced by approximately 50 per cent (17.5 minutes for communities living along the Boile-Uatabo road and 20 minutes for people living along the Maliana-Saburai road). Beneficiaries noted improved transportation facilities, access to 24-hour ambulance and health services and access to markets as the primary benefits.

R4D's strong engagement on gender equality and disability inclusion continued in 2014-15. The 2015 round of capital works contracts saw an increase of 20 per cent in female headed contractors. Of the 78 local contractors R4D trained, 15 of these companies are owned by women - a strong achievement in the Timor-Leste context which reflects R4D's active encouragement of participation by female-owned companies. The program is also achieving its target for 30 per cent of the program's labour force to be comprised of women and continues to support work practices that are sensitive to the needs of women and their children. In consultation with disability organisations at the national and community levels, R4D's Social Safeguards Framework guides the implementation of inclusive practices, such as accessible ramps that connect homes to roads.

The program continued to face challenges. The depreciation of the Australian dollar led to a need to rationalise the program of works and focus on maintenance ahead of rehabilitation. The

original target for road rehabilitation (25km in 2014-15) was not achievable in this context with only 9.9km of rehabilitation contracts completed. However, maintenance targets were reached, with 230km of rural roads under ongoing maintenance. While ongoing advocacy for increased budgets has resulted in a growing Timor-Leste Government commitment (\$5.1 million in 2015, up from \$1.5 million in 2014) the risk remains of funds being diverted to emergency contracts at short notice.

R4D’s principal challenge remains recurrent government budget commitments to fund rehabilitation and maintenance works. R4D has also encountered challenges with the commitment of sufficient MPWTC human resources for the functioning of the program. Collaboration with DFAT’s Governance for Development program has helped to coordinate engagement with the Ministry of Finance and relevant areas of Public Works; however, deeper engagement with the Civil Service Commission is still needed for improved public service resourcing at the national and regional levels.

Methods of high level policy dialogue that can help to secure this will be a major theme of the design of a proposed second phase of the program beyond 2016. In 2014-15, Australia advised the Timor-Leste Government that it will only fund a second phase of R4D if Timor-Leste’s commitments to the ongoing resourcing of the sector are clear and firm.

Management response: DFAT will explore options, through a design by early 2016, for the structure of a second phase of R4D that take into account the ongoing challenges with joint resourcing.

Objective 3

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

The objective was rated green as a result of good progress under the Seeds of Life program towards improving Timor-Leste’s food security and seed sovereignty and ensuring the sustainability of the National Seed System ahead of the program transition to the Ministry of Agriculture and Fisheries in 2016.

Australia’s agriculture portfolio contributes towards the *Strategic Development Plan* goal of food security by 2020 and an expanded agriculture sector. A new Minister for Agriculture and a restructured Ministry in early 2015 led to strong cooperation with greater political commitment to strengthen coordination between development partners and the Ministry. Agricultural reform is a priority for the new government, including reform on imports and progress on decentralisation. This focus sits well with a number of new development partner investments in the sector focussed on working more directly with farmers in rural areas (including Australia’s future program) to ensure deeper impact.

Timor-Leste’s Zero Hunger Challenge (ZHC) agenda for food security and nutrition remains important but progress has been gradual. Australia has provided practical technical support to the National Council for Food Security, Sovereignty and Nutrition in Timor-Leste (KONSSANTIL), the multi-sectoral council overseeing the implementation of the ZHC National Action Plan for a Hunger and Malnutrition Free Timor-Leste. We supported its involvement in the President’s Nutrition Awards as jury members and the President’s Nutrition and Food Security Roundtable.

Australia’s long running Seeds of Life (SOL, 2011-16, \$26 million) program is performing well as it enters its final year. SOL, co-funded by ACIAR and implemented by the University of Western Australia, has been supporting farming households to access and grow higher yielding varieties of staple crops since 2001. SOL’s focus has shifted to ensuring its achievements can be

sustained as we prepare to hand over two key components (crop identification and development and seed quality control) to the Ministry of Agriculture.

The Timor-Leste Government's commitment to take on these components included a growing budget and staff resources. However, possible fluctuations in sector budgets pose a risk to ongoing resourcing. The Ministry for Agriculture has endorsed the National Seed System for Released Varieties, which will go a long way to sustaining the practices established through SOL. Much of SOL's success is attributable to strong relationships established over the three phases of the program.

SOL continues to support the Ministry of Agriculture to release new improved seed varieties, with 12 varieties released and up to five to be added by the end of 2015, mostly legumes noting their importance from a nutritional perspective.

SOL has now supported 56,000 farming households to utilise improved varieties. It is on track to reach the target of 65,000 households by the end of the program. Data has been collected through a series of studies assessing crop adoption and impacts on household food security.

Commercial seed producers are playing a growing role in the program as it works towards sustainability by ensuring seed production and distribution is carried forward by government, communities and the private sector, each playing to their strengths.

SOL's engagement on gender equality issues is improving with a better understanding of the different roles of men and women in the agricultural household. More than 30 per cent of SOL's 1,018 community seed producer group members are women and, similarly, more than 30 per cent of SOL's contracted seed growers are women (exceeding targets of 25 per cent). SOL has encouraged the introduction of labour saving equipment in the Community Seed Producer Groups it supports, in order to support women in particular with the labour and time intensive tasks at post-harvest. While engaging people with disabilities in farming in Timor-Leste presents multiple challenges, SOL has established a system to ensure vulnerable households have access to improved seeds and other planting materials, with 4,712 vulnerable households receiving seeds and cuttings in 2014. Many of these households are vulnerable because they include family members with a disability, are sole parent households or the elderly.

Part of SOL's success is that it has been targeted narrowly on seed production and distribution. However, Timor-Leste's agricultural systems are complex and require support in a number of areas. While SOL has achieved success against its targeted mandate, it is now timely to transition to a farming systems approach from 2016. The new program, To'os Ba Moris Diak (TOMAK) or Farming for Prosperity, will approach livelihood systems holistically and work with partners in government, the private sector and civil society to boost rural economic opportunities, food security and nutrition. TOMAK has been endorsed by the Minister for Agriculture and is on track for implementation from early 2016.

SOL has been extended to the end of 2015-16 to allow the program to support a final cropping season and a smooth transition to TOMAK and forthcoming ACIAR research activities.

Management response: DFAT will closely oversee the transition from Seeds of Life to TOMAK (and forthcoming ACIAR activities), to support the sustainability of SOL achievements in the Ministry of Agriculture and Fisheries and ensure TOMAK's inception period draws heavily on SOL experience, analytical work and relationships.

Objective 4

	Previous Rating	Current Rating
--	-----------------	----------------

The amber objective, an improvement on last year, reflects progress between DFAT and the Ministry of Education on new basic education support, and improvement in the implementation of skills development.

Australia is supporting Timor-Leste's goal for people to access a quality education that will allow them to participate in economic, social and political development. The Ministry of Education changed leadership in the period, with a new Minister and Vice Minister. The new government continued efforts to develop the education system, focusing on planning and financial management, infrastructure, and teacher development and materials provision. The Ministry improved coordination of the sector demonstrated by holding its second government, development partners and civil society dialogue meeting.

The government's program and statements recognised the huge challenges in education. However, resources allocated to the sector were limited - the 2015 budget was USD103 million compared to USD117 million in 2014. An estimated 89 per cent of children are enrolled in basic education (grade 1 to 9) in 2015, with gender parity, a decline from 93 per cent in 2011. Learning outcomes remain poor and more than one-third of Grade 1 students are absent on any given day. Tetum and Portuguese are the official languages of instruction but most teachers lack fluency in Portuguese. The Ministry of Education progressed its curriculum reform project, developing and delivering new primary school curriculum and training over 8000 teachers. Although 2014 saw a decrease in the total number of vocational students, the budget allocation for vocational training in 2015 slightly increased. The government emphasised higher skills development with a USD31.2 million human capital development fund.

Australia supported improved learning outcomes through investments in teacher training, school management, learning materials and school infrastructure (approximately \$2.5 million in 2014-15). We responded to the Ministry's highest priorities by supporting its new curriculum through distribution of learning materials. Australia also provided over 460,000 early grade readers in Tetum to all primary schools, although these were delivered over a year late due to distribution issues. Early results from the mother-tongue pilot supported by Australia across 11 schools shows the intervention is helping children read at an earlier grade. Australia's partnerships with the Aloia Foundation, Catholic Teachers' College, UNICEF and UNESCO National Commission helped to provide training to around 900 in-service teachers (43 per cent female) and 49 new teachers (70 per cent female). Assessing the quality of these outputs and tracking progress to outcomes has been difficult due to partners' weak monitoring and reporting systems. Our support through UNICEF had mixed results owing to delays and coordination challenges with the Ministry of Education. Our English language program commenced an in-service teacher pilot in two districts, although success was impeded by varying levels of support from school principals and district education officers.

DFAT and the Ministry of Education progressed Australia's new education support, following the cancellation of the proposed program in 2013. Building on lessons from previous experience, we focused on relationship building, approaching discussions slowly and enabling Ministry ownership. The Ministry agreed Australia would focus on teaching and learning at the school level to support the new curriculum. DFAT-funded technical specialists commenced in the Ministry to assess the feasibility of teacher development models.

Australia supported the development of market-driven vocational training through the International Labour Organisation, enabling 1,331 students (55 per cent female) to receive accredited training in 2014. The program completed in December 2014. Implementation significantly improved in its final year following DFAT's decision to reduce the budget from \$12 to \$8 million and streamline the work plan. The Secretariat of State for Professional Training

and Employment Policy’s capacity to develop labour market information was improved. We supported the Secretariat and the Ministry of Finance to undertake the 2013 Labour Force Survey providing critical statistics on employment. 120 trainers received formal qualifications, five new training providers were accredited and 24 new qualifications were developed, which were on target for the revised work plan. Support for the regulatory framework was unsuccessful due to the lack of political support. DFAT’s Skills Development and Employment program commenced in March 2015. Despite implementation constraints due to a reduced budget, early progress was made on analysis of participation in the Seasonal Worker Program and preparation for skills conferences bringing government and private sector together.

In 2014, Australia provided 31 Australia Awards (15 female) to recipients from Timor-Leste, an increase from 22 (10 female) in 2013. Due to the low English language capability of candidates, a policy change ensured minimum English standards for all candidates and required universities to offer a Foundation Program for undergraduate students. A Tracer Study found that 94 per cent of awardees found employment within 12 months of completing their award. The in-country subsidies component was terminated due to budget reductions. Australia Awards held several successful Alumni functions for new awardees and alumni. Australia also launched the Alumni Small Grants scheme to assist individual alumni to pursue professional development activities and started a mentoring program for alumni to mentor new awardees.

Our education programs continued to improve on addressing gender equality. Gender sensitivity was integrated in teacher training, support was provided for re-entry policies for pregnant students, and menstrual hygiene activities were included in WASH programs in schools. The Australia Awards implemented promotional activities to reach target groups and an improved selection process where female candidates were assessed against female candidates and male against male meant we were able to get a 50/50 gender balance. The percentage of female applicants increased from 38 per cent for the 2015 intake to 43 per cent for 2016, and there were more applications from people with disabilities.

Management response: DFAT will finalise new basic education support with the Ministry of Education, working to the Ministry’s priorities and timetable within budget limitations.

Objective 5

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

This objective was rated amber reflecting adequate progress in the Timor-Leste health sector. In its first full year of implementation, Australia’s new Health Program has demonstrated some impressive early results, however implementation constraints need to be addressed in 2015-16 to maximise potential of the program design.

In 2014-15, the Timor-Leste health sector built on steady progress made over the last decade but performance across the sector varied. Huge strides in malaria prevention (achieving the MDG target) contrasted with high rates of maternal and child mortality, and only two per cent of Health Posts met the minimum facility standards (water, electricity, drugs, and equipment). The Timor-Leste Government brought in a new health ministry with strong leadership. Key achievements in the first six months included launching the Primary Healthcare Package - a commitment to register every household, deliver an immunisation campaign and improve health facilities in communities - and approving the legal status of the drug and pharmaceutical body as a public institution. The allocation of budget to health increased in 2014, reaching 5.21 per cent of total budget, but there are challenges with quality of expenditure. With the impending

departure of key health donors, the sector is facing significantly reduced funding and its fiscal sustainability demands government attention to ensure health gains made are not reversed.

Australia remained the largest bilateral donor to the health sector in 2014-15, providing over \$7.1 million. With the Ministry of Health, we implemented the first full year of the new Health Program - our multipronged approach to improving health outcomes for women and children. Achievements included:

- An increased number of women giving birth in health facilities and/or with a skilled birth attendance;
- Increased availability of functioning ambulances from 66 per cent to 100 per cent through our support to health transport services;
- An increased number of women accessing family planning services (from 14,000 in 2012 to 46,000 in 2014);
- 36 doctors received the first year of training under the Family Medicine Program, implemented by the Royal Australian College of Surgeons;
- Over 100 Ministry of Health finances officers were trained in basic mathematics, accountancy and computer skills.

We designed a new package of support - the Human Resources Midwifery Package - to improve the competencies of government midwives. We coordinated closely with the US Agency for International Development and the Korean International Cooperation Agency to improve coverage of maternal and child health care services across the country. An adviser with disabled people’s organisation, Ra’es Hadomi Timor Oan, commenced work to ensure mainstream health services are disability inclusive – equipping service providers with the knowledge on how to identify disability and provide appropriate care.

Despite these results, the program faced implementation challenges. While efforts to consolidate DFAT health portfolio activities continued, program implementation remained inefficient across seven funding modalities, imposing a large administrative burden. Administrative uncertainties in Ministry of Health, following the change of government and ministry reshuffle, affected decision making and delayed Ministry of Health responses.

In 2014-15 the Australia–Timor-Leste Program for Assistance in Secondary Services was redesigned to meet new ministry priorities, specifically upskilling Cuban-trained Timorese doctors. The efforts culminated in the Family Medicine Program – a two year, post-graduate course providing community medicine training to the cohort of newly trained doctors. In its first year of implementation, 36 participants successfully completed Year One of the course.

Management response: By mid-2016, DFAT will transition all health program activities to a consolidated contractor, with the tender for the new contractor being advertised in late 2015.

Objective 6

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

The objective was rated amber because progress was constrained due to changes in the Timor-Leste Government and the leadership of the Policia Nacional de Timor-Leste (PNTL). Progress was also affected by a large joint PNTL/Falintil-Forças de Defesa de Timor-Leste (Defence) security operation that ran for many months, diverting attention and resources.

The Australian Federal Police (AFP) delivers Australia’s support against this objective through the Timor-Leste Police Development Program (TLPDP). Using sworn AFP officers, unsworn AFP

staff, civilian specialists and locally employed staff, TLPDP supports the development of the PNTL and assists the Timor-Leste Government's Ministry of Interior (previously the Secretary of State for Security) and the Office of the Prosecutor-General (OPG). The current phase of TLPDP (2014-18) utilises an accompaniment approach designed to promote local ownership, and reinforce and strengthen the use of Timor-Leste systems. Sustaining an effective and professional PNTL remains challenging and the long-term nature of institutional development means ongoing support will be required. TLPDP also supports UNDP to provide targeted support in administration, asset management, fleet management, HR, IT and public relations.

When the Timor-Leste Government changed in February 2015, the PNTL, which had previously reported through the Secretary of State for Security, came under a new Ministry of Interior. A new Commander-General and 2nd Commander-General were sworn in on 27 March leaving their former respective positions of Head of the Police Training College and Inspector-General vacant. A range of legislative instruments including the PNTL Organic Law are currently under revision, with many activities delayed until this is finalised. A new law enforcement agency—the Polícia Científica de Investigação Criminal (Scientific and Criminal Investigation Police—PCIC) has commenced operations in Timor-Leste. It is designed to function as a “superior corps of police” under the Ministry of Justice and will assume a number of functions previously carried out by PNTL, although the way this will be coordinated is not yet clear.

While these changes are implemented, progress against the government's vision as outlined in the *Strategic Development Plan*, the Internal Security Strategic Plan, and the PNTL Strategic Plan 2014-18 was modest. The government continued to focus on reforming and developing PNTL, and consolidating public order and community security. TLPDP supported PNTL with preparation and implementation of the PNTL Strategic Plan (which focuses on five areas: legislation, training, administration, discipline and operations), and production of the 2014 Achievement Report on the Strategic Plan. In line with these priorities, the TLPDP has sought to support the following outcomes: improved PNTL operational capabilities, strengthened PNTL management and oversight, and strengthened PNTL self-improvement systems, TLPDP has provided extensive leadership and management development and general policing training support, matched with ongoing workplace mentoring. This has led to PNTL reporting improved management practices and processes including scheduling and use of the Performance Evaluation System during district monitoring by the Leadership and Management team.

ICT skills in the PNTL have improved through TLPDP support for professional data management and reporting, and communications. The use of the Incident Management System for reporting criminal matters has increased an average of eight percent during the reporting period. This improved access to crime statistics resulted in expedited criminal investigations.

Communications protocols between the OPG and the PNTL have improved, with the PNTL Prosecutions Liaison Officer reporting fewer overdue cases in the reporting period as a result of increased control over investigations. TLPDP has supported PNTL to establish an effective communications network across Dili, and in line with PNTL's community based policing model, supported the establishment and refurbishment of new police posts within Dili.

Until recently women in the PNTL have often been overlooked for promotion, experienced pervasive discrimination, and have not had forums to raise their concerns or access targeted professional development. With the support of TLPDP, the PNTL has improved the gender equality environment within the PNTL. TLPDP facilitated the first ever PNTL Gender Conference in May 2014 with participants from all 13 Districts. A key outcome from this conference was the establishment of a PNTL Women's Focal Group, which consists of elected PNTL female Police Officers from across Timor-Leste. The group has met regularly since May 2014 to plan significant events for PNTL and to discuss gender related issues for reporting to PNTL senior executive. This has resulted in the commencement of public speaking workshops for women in

the PNTL. The Vulnerable Persons Unit has also been supported through ongoing mentoring and in their launch of the PNTL National Domestic Violence Campaign.

Management response: In 2015, TLPDP and PNTL will establish a Project Coordination Board to provide direction, guidance and decision making to support the delivery of projects undertaken by TLPDP. This will ensure ownership of projects by the PNTL, mutual responsibility for agreed outputs and outcomes according to the project work plan, and sustainability of activities beyond the end of TLPDP support.

Objective 7

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

This objective was rated amber because while the Governance for Development (GfD) program has responded well to the changes in Timor-Leste Government, there was limited progress on achieving broader reforms within the Ministry of Finance.

Australia's GfD program (\$50 million, 2014-18) aligns with Timor-Leste's *Strategic Development Plan*, which sets ambitious targets to develop the economy and improve service delivery.

However, this requires a strong framework for making economic policy decisions, and translating those policies into sustainable public investments. To this end, the program has two objectives: first to support the Timor-Leste Government to improve public financial management, public administration and other systems that impact on service delivery; second, to help the government improve economic and fiscal policy making so it can leverage better outcomes from its own spending and bolster economic growth.

Opportunities and challenges emerged for the GfD program in 2014-15. Leadership changes in the key central economic ministries provided the opportunity to renew and re-energise reforms, since the new Timor-Leste Government has an ambitious reform agenda. In 2014-15, Australia provided direct support to seven Timor-Leste Government agencies.

Australia supported the Ministry of Finance through the Direct Budget Support agreement and advisory support. This contributed to improvements to the performance culture within the Ministry. Planning and evaluation cycles became institutionalised through a six monthly external assessment of the performance of work units, which is reported to the Minister of Finance. This is the only ministry in Timor-Leste that uses this approach. However, there has been limited progress on the Direct Budget Support goals of: (i) improving the quality of the framework indicators (moving beyond activities to also monitor outcome and output data); (ii) setting more ambitious targets; and (iii) improving the credibility of the evaluation methodology and process.

Australia's public financial management support to the Prime Minister's Office since early 2015 has seen some quick, significant gains, especially in introducing a program budgeting model. Australia supported moves to link agencies' plans with budgets and prepare budgets in a program structure, to bring better coherence to the budgeting. This is a good example of the way that working with central agencies in GfD can benefit the implementation of other aid programs in other Timor-Leste Ministries (such as health and education).

DFAT continued to support the Civil Service Commission to develop a service of the appropriate size and with the right skills. Assistance in 2014-15 has helped embed the use of the human resource management manual and performance management frameworks, which have been rolled out across government through advisory support. Advisory support helped the Commission develop policy options for making better use of existing civil servants, especially by

simplifying the different remuneration frameworks across government and identifying possible approaches to establish agency structures to reflect operational needs.

A partnership with the Australian Bureau of Statistics supported the national statistics agency to undertake the national accounts, a national census and a living standards survey which will provide an estimate of poverty levels in Timor.

To assist the development of the private sector, Australia has provided assistance through.

- The Market Development Facility, a multi-country DFAT program, which within the ten partnerships supported, created additional income of USD 45,000 for 335 farmers (79 women and 256 men) and leveraged USD 946,000 in additional private investment.
- The International Finance Corporation continued to support reforms to further streamline the process to register a business, by extending the reform to all businesses, which is expected to commence in the second half of 2015.
- The Asian Development Bank provided assistance to the National Commercial Bank of Timor-Leste (BNCTL) to improve corporate business planning, strategy and systems so that BNCTL is in a position to increase lending within Timor-Leste. In 2014-15, BNCTL adopted a new commercially-orientated business strategy to expand banking services and lending, particularly in rural areas.
- Technical assistance to the telecommunications regulator to assist their establishment and regulatory policy settings, which has resulted in improved coverage to 95 per cent of the population, better quality service and a one-third reduction in prices, which underpins economic development across the country.

Australia supported Timor-Leste to undertake a Public-Private Partnership to tender for the Tibar Bay seaport construction. The new port, to be constructed from late 2015, should reduce costs and blockages for importing goods and should lower the costs for exporters.

We supported economic reform with assistance to the Office of the Minister of State, Minister Coordinating Economic Affairs. The priorities are to strengthen investment promotion and facilitation to encourage private investment, provide for the first time a bankruptcy framework and introduce a credit registry.

GfD contributes to gender equality by influencing policy frameworks, encouraging behaviour change within ministries and through research and analysis. This includes working with the Civil Service Commission to identify systemic constraints on greater female representation in the civil service (currently only 28 per cent), undertaking an assessment of the administrative and legal policy settings that discriminate against women and supporting UN Women to work with the Ministry of Finance to develop gender-focussed indicators for its five year plan.

Management Response: In 2015-16, DFAT will closely monitor the ambitious reform agenda and target support to areas where the Timor-Leste Government is making progress. We will continue to apply monitoring systems and performance requirements for payments under the budget support mechanism to encourage more reform with the Ministry of Finance.

Objective 8

	Previous Rating	Current Rating
Objective 8: Human and economic development enhanced by communities building small-scale infrastructure that meets their development needs		

The green rating reflects good progress made in the past 12 months, notably in training, assisting with monitoring and evaluation activities and in building broader political support for the National Program for Village Development (PNDS) within Timor-Leste.

PNDS is a Timor-Leste Government community development program that aims to contribute to economic growth and human development at the village level. PNDS provides communities with an annual grant of around US\$50,000 to construct, manage and maintain their own small scale infrastructure projects. These projects include building or refurbishing irrigation channels, bridges, motorbike paths, market places, as well as refurbishment of water systems, schools or health posts. By using the community-driven development approach, the Timor-Leste Government is achieving improvements in local governance, local economic stimulation, increased access to basic services and community empowerment for people living in poverty. By mid-2015, 633 PNDS projects had been constructed in 240 communities, which is on track for end of program targets. In the reporting period more than 38,300 people participated in a PNDS project and more than 22,800 people undertook community-based PNDS training. This training helped build skills to manage and implement the grants; examples of the effectiveness of the training is that 83 per cent of communities demonstrated money management skills in their handling of the grants and 94 per cent of PNDS projects rated as average or good on construction standards during a technical audit.

Australia's PNDS Support Program (\$42million, 2012-17) aims to help the Timor-Leste Government to secure sufficient resources for PNDS, build and improve the use of systems to implement PNDS, and foster leadership and better management practices by PNDS staff. Australia does not contribute funds to the PNDS grants, which are provided in full by the government.

Following the transition to the new government, uncertainty arose regarding the Timor-Leste Government 2015 budget for PNDS. During this period of political change, Australia assisted the PNDS Secretariat to gather evidence on program results. By mid-2015, political leaders re-affirmed high levels of broad support for the work of PNDS, which is an example of Australia's success helping the Timor-Leste Government to secure resources for PNDS. The delays slowed the dispatch of grants for 2015, but Australia adjusted the training program to roll-out more training to PNDS staff while waiting for confirmation of budget.

During 2014-15, gender focal points were appointed at the national and municipal levels to support work outlined in the PNDS Gender Strategy. Women's participation in PNDS at the community level was 41 per cent in the 149 villages involved in phase 1 and 38 per cent in the 91 villages involved in phase 2. This is on target for the goal of 40 per cent of community women participating in PNDS processes.

We continued to provide training for 118 female and 431 male PNDS staff on a diverse range of subjects including gender awareness, computer skills, accounting, motorbike maintenance, and disability awareness. In 2015, the Australian designed community facilitation training module was recognised as a national qualification, giving 79 PNDS facilitators a formal qualification.

Management response: DFAT will support the PNDS Secretariat to secure sufficient budget in 2016 to deliver PNDS.

Objective 9

	Previous Rating	Current Rating
Objective 9: Reduced violence against women and improved support and legal services for women and children affected by violence	N/A	

The objective was rated amber to reflect mixed progress; while the Timor-Leste Government restructure, recruitment issues and budget adjustments led to some delays, the Nabilan: Ending Violence Against Women program has developed strong relationships with key counterparts and is accelerating in its progress towards targets.

Reducing violence against women and improving access to support services for women and children is a new discrete objective that captures the results of DFAT's Nabilan: Ending Violence Against Women program (\$18 million; 2014-18). Implemented by the Asia Foundation (TAF), the initiative works with government and civil society partners on four interlinked pillars of prevention, services, access to justice and monitoring and evaluation. Nabilan contributes to the *Strategic Development Plan* goal of a gender-fair society by reducing the proportion of women who have experienced violence and improving well-being for an increased number of women and children who have been affected by violence.

After difficulty recruiting key staff during the mobilisation phase, Nabilan made progress towards its outcomes from April 2014. The program successfully transitioned existing grant recipients from the previous Justice program. Under the services pillar, 630 new survivors of violence received a mix of medical treatment, temporary accommodation, shelter, counselling, life skills training, and re-integration support by Nabilan delivery partners. Under the justice pillar, 518 new women and children clients impacted by violence accessed legal assistance supported by Australia. Nabilan also funded a Forensic Medical specialist to train hospital midwives and doctors resulting in 14 additional accredited medical forensic examiners in the country (up from 20 existing accredited examiners). In support of prevention Nabilan held its inaugural Learning Lab, attended by 56 participants from a range of stakeholder organisations, which encouraged the use of evidence in prevention work. Under the monitoring and evaluation pillar, the identification of targets has been hampered by a lack of data on the prevalence and perpetration of violence against women in Timor-Leste. Consequently, in 2014-15 Nabilan commenced a baseline survey to support the focus of future Nabilan activities.

The appointment of the new government in 2014-15 impacted on the sector through a number of changes, including the replacement of the Secretariat of State for the Promotion of Equality with the Secretariat of State for the Support and Socio-Economic Promotion of Women (SEM), and the appointment of a new Secretary of State and a new Vice Minister in the Ministry of Social Solidarity (MSS). High-level engagement and coordination in the sector inevitably decelerated while these leaders became familiar with their roles; however, the decentralisation of decision-making within SEM has allowed Nabilan more access to SEM technical-staff and has helped to catalyse stronger mid-level relationships. A key activity going forward will be assisting SEM to review the National Action Plan on Gender-Based Violence towards the end of 2015. As the NAP involves five ministries, coordination between the Timor-Leste Government leadership will be key to sustaining progress in the sector and improving NAP implementation.

A further complication arose during 2014-15 in the form of adjustments to Australia's aid program funding. DFAT and TAF worked closely to find efficiencies in the Nabilan program, which necessarily delayed some progress as budget and work plan revisions were finalised and approved. In addition, Nabilan's implementation partners experienced a decrease in donor funds from other sources with the potential for further funding losses in the future. The impacts of these reductions on Nabilan's future work will become clearer in the coming months.

Management response: DFAT and TAF will use the data generated by the baseline survey to strengthen both DFAT's and SEM's advocacy for resources and better coordination for Ending Violence Against Women within the framework of the National Action Plan revisions before the end of 2015.

Performance Benchmarks

Progress against the pilot performance benchmarks identified in last year's APPR has been mixed (see Annex B). Measuring pilot performance benchmarks this year provided us with an opportunity to test their appropriateness. The targets for Ending Violence Against Women and the Ministry of Finance were assessed as on track, while rural roads, water and sanitation, village infrastructure and police support were partly achieved. However, the benchmark for EAW could be too low as the program as a whole had mixed progress. Likewise, the benchmark for the Ministry of Finance may need some revision following the revised assessment process. One target was changed within the reporting period – the benchmark on TVET trainees and scholarship awardees was not measured as the benchmark will change to rural development from 2015-16, reflecting DFAT's reduced budget for TVET and scholarships. The benchmarks for rural roads and village infrastructure will be adjusted in 2015-16, to reflect the shift to road maintenance and different way of measuring the quality of infrastructure in PNDS. We will discuss the benchmarks with government partners and implementing partners to agree on revised wording and/or targets.

Mutual Obligations

Prime Minister de Araujo in his inauguration speech confirmed his government's commitment to implementing Timor-Leste's framework for development, the *Strategic Development Plan 2011-2030*. The Prime Minister emphasised effectiveness and efficiency of government service delivery: as a first step, he reduced the size of the ministry from 55 to 37 ministers.

At Timor-Leste's annual development partners' meeting in June, the Prime Minister outlined some of his government's key achievements in its first 100 days of office. These included launching infrastructure and irrigation projects, launching the Primary Health Care Package (a commitment to register every household, deliver an immunisation campaign and improve health facilities in communities), and training over 8000 teachers on the new curriculum. The government also launched the 2013 National Accounts, a critical tool for economic policy.

However, meeting the *Strategic Development Plan* objectives has proven challenging for the Timor-Leste Government. Human development concerns persist and government budget allocation to the social sectors has been decreasing. That said, the Prime Minister has made regular public statements on the need for fiscal sustainability and economic diversification to consolidate institutions and improve service delivery. The Ministry of Finance at the 2014 budget workshop (Yellow Road) and the World Bank's March 2015 Public Expenditure Review recommended to cap public expenditure at USD1.3 billion a year. Ministers at the development partners' meeting also provided an outline of these challenges, including diversification of the economy, increased budget efficiency, decentralisation reform, and quality and coverage of services.

Australia and Timor-Leste's mutual obligations are set out in the *Strategic Planning Agreement for Development*. The agreement supports Timor-Leste's *Strategic Development Plan* goals to promote sustainable economic growth through agricultural productivity and rural roads and water and sanitation; increase access to quality education and health services; and strengthen public sector administration. The agreement commits Australia to delivering a program of high quality financial, technical and policy support, with an emphasis on transparency, effective use of resources, and increasing use of national systems over time.

In 2014-15, we made progress on specific commitments through sustained policy advocacy. The Ministry of Agriculture committed financial and human resources to transition two components of Seeds of Life to the Ministry, ensuring sustainability of the program. The Ministry

of Public Works, Transport and Communication committed increased budget in 2015 for rural road and water system maintenance, enabling Australia's support to continue.

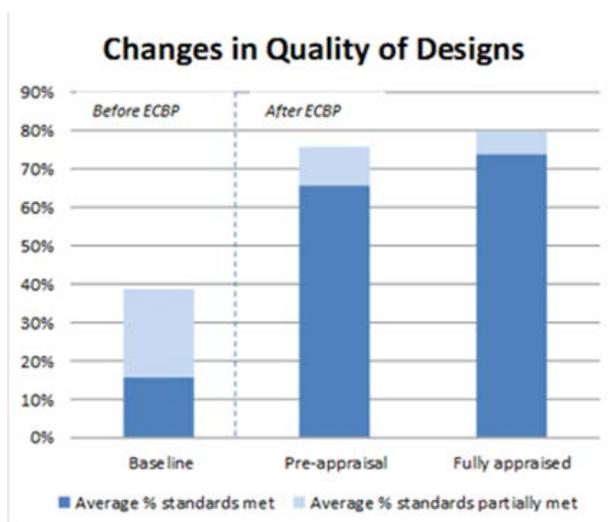
Australia and Timor-Leste progressed the *New Deal* obligation to support government systems through budget support. Based on the performance assessed in October 2014, Australia released the maximum tranche payment of \$4 million to the Ministry of Finance in 2015. We finalised an 'assessment of national systems' report in 2014, which found that while systems are improving, they require more strengthening to expand their use.

Regular consultation is held with all partner ministries, although formal high-level development partnership discussions have not been held since mid-2013. The new Aid Investment Plan will provide a good opportunity to revisit mutual obligations between Australia and Timor-Leste.

Program Quality and Partner Performance

Overview

We continued our long-term investment in improving aid performance management through an Evaluation Capacity Building program. The program is improving the quality of investment design and monitoring and evaluation by increasing generation and use of credible performance information. It does this through staff capacity building, product quality assurance and stronger messaging to implementing partners. Baseline and follow-up assessment of quality of designs



and monitoring and evaluation plans found that the average percentage of standards met by, or partially met by, both these products has doubled since 2012.

We made good progress on consolidation with a 39 per cent reduction in the number of investments since July 2013. This is almost double DFAT's global target for July 2017. Progress is due to the recent closure of a large number of small and 'legacy' investments. There has also been a marked reduction in the number of agreements- nearly

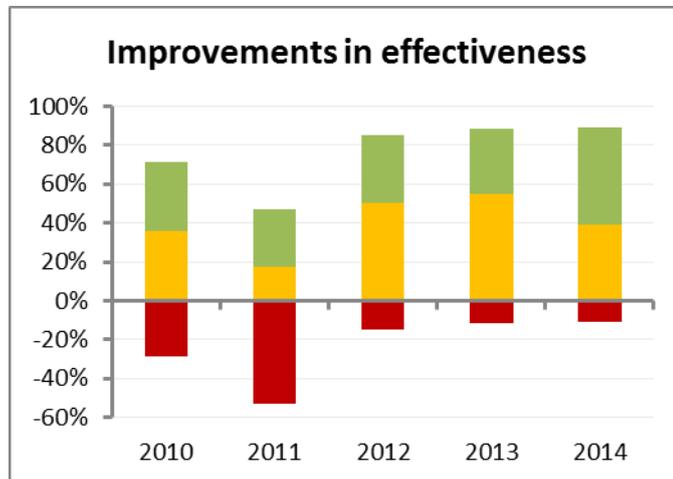
halving over four years. We worked hard to ensure greater efficiencies. In 2015, work commenced on a Human Development contract to support the delivery of our water, health and sanitation, education, gender, disability, social protection and nutrition programs.

A DFAT health check of the aid program in Timor-Leste, undertaken in September 2014, confirmed that it is performing well, despite operating in a very challenging post-conflict environment. Sustained improvement in operations was made since the last Health Check in 2012. It also noted performance management and quality assurance systems have improved and remain a priority; and the Evaluation Capacity Building Program shows encouraging early results in building monitoring and evaluation capacity. The program's investment across all six of the government's priority sectors was judged to be necessary in the short to medium term given Australia's position as the largest bilateral donor and the need for an integrated approach to effect positive change. The health check noted opportunities for further consolidation need to be continually explored.

Analysis of Aid Quality Checks (AQC)

Eighteen investments were assessed through Aid Quality Checks (AQC) in 2015. AQC ratings indicate continued improvement in addressing gender equality - 89 per cent of investments achieved an effective rating, exceeding Australia's benchmark of 80 per cent. This reflects our increased efforts and a number of investments that scored low for gender in 2013 have ended.

Effectiveness of investments has been steady over recent years (double the percentage rated as effective since 2011). Efficiency ratings have continued to improve, and the proportion of investments rated as highly efficient has more than doubled in the past year - reflecting a growing focus within the program on value for money. Monitoring and evaluation (M&E) scores have also improved. It is likely that the Evaluation Capacity Building program has contributed to this. It



can also be explained in part by the completion of investments that performed poorly against this criterion in 2013. Nonetheless, there are still more investments underperforming on M&E than in any other category, requiring our ongoing attention. Sustainability scores represent a good improvement from last year, but are similar to those in 2012. The completion of investments that had low scores for sustainability in 2013 has led in part to the overall improvement.

There are no 'investments requiring improvement' in the program, but there were weaker performers in the education portfolio (two of which are finishing) and the Procurement and Logistics Facility. The Procurement and Logistics Facility contract finishes in 2016 and will not be extended. Future support will be provided under the Human Development contract.

Performance of key delivery partners

We work with a large range of partners in Timor-Leste including the government, NGOs, multilateral organisations and managing contractors. Sixteen Partner Performance Assessments (PPAs) were conducted in early 2015 (eight commercial suppliers, five NGOs, two multilateral organisations and one academic institution). PPA ratings continue to indicate good program management. There were concerns with the efficiency of one multilateral partner organisation, but the relevant program has now completed. There were personnel issues in two implementing partners, which can be expected in a context such as Timor-Leste where it can be difficult to attract high quality personnel.

Australia and Timor-Leste began to implement performance-based budget support to the Ministry of Finance in 2014-15. This moves the assessment to being more focus on outcomes achieved. Australia uses government human resource and procurement systems to implement this program. The audit conducted did not raise any fiduciary risk concerns.

The World Bank Trust Fund is currently implementing five activities in the government. Improvements were made in early 2015 to strengthen Australia's oversight and to generate better buy-in of government to these activities.

Risks

We discuss risks on a monthly basis as part of the management meeting.

Table 3 Management of Key Risks to Achieving Objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)
Political change leads to delays in implementation	Broad and continuous engagement with counterpart ministries at a range of levels to maintain shared understanding and early engagement with new leadership by HOM.	Continue to keep across and respond to changing ministerial priorities where appropriate	-
Timor-Leste Government lack of budget commitment causes poor and unsustainable results	Targeted policy engagement around the annual budget process in key ministries and adapt programs in response.	Programs will realistically assess Timor-Leste Government's contribution and shape the program in response.	High
Disagreements between Australia and Timor-Leste on oil and gas affect the development partnership	Regular dialogue on development program and broad engagement with Timor-Leste Government ministries to deepen the relationship.	Renew high-level meetings with Timor-Leste Government to discuss progress and agree development priorities and sign new Partnership Agreement.	High
Timor-Leste Government continues to spend at an unsustainable rate, reducing budget for social and economic development and potentially causing social unrest	Support for fiscal and economic analysis and reform in the Ministry of Finance, Office of the Prime Minister and Coordinating Ministry for Economic Affairs. Fiscal sustainability analysis that informs sector teams about a likely trajectory for expenditures in key sectors. Dialogue with key implementing and development partners to manage expectations around future sustainable public expenditures.	Continue to engage with key agencies on this risk, support PFM reforms to improve the quality and effectiveness of spending at both central agencies and larger line ministries, conduct and publish economic analysis about constrains to economic diversification.	High

Management Responses

We track progress against management commitments on a monthly basis as part of the management dashboard meeting. The program made sound progress against management responses identified in the 2013-14 APPR (see Annex A). Two management responses were implemented in full and three others partially implemented. We responded to the risk (that eventuated) of political change by engaging early with new ministers and officials in partner ministries and being responsive to emerging priorities. In 2014-15, DFAT completed the Timor-Leste Aid Investment Plan and held discussions with the Ministry of Finance and other key ministries, including during a visit by the First Assistant Secretary, Southeast Asia Maritime Division. Despite political complexities, we progressed the management response on key economic policy challenges and service delivery through our Governance for Development program and sectoral programs.

In 2015-16, we will focus on the following key management issues in response to program-wide opportunities, challenges and risks:

- We will draw on evidence-based analysis to inform dialogue with the Ministry of Finance and key line ministries on policy challenges across all three levels of public finance management: fiscal sustainability, allocative efficiency and operational performance.
- We will build flexibility into programs to respond to Timor-Leste's emerging/changing priorities, where appropriate, while focusing on achieving high level outcomes. We will continue to build trust, strong relationships, and a strong understanding of the political economic context.
- We will agree development priorities with the Timor-Leste Government through an updated Australia-Timor-Leste high-level agreement (to succeed the *Strategic Planning Agreement on Development*).
- We will manage the Australian Official Development Assistance budget uncertainty by maintaining flexibility within the existing program, communicating regularly with partners on budget implications, and focusing on program efficiency through consolidation of contractors. We will take a new approach to strengthening performance by setting up a monitoring and evaluation services provider contractor.

Annex A - Progress in Addressing Management Responses

Management responses identified in 2013-14 APPR	Rating	Progress made in 2014-5
<p>The Post will engage the Timor-Lest Government on the new Aid Investment Plan for Timor-Leste and negotiate new mutual obligations under the existing <i>Strategic Partnership Agreement for Development</i> arrangements.</p>		<p>DFAT completed the draft AIP in 2014-15 and held dialogue with the Ministry of Finance and other key ministries, including during a visit by the First Assistant Secretary, Southeast Asia Maritime Division. New mutual obligations will be negotiated in a revised Partnership Agreement in 2015-16.</p>
<p>The Post will continue to emphasise the importance of robust and evidence based analysis to underpin investment decisions while at the same time ensuring we are thinking and working politically, including by being responsive to key political developments. This will include political economy training for staff and inputs by the Principal Sector Specialist for Governance to sector programs on constraints to improved governance.</p>		<p>The program continued efforts to use evidence in programs by investing in research and monitoring and evaluation and working politically, adapting programs iteratively to respond to the Timor-Leste Government's pace and priorities. DFAT held political economy training for Dili staff in 2014-15.</p>
<p>The Post will engage the Timor-Leste Government on key policy challenges including economic diversification, decentralisation, access to and quality of basic services, and sustainable government finances through improved public financial management. This will include continued efforts to engage the Timor-Leste Government on the national budget process, linking line ministry priorities into national planning and helping the Timor-Leste Government plan for and implement its decentralised local government model using a coordinated approach from all our programs.</p>		<p>Post is addressing PFM issues as a whole-of-systems issue. At the central agency level, we engaged in ongoing policy dialogue with the PM's Office and, increasingly, the Fiscal Reform Commission to raise awareness of the importance of fiscal sustainability. On allocative efficiency, we worked at both the central agency level (MoF, PMO) and the line ministry level (MoH, MoPW, increasingly MoE) to encourage better forward planning and a multi-year approach to new budget proposals.</p> <p>On operational performance at the central level we supported the MoF PFM Capacity Building Centre to implement PFM training programs across government. We provided PFM training in the Ministry of Health, which will link to and reinforce this broader training initiative.</p>
<p>The Post will continue to focus on three key cross-cutting issues: women's empowerment, nutrition and inclusive development.</p>		<p>The post continued efforts to integrate cross-cutting issues. The Gender Working Group met each month to track progress against the Gender Action Plan. A Nutrition Specialist commenced to help integrate nutrition and we designed DFAT's first nutrition-sensitive program, TOMAK. Disability-inclusive development was progressed, although to a lesser extent.</p>
<p>The Post will ensure 90 per cent of priority M&E products are quality assured through the ECB program. A particular focus will be given to improving the credibility of progress reports and evaluations – including a baseline and follow-up study to assess whether this is improving.</p>		<p>79 per cent of products were quality assured through the ECB program.</p>
<p>Objective 1: Water, sanitation and hygiene</p>		<p>Thanks to strong advocacy through BESIK, the Ministry of Public Works, Transport and Communication made a commitment to water system O&M for the first time in the 2015 budget. BESIK continues to support MPWTC to effectively implement the O&M work across Timor-Leste.</p>

DFAT's water and sanitation and community development teams will continue to collaborate to advocate to the Government for alignment of local planning processes, including PNDS, that impact water service delivery.

DFAT has facilitated increased coordination between the BESIK and PNDS-SP contractors with joint meetings and informal collaboration between advisers. While this has been an important step, it has been more challenging to foster coordination on local planning between the relevant Timor-Leste Government ministries. BESIK will continue to advocate for alignment at the Ministerial level.

Objective 2: Rural roads

DFAT will respond to a mid-term review in late 2014 which will address the challenges in government engagement and program sustainability and recommend a way forward that takes into account realistic resourcing of rural roads in the short-medium term.

DFAT's response to the mid-term review agreed to streamline R4D's focus and to consider options for a potential second phase, noting the challenges with resourcing. An independent team undertook an investment concept mission in June-July 2015 to further consider options to present to DFAT.

DFAT rural development team and R4D to jointly work with Governance for Development program to align public financial management and civil service recruitment support to the needs of the roads sector.

GfD hosted workshops convening the relevant decision makers in Ministry of Finance and Ministry of Public Works, Transport and Communication to strengthen budget planning. Work on the Civil Service Commission requires ongoing focus.

Objective 3: Agriculture

DFAT, together with SOL, to continue advocating for better resourcing of the sector, including support for a sustainable transition of activities to Government ownership, and for policy consistency on agricultural markets.

DFAT, through SOL, has secured Timor-Leste Government commitment to fully resourcing Components One (research) and Two (formal seed distribution) of Seeds of Life by 2016 as planned. This is a significant achievement which confirms the sustainability of the National Seed System.

Policy dialogue on agricultural markets has been slower to achieve outcomes.

DFAT to design a new program for implementation from 2016 that builds on the successes of SOL and the ACIAR partnership while moving into new areas, including deeper private sector engagement and more focus on women's empowerment and nutrition.

The design of TOMAK, Australia's new agriculture program, has been approved and endorsed by the Government of Timor-Leste. The TOMAK design will build on the achievements of SOL while deepening engagement with the private sector, women's economic empowerment and nutrition sensitive agriculture. It will begin in early 2016.

Objective 4: Education and training

DFAT will continue to discuss possible support to basic education with the Ministry of Education working responsively to the Ministry's priorities and timetable. This support will be narrower in scope than originally envisioned and in line with our shared focus on improving learning.

DFAT progressed negotiations with the Ministry of Education on new education support, taking care to go at the Ministry's timetable. DFAT and the Ministry in 2015 agreed to focus on teaching and learning at the school level and placed technical specialists in the ministry to progress support.

DFAT will continue to undertake regular budget analysis to inform discussions. DFAT will support Ministry of Education and Secretariat of State for Professional Training and Employment Policy to engage with the MoF when appropriate.

DFAT supported the Secretariat of State for Professional Training and Employment Policy to use labour market information to improve budgeting and planning for their new programs.

Objective 5: Health

DFAT and Ministry of Health will decide on priorities and monitor the new health program at least every six months, through existing Ministry of Health governance arrangements (such as the Council of Directors).

DFAT presented program activities to MoH in October 2014, and has met regularly at the Minister and Vice Minister level in 2015. The amber rating has been given as the program did not use Ministry of Health governance arrangements for these meetings.

DFAT and Ministry of Health will work together in producing a human resources package of support, including addressing the distribution and shortage of midwives and improving the quality of midwifery competencies, under the new health program.



DFAT and MoH designed a human resources package of support to improve the quality and competency of government midwives under the new Health Program. However due to funding restrictions, we were unable to address the distribution of midwives through our current programming. We are working to develop alternative strategies for responding to this need with the MoH Human Resources National Directorate.

Objective 6: Security

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



Following an extended design process, the AFP has commenced implementation of the Timor-Leste Police Development 2014-18, in consultation with PNTL. The new phase of programming builds on the previous phase of support and focuses on governance, operational systems, leadership and management, operational support and gender and training support.

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



This phase of TLPDP uses a stronger mentoring focus where skills delivered through training are applied, monitored and normalised in the workplace.

Objective 7: Public Sector management and good governance

GfD will help build on political economy analysis and understanding of policy-making processes to inform programming decisions across the Country Program. GfD will share learnings and help build skills across the Country Program and with Timorese government counterparts to increase the use of evidence in policy-making.



The GfD team undertook political economy training for the country program in 2014-15, has also had a program of deepening knowledge among country program staff and key counterparts on public finance, economic analysis and public administration through regular seminars. Key Ministry of Finance and DFAT staff were sent on public finance training to deepen knowledge of PFM systems. Key analysis provided to government included the *Public Expenditure Review of Infrastructure*, which has influenced the government's plans to put expenditures on a more sustainable trajectory.

GfD will manage human resource needs by ensuring the right team with the appropriate mix of skills, and using a strategic mix of DFAT staff and advisers.



The implementation of the program has used a strategic mix of DFAT staff, contracted staff and advisers in the context of budgetary pressures but still ensuring coverage of the key public finance, public administration and economic policy areas.

MDF will develop and implement an evidence-based gender strategy.



A Women's Economic Empowerment Framework was developed 2014-15 and is used to inform program implementation.

Objective 8: Village Development (PNDS)

DFAT will develop a partnership agreement with the MAE regarding how support services are delivered and support MAE to assess and improve PNDS systems following completion of the first annual PNDS cycle.



During 2015, a change in Government in Timor-Leste resulted in PNDS shifting ministries. This delayed opportunities to develop a formal partnership agreement, or to renew the current subsidiary arrangement. However leadership discussions and bilateral discussions with the PNDS Secretariat increased during this period, giving PNDSSP ready access to PNDS decision-makers.

Tightening national budget pressure may put stress on PNDS. PNDSSP will coordinate with other DFAT sector programs and support MAE to improve coordination with other line agencies and ensure common understanding of the scope and limitations of PNDS.



During 2015 the Timor-Leste Government budget for PNDS was amended, resulting in a delay in grants dispatch for 202 villages. However, with nimble reactions from PNDSSP and in working closely with the PNDS Secretariat, PNDSSP mobilised additional training at the village level. PNDSSP also mobilised an independent technical audit during this period, to gather information on the construction quality of PNDS to share with other ministries.

Objective 9: Ending Violence Against Women

DFAT will build on and broaden existing strong relationships in Timor-Leste Government agencies, and work collaboratively through the iterative design process to build ownership.



Nabilan has strengthened relationships with SEM and is working collaboratively to promote ownership and understanding of the program. However, the TAG review found that more can be done by DFAT to engage on high-level policy dialogue.

DFAT and TAF will identify clear and measurable targets for intermediate outcomes and monitor systematically to enable demonstration of progress towards the goal of reducing the incidence of violence.



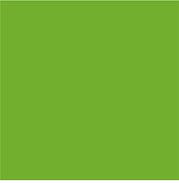
DFAT and TAF were able to develop a Nabilan M&E plan containing intermediate outcomes and indicators that are clear and measurable. However, the lack of baseline data has delayed the identification of targets, and the TAG has recommended further refinement of data collection to ensure the information generated drives the program and promotes its achievements.

Note:

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

Annex B - Progress towards Performance Benchmarks in 2014 -15

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
Objective 1: Improving livelihoods			
300km of additional rural roads are rehabilitated	25km		There were only two rehabilitation contracts in 2014-15 (total length 9.9 km) and have been completed on time. As per R4D monthly report as at July 2015, the physical progress for the 2 rehabilitation contracts have reached 100% and the payment progress have reached 90%. However, the 2014-15 maintenance works (230 km of roads were under maintenance) were delayed because of late signing of the contracts by MPWTC and late start contractors. Furthermore, as the 2014-15 was the first season that R4D started with routine maintenance works, it took quite some time before they started to work effectively. Although the start of the routine maintenance was delayed, this did not adversely impact on road accessibility. In 2015/16 roads under maintenance will increase to 376km. More appropriate target will be % of rural roads network under maintenance each year.
50% of TVET trainees and scholarship awardees are in employment after successful completion of their courses	50% (75 graduates)	N/A	Benchmark changed to rural development reflecting changed budget allocation. The new benchmark will be '40 per cent of farming households in the targeted area will experience a significant increase in income' to reflect the new investment in rural development that will commence in 2015-16.
Objective 2: Enhancing human development			
6500 additional women and girls affected by violence are accessing legal, medical and social support services	1,200 women and girls		1,052 additional women and girls accessed legal, medical and social support services.
80% of village infrastructure built by the National Program for Village Development is rated 'good' against technical standards and assessments	70% (309 villages)		An independent audit of the quality of PNDS- funded infrastructure projects was undertaken in May 2015. The audit rated 94 per cent of infrastructure as average (51 per cent) or good (43 per cent). This audit was more rigorous than previous assessments. This level of rigour is appropriate for the purpose, and DFAT is satisfied with the level of progress for this performance benchmark. DFAT will consider changing the benchmark to include average.
157,000 additional men and women with improved access to clean water or exposure to sanitation and hygiene behavioural change	23,000 men and women		There were 4,300 new beneficiaries of clean water in 2014-15 as BESIK shifted its focus to sustainability of current systems. In addition, 17,300 people gained exposure to sanitation and hygiene behavioural change campaigns. The combined total of over 21,600 new beneficiaries of clean water and sanitation is close to the 23,000 target. The lower result is as a result of BESIK's ongoing shift to supporting operations and maintenance of existing water systems rather than supporting new systems. Further results will be reported for beneficiaries of new systems in

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
programs which Australia has funded or co-funded			2015-16 as the existing water supply works are completed, however the shift to maintenance will result in lower overall numbers in future years.
Objective 3: Strengthening governance and institutions			
80 per cent of the work units of the MoF are rated as a 'B' or higher	65%		The MoF Performance Target Status report from July 2015 rates 74% of work units as a B or higher. However, the assessment process will be reviewed in the latter half of 2015. Australia will be trialling a new, simplified evaluation process that focuses on results. It is possible that, under this new system, not all targets will be met and hence the budget support payment will be reduced. The new system more closely aligns to the EU's existing system and, from April 2016, Australia and the EU will then be using a shared indicator and evaluation – which will likely 'raise the bar' of performance expectations.
Improvements in the rating of police in a small set (4) of specific questions in a yearly national Community Perceptions Survey	Improvement on 1 or more measure		TLPDP has provided The Asia Foundation with support for the addition of four questions to their Community Police Perceptions Survey and to extend the reach of their full instruments across all 13 municipalities in Timor-Leste. Data collection and analysis are underway and a published report is scheduled for November 2015.
Multi-sector performance benchmark			
By 2018-19, the prevalence of stunting among children 0-23 months in target sites reduces by 10% of 2015-16 prevalence.	n/a		DFAT will establish the baseline in 2015-16.

Note:

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

Annex C - Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	AidWorks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
Training and Employment Support Program	INK585	Independent Completion Review	June 2015	September 2015	December 2015	December 2015
Roads for Development (R4D)	INK211	Independent mid-term review	November 2014	November 2015	January 2015	February 2015

List of evaluations planned in the next 12 months

Name of Investment	AidWorks number	Type of evaluation	Purpose of evaluation	Expected completion date
BESIK	INK217	Final Monitoring Review Group	To assess changes to BESIK program following restructure and make recommendations for future programming.	April 2016
Market Development Facility	INL113	Multi-country Independent Progress Review	To assess effectiveness and inform future program	December 2015
TLPDP 2014-18	N/A	Mid-Term Review	To improve existing program; to verify program outcomes	2016

Annex D - Aid Quality Check ratings

The previous investment level performance assessment system utilised Quality at Implementation (QAI) reports. Two criteria, Risks and Safeguards and Innovation and Private Sector, were not assessed in QAI reports and there have been significant changes in AQC reporting this year. Innovation and Private Sector is not a quality standard.

AQC ratings

Investment name	Approved budget and duration	AQC/QAI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Roads for Development	\$39.3m, 2012-2016	2014 AQC	5	5	4	5	4	5	5
		2013 QAI	5	4	4	5	3	5	n/a
Seeds of Life	\$32.7, 2005-2016	2014 AQC	4	5	5	5	5	4	4
		2013 QAI	5	5	5	5	5	5	n/a
Procurement and Logistics Facility	\$8m, 2013-2016	2014 AQC	3	4	3	3	3	3	4
National Program for Village Development	\$45m, 2012-2017	2014 AQC	5	5	5	5	5	6	5
		2013 QAI	5	5	5	5	5	5	n/a
BESIK (water and sanitation)	\$30m, 2012-2016	2014 AQC	5	4	4	5	5	5	4
		2013 QAI	5	5	4	5	4	5	n/a
Ending Violence Against Women in Timor Leste	\$18m, 2014-2018	2014 AQC	6	4	4	4	6	5	5
Basic Education bundle ¹	\$5.4m, 2012-2016	2014 AQC	5	3	4	3	4	4	4

UNICEF Education ⁱⁱ	\$5.2m, 2011-2015	2014 AQC	5	3	3	3	4	4	4
English Language Program	\$5.5m, 2011-2016	2014 AQC	4	4	5	4	4	5	5
		2013 QAI	4	4	4	4	3	5	n/a
Australia Awards	\$20m, 2014-2018	2014 AQC	4	5	5	5	4	5	5
Health Program	\$30m, 2014-2018	2014 AQC	6	5	4	4	5	5	5
ATLASS Phase II	\$7.2m, 2012-2016	2014 AQC	6	5	5	5	5	4	5
		2013 QAI	3	4	3	5	3	4	n/a
MoF Direct Funding Agreement	\$12m, 2014-2018	2014 AQC	6	5	5	5	5	4	5
Market Development Facility	\$7.5m, 2012-2017	2014 AQC	5	4	4	5	4	4	5
		2013 QAI	5	4	4	4	4	3	n/a
Governance for Development (excl.MoF)	\$38m, 2014-2018	2014 AQC	6	5	5	4	4	4	6
		2013 QAI	5	5	5	4	4	4	n/a

FAQC ratings

FAQC scores assess performance over the lifetime of the investment and should not be compared to the previous year's QAI ratings.

Investment name		Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Training and Employment Support Program	\$8m, 2014-2015	4	5	4	3	4	3	3	3
Marie Stopes International	\$8.6m, 2009-2015	5	5	5	6	5	4	5	6
Health Alliance International	\$5.5m, 2009-2015	4	5	4	4	4	4	5	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very good; satisfies criteria in all or almost all areas

■ = 5 = Good; satisfies criteria in most areas

■ = 4 = Adequate; on balance, satisfies criteria; does not fail in any major area

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate; on balance does not satisfy criteria but does not fail in any major area

■ = 2 = Poor; does not satisfy criteria in major areas

■ = 1 = Very poor; does not satisfy criteria in many major areas

ⁱ Not comparable to 2013 as different composition of the bundle

ⁱⁱ Not comparable to 2013 as bundled with other education initiatives