



**Australian Government**  
**Department of Foreign Affairs and Trade**



# **AID PROGRAM PERFORMANCE REPORT 2017-18**

Timor-Leste

Revised October 2018



## KEY MESSAGES

Australia and Timor-Leste are close neighbours, with shared history, geography and democratic values. We also have strong links between our people. Australia and Timor-Leste's bilateral relationship improved significantly with the joint signing in March 2018 of the historic treaty agreeing permanent maritime boundaries. This opened the way for a new chapter in our relationship. In July 2018, our foreign ministers signed a communique on working more closely together, including on shared strategic interests and an enhanced economic partnership.

Timor-Leste experienced political uncertainty in 2017 and 2018, with a minority government and unanticipated parliamentary elections followed by a change of government. This political uncertainty reduced government's ability to implement its policy agenda, pursue reform, and deliver services. Our development cooperation program needed to adapt and respond to shifting government priorities and community needs. We minimised the impact of political uncertainty on the program results by working with a wide range of government and non-government partners, and taking different approaches within programs to respond to new opportunities. We continued to support basic service delivery and modest policy reforms across our three strategic areas – economy, people and society.

We supported Timor-Leste to improve its **economy** by creating jobs and a stronger private sector, increasing rural incomes and helping more people become workforce ready. These are significant results given that Timor-Leste's private sector is small and undeveloped, that in the last 12 months the economy contracted and economic policy reform slowed. Over 2,155 new jobs were created as a result of our programs— many of them in rural areas, and for women and people with a disability. We increased the incomes of 3,762 people (60 per cent women). We supported small business, including by supporting farmers to increase the amount they grow. We helped prepare 914 people for seasonal work in Australia, up from 477 in 2016-17 and 224 in 2015-16.

Our support to improve **people's** lives helped deliver higher quality frontline services, increased the number of people who benefit from services, reaching more than 140,000 people, and ensured that more women and girls are safe and empowered. During a year marked by political instability and limited government spending, we continued to provide much needed basic services which would otherwise have stopped, and supported government service delivery to improve both quality and reach. Our work in education improved teaching practices, we reached 34,938 students which led to more positive learning outcomes. We supported rural water, sanitation and hygiene systems – in Bobonaro municipality 98 per cent of households now have access to toilets, reducing the risk of disease and improving health outcomes. Family and sexual violence prevention messages broadcast over traditional and social media reached over 160,000 people.

We also worked to improve **society**, strengthening government decision-making and its use of evidence to develop policy. Our support for reforms of the government's budgetary system means 25 government agencies now develop and spend their budgets based on service delivery outcomes (rather than on how much they spend on items such as petrol and cars). We also helped the government develop a comprehensive and evidence-based aviation policy that will improve air links, and increase tourism and business opportunities. We continued to support inclusive decision-making at national and subnational levels. However, at the village level, due to a slowdown in government spending, there were fewer opportunities for us to support these processes. Opportunities to strengthen subnational governance, due to delays in finalising subnational legislative reforms. However, we had a positive impact on subnational service delivery in areas where we were able to continue working through existing partners, including on roads and water infrastructure.

Looking forward, we will review areas of slower-than-expected performance in 2017-18, as well as take the opportunity to review and refresh the priorities of the development program, jointly with the Government of Timor-Leste.



## CONTEXT

Australia is committed to a stable and prosperous Timor-Leste. We are a key development partner, and our development cooperation program is guided by Timor-Leste's goals, priorities and areas of work as set out in its *Strategic Development Plan 2011-2030*. Australia's development cooperation program works with government, civil society, private sector and other development agencies and service delivery partners to maximise impact and effectiveness.

Timor-Leste experienced a period of political uncertainty in 2017 and 2018. Parliamentary elections in July 2017 resulted in a minority government that was not able to pass a work program or budget. This meant that government agencies had less money to spend and unclear objectives in key areas, affecting service delivery, policy development and policy implementation. The country returned to the polls in May 2018 and a majority coalition government was elected. Further political negotiations delayed the new program and budget, which extended the period of limited budgets, policy uncertainty and slower service delivery.

Australia and Timor-Leste's bilateral relationship took a big step forward in 2017-18 when we agreed permanent maritime boundaries, opening the way for a new chapter in relations. This new chapter is an opportunity to strengthen ties and deepen collaboration. Our foreign ministers signed a communiqué in July 2018 that will mean our governments work more closely together, including on shared strategic interests and an enhanced economic partnership.

Timor-Leste has made significant gains in economic and social development, and stability since independence in 2002. There is still a long way to go before it meets the development goals in its *Strategic Development Plan 2011-2030*. These goals include reaching upper-middle income status, ending extreme poverty and establishing an economy with a diverse, non-oil base by 2030. Progress towards these goals was slowed by the political uncertainty.

Timor-Leste's human development challenges include high stunting rates, inadequate sanitation and significant maternal and child mortality rates. Literacy rates are low – 70 per cent of children in early schooling are unable to read. Government services are not equally available to everyone, particularly disadvantaged groups and people living in rural areas. Gender equality is a long way off. In 2017, Timor-Leste ranked 128 out of 144 countries on the World Economic Forum's *Global Gender Gap Report*. Fifty-six per cent of men are economically active compared to 27 per cent of women. Three in five women who have been in relationships have experienced violence by a male partner.

The country also has economic vulnerabilities. It remains heavily dependent on public spending, which is fuelled by oil and gas revenue that may be exhausted in the next ten years. Most families are subsistence farmers and experience low productivity and yields – often they do not produce enough to feed themselves and have limited opportunities to make money from crops. Political uncertainty meant less public spending and private investment, which meant lower economic growth and slower economic diversification. Timor-Leste dropped from 173 in 2016 to 178 in 2017 in the World Bank's 'Ease of Doing Business Ranking'. An area of the economy that continued to grow was remittances – Timorese workers overseas are now the biggest economic contributor behind oil and gas.

## EXPENDITURE

In 2017-18, Australia provided an estimated AUD95 million in official development assistance (ODA) to Timor-Leste (compared to AUD93.4 million in 2016-17) – making it Australia's fourth largest recipient of ODA. Australia is Timor-Leste's largest bilateral development partner. In 2018, Australia's development assistance will account for 34 per cent of all declared development support to Timor-Leste and four per cent of Timor-Leste's annual budget. Australia is also Timor-Leste's largest Defence Cooperation Program partner and Timor-Leste is Australia's third largest bilateral police development program partner.

**Table 1 Total ODA Expenditure in FY 2017-18**

Aid Theme	AUD million	% of total ODA
Economy	17.4	18
People	26.0	27.5
Society	13.5	14
General Development Support (including M&E)	12.0	13
<b>Sub-Total Bilateral</b>	<b>68.9</b>	<b>72.5</b>
Regional and Global	16.1	17
Other Government Departments	10.1	10.5
<b>Total ODA Expenditure</b>	<b>95.0</b>	<b>100</b>

## PROGRESS TOWARDS OUTCOMES

Overall, the Timor-Leste program performed well in 2017-18 and progress of all programs is on track. Against the PAF outcomes, seven of nine are rated green, which means results and progress are tracking well. Two of the outcomes require closer monitoring or more data to substantiate progress: ‘more people participate in decision-making’ and ‘improved governance at sub-national levels’.

Australia’s development cooperation program works in-line with Timor-Leste government priorities. We work with government ministries or non-government partners depending on what will be the most effective way to achieve development outcomes.

Despite political change and uncertainty, we were able to continue our long-term work on policy reforms that have broad political support. For example, our Governance for Development program focused on supporting work to continue over successive governments, like public financial management reform. The Partnership for Human Development (PHD) continued to advocate for good policy approaches to survive political change, such as a basic education curriculum based on child-centred teaching practices. This included using evidence to advocate for the use of Tetum as the language of instruction in early education, a policy which was adopted in 2016, removed in 2017 and reinstated in 2018. PHD’s water and sanitation work refocused on municipal level support in light of national-level uncertainty. Our direct government support programs used the period of slower delivery to strengthen systems, processes and strategies, and collect evidence on program impact to use as an advocacy tool.

We were not able to achieve some expected reforms in economic policy and decentralisation, due to delays during political uncertainty. Lower government spending meant that our support in some areas, like family violence service delivery, became more important. Lower government spending also impacted on outcomes in our programs that directly support government service delivery – particularly in rural roads and community-level infrastructure.

# ECONOMY

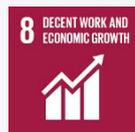
Table 2: Rating of the Program's Progress towards Australia's Aid Strategic Theme - Economy

	Previous Rating	Current Rating
More jobs and stronger private sector	Green	Green
Increased rural incomes	Green	Amber
More people are workforce ready	Green	Green

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

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

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



## OUTCOME: MORE JOBS AND A STRONGER PRIVATE SECTOR

Progress towards this outcome is rated green. While lower government spending reduced private sector growth, impacting job creation, our programs supported two key government programs that created jobs for people in construction. We also improved the business environment in the cruise-ship tourism industry and enabled many more local rural-based road contractors to bid successfully for road contracts, strengthening businesses and creating local jobs.

A strong private sector is essential to build a diverse and stable economy, and to provide business opportunities and jobs to people. Timor-Leste has an 'infant economy', which means it is challenging for new businesses to get established. The economy is also heavily dependent on government spending, which was lower than usual and caused economic contraction.

In 2017-18, our development programs contributed to more than 2,155 new jobs, which is a significant result given the slowing economy. Our support to government infrastructure programs created jobs in rural areas and helped soften the impact of economic contraction. The **National Program for Village Development – Support Program** (PNDS-SP) was the biggest contributor to this result with 1,588 jobs. The **Roads for Development – Support Program** (R4D-SP) created 567 jobs for road workers. For both PNDS-SP and R4D-SP, women represented 30 per cent of these jobs, and for R4D-SP, seven per cent of jobs went to people with a disability. While these are not large numbers, it is a significant achievement in male-dominated sectors in rural areas where job opportunities are limited.

Our **Market Development Facility** (MDF) worked with agriculture, manufacturing and tourism businesses to create jobs, strengthen local businesses and improve productivity in rural and urban areas. In 2017, MDF work resulted in nine new business partnerships, and generated over USD400,000 of additional income for 3,480 people, which benefited 13,804 household members. This is a small increase from 2016, and a significant achievement given the broader economic constraints. In one example, MDF worked with a small-scale commercial farm in Baucau to improve productivity, through better management of pests and more



supervision of staff. After MDF inputs, production of the tomato plants increased and the farm earned an extra USD12,000 (in seven months). This was equal to a quarter of its total farm revenue in 2017. This increased productivity created part-time employment for 42 farm labourers, 68 per cent of whom were women.

Two programs (R4D-SP and MDF) improved the business environment in key sectors – rural roads and tourism. This work will continue to have development impact for many years, as businesses now understand how to get road rehabilitation contracts and access tourist dollars. **R4D-SP** worked with government staff to ensure that contracting systems are more accessible for rural based Timorese contractors (not just large international contractors), by streamlining the process for completing documentation. R4D-SP also worked directly with local contractors to improve their understanding of the technical and financial processes of bidding. In 2017, procurement staff at the Ministry of Public Works led the R4D tendering process and tendered USD1 million in routine maintenance projects to local contractors. Women-led businesses received 55 per cent of these contracts, to a value of USD582,751. This is a significant result given that globally women-owned enterprises receive only an estimated 1 per cent of government procurement funding. **MDF** worked with local tourism related businesses to offer better experiences to cruise ship tourists. It partnered with a local tourism operator to organise cultural festivals to coincide with the cruise-ship visits and worked with local businesses to offer more tour products and services, and provide information about tourist attractions. MDF worked with stakeholders (such as money exchange, the port authority, taxi associations, national police and the tourist information desk) to ensure tourists had a good experience visiting Timor-Leste. From two visits in 2017, the total revenue was USD158,000 for businesses and traders.

## OUTCOME: INCREASED RURAL INCOMES

*Progress towards this outcome is rated amber. Our MDF and Workforce Development programs helped increase rural incomes, particularly for women, although we fell short of the target of 4,900 people with increased income. Our TOMAK program began working with farmers to increase productivity and connect them to markets – the impact of this work will be reported in 2018-19.*

Increased incomes are critical to help rural people support their families, contribute to their communities and increase economic activity. An increase in rural income demonstrates private sector growth, and shows that there are jobs and markets available, as well as people to take up work opportunities. The focus on rural incomes shows that our programs are having an impact in the parts of Timor-Leste most in need of more income and economic development. In 2017-18, our programs directly increased income for 3,882 people, which while less than our target of 5000 was more than expected in a slowing economy. These people were either employed through a business that received support from MDF (as farmers or artisans, for example) or worked in Australia as seasonal workers. More than 60 per cent of these people were women.

The **Workforce Development Program Timor-Leste** (WDPTL) supports the Timor-Leste government to send seasonal workers to Australia to work on farms and in hospitality businesses. The number of workers going to Australia has approximately doubled each year for the last three years (914 in 2017-18, up from 477 in 2016-17 and 224 in 2015-16). Timor-Leste is the third-largest participating country in the **Seasonal Worker Program** and has the highest percentage of women workers (32 per cent in 2017-18). These workers spend most of their earnings (approximately AUD8,000 each) on education and housing. In 2017, we worked with the government to provide more opportunities for people from rural and remote locations to become seasonal workers. In response to feedback from returned seasonal workers in 2016 that they were not well-prepared for life in Australia, WDPTL supported the government to develop and deliver pre-departure briefings. This year the briefings became standard practice for government staff, who are now preparing and delivering briefings without our support. Interviews with seasonal workers have confirmed that they are better prepared and requests for Timorese workers have increased significantly.

Agriculture is a potential key driver of economic growth. Our **TOMAK – Farming for Prosperity** program began working to improve farmer productivity and connection to markets. The program uses demonstration plots



to trial and demonstrate better ways to grow crops that can make money and improve nutrition outcomes. In 2017-18, 47 demonstration plots were set up – showing how to grow shallots, red rice, mung beans and peanuts. Early results show that, compared to traditional practices, TOMAK plots have higher yields, better quality and a more uniform harvest. This means less labour, saving time and increasing income opportunities and potential.

Our PNDS and R4D support programs created construction jobs in rural areas. The infrastructure built by both programs also made it easier for farmers and other small businesses to make money. In 2018, **PNDS-SP** evaluated the economic impact of small-scale infrastructure built by PNDS and found high rates of return. Water projects have saved households on average 1.5 hours (86 minutes) a day collecting water. Farmers using water from new water supplies reported a 12 per cent increase in income from sales of vegetables. For irrigation projects, farmers significantly increased their production and sales. Farmers growing vegetables reported a 271 per cent increase in income and those with fishponds a 456 per cent increase. Since April 2017, **R4D-SP** has supported 303,945 labour-days of short term employment on roads construction, which is worth approximately USD1.52 million in wages to locally-based rural labourers, of whom 30 per cent were women. Rural labourers used this income to renovate or build new houses or kiosks, set up small businesses, and purchase other assets such as motorbikes.

## OUTCOME: MORE PEOPLE ARE WORKFORCE READY

*This outcome is rated green, because we prepared a significant number of people for different kinds of work across programs. Almost 4,000 people have new skills to prepare them for work in a range of sectors. This includes people being ready to do basic construction in rural communities, work in the hospitality sector, participate in seasonal work in Australia and apply post graduate education in senior leadership roles. This means we are having a wide impact across different work areas and levels of society. This is impressive given the broader workforce constraints in Timor-Leste.*

A capable and skilled workforce is critical for Timor-Leste's economic and social future. The workforce in Timor-Leste grows by at least 10,000 people each year, but only about 4,000 jobs were created in 2017. Timor-Leste has the second-youngest population in Southeast Asia, with 39 per cent of people aged below 15 years and 74 per cent aged below 35 years. This youth bulge places pressure on the economy to provide livelihoods for young people, in a context where only 27 per cent of the population are formally employed.

We help increase work readiness by supporting Timorese people to get Australian university qualifications. In early 2018, 17 people (nine females and eight males, including one person with a disability) commenced master's level study at Australian universities with **Australia Award Scholarships**. Sixteen students (nine male and seven female) completed their studies in Australia. Of the 277 Australia Award Alumni in Timor-Leste, 94 per cent are in employment (48 per cent in government, 28 per cent in non-government organisations, 16 per cent in the private sector) and all report they are using their skills gained in Australia. In the recently appointed VIII Constitutional Government, there are four alumni in key positions as ministers or secretaries of state. A further 12 are employed as advisers in key ministries important to Australia's development program. A Workforce Development Strategic Review conducted in 2018 confirmed that DFAT's support for scholarships and alumni makes a small but important contribution to more Timorese being work-ready.

We also work on helping people develop vocational and technical skills. **WDPTL** continued to work with the Secretariat of State for Vocational Training and Employment Policy (SEFOPE) and Charles Darwin University to trial new hospitality qualifications with vocational trainers and then students. Fifteen trainers from training centres across the country can now teach new certificate level III qualifications. These qualifications will be useful to prepare people to work in jobs in the growing tourism sector. Fifteen people with a disability were supported to complete an English language and general work skills course at a local training centre. **WDPTL** set up internships for 12 participants after they had finished the course. Five people have since secured permanent jobs or extended their internships. In response to private sector demands, in 2017-18,

we provided 365 seasonal workers with additional technical skills (for example in modern agriculture techniques) and soft skills (such as driving) to make them more competitive in the labour market and improve productivity.

We helped to prepare new teachers to provide basic education services. Our support to teacher training under PHD resulted in 44 new teachers (11 males, 33 females) graduating with a teaching degree from the Baucau Teachers' College, while a further 71 new students (20 males, 51 females) commenced study. To date, PHD has contributed 182 new qualified teachers (139 female, 43 male) to the education system, trained in child-centred teaching practices.

## PEOPLE

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

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



## OUTCOME: HIGHER QUALITY FRONTLINE SERVICES

*Progress towards this outcome was rated green. Despite slower government spending in 2017-18, Australia's programs contributed to improvement to the systems for service delivery and in the skills of people providing front line services.*

The quality of frontline services has long been hampered by a lack of skilled personnel at both the national and municipal level, insufficient funding, and fractured coordination between government agencies. These constraints were further compounded in 2017-18 during the political deadlock when civil servants were not paid and the procurement of public goods (for example medicines) was delayed. With the attention of senior leadership focused on the political impasse, it was more challenging to achieve systems level improvements, but progress was made. We advocated to maintain government reforms, such as the roll out of the new curriculum.

We work to improve the quality of services where there is government leadership, strong community demand and opportunities to build healthy, educated and engaged communities. In 2017-18, we continued to focus on building the skills and reliability of frontline workers in government and other services providers, including their capacity to tailor services for all. This in turn helps to build trust and encourages people to seek out services, particularly those in remote communities and groups traditionally excluded.

Australian programs trained people to apply professional and technical skills in their work in education, health, water and social work sectors. Almost 1000 people applied new skills in these sectors of which 358 were women. **WDPTL** provided Certificate I, II or III level English language training to vocational trainers and secondary school teachers in rural areas (88 people – half female). This will improve the quality of English language instruction in training centres and in secondary schools in rural areas. PHD partners improved the clinical skills of 270 midwives to better support birthing women in rural areas (on par with last year). Midwives are now better able to provide safe and clean delivery, with over 70 per cent demonstrating through follow-up testing that they had retained and continued to use these skills.



**The Nabilan – Ending Violence against Women (EVAW) program** improved the quality of services for survivors of violence by providing the Certificate III in Social Services (a national level qualification) to more than 40 students from 13 organisations. The course is the first opportunity for people working to support vulnerable people and communities to gain a qualifications. An evaluation in June 2018 found that the course had significantly improved the confidence and skills of participants and had established a recognised social service profession in the country strengthening the much needed referral system for survivors of violence. An additional 110 people from health and social service partners were trained in how to recognise non-accidental injury in clients.

In 2017-18, Nabilan’s partners, with staff with new Certificate III qualifications, delivered 8,243 instances of support and legal services for people affected by violence, including quality legal aid, medical support and examinations, emergency and long-term accommodation, counselling and rehabilitation services. This exceeded expectations.

### Our work on nutrition

Undernutrition in Timor-Leste is a chronic challenge that government and donors are striving to better understand and address. The *2016 Demographic and Health Survey* was published in 2018 and revealed that despite significant donor investment and government campaigns in recent years, many of the causes that give rise to undernutrition persist, particularly lack of access to clean water, sanitation, primary healthcare and adequate food.

Stunting affects 46 per cent of children under five. Only 50 per cent of babies under 6 months receive exclusive breastfeeding – a practice known to contribute enormously to healthy children. Only 13 per cent of children aged 6-23 months receive a minimum acceptable diet. Some people simply don’t have access to enough nutritious food. Changing behaviour requires cultural understanding and sensitivity.

Australia supports a number of nutrition-sensitive investments including reproductive and maternal health with partners encouraging exclusive breast-feeding and taking iron and folic acid, nutrition sensitive agriculture, water and sanitation and systems change. But there is more we can do. A 2017 review of Australia’s nutrition strategy confirmed that nutrition should remain a focus of Australia’s development program – healthy people are better placed to learn and prosper.

In 2018-19, PHD and TOMAK will bring together programs in one municipality (Bobonaro) and introduce nutrition-sensitive messages or activities. This includes smarter messages that link hand washing practices to nutrition through water and sanitation programs, ensuring that primary health care services are equipped to educate clients about good nutrition, and that farmers know which crops are most nutritious for their families, while also supporting the government to coordinate at the municipal level. PHD will also strengthen the nutrition focus of health and water, sanitation and hygiene (WASH) investments.

Australian support resulted in improvements to service delivery systems in the health, education, infrastructure and employment sectors. **R4D-SP** supported a system for ensuring all rural roads works are undertaken without undue harm to people and the environment using social safeguards standards. Government officers now monitor compliance and promote social safeguards standards such as gender equality, health and safety, zero tolerance of sexual harassment, prevention of child labour and disability inclusion on rural road construction sites. As a result, by the end of the reporting period, the program surpassed its minimum target (30 per cent with actual rate at 31.9 per cent) for the percentage of women employed in construction.

**PHD** continued to support the Ministry of Education to implement the basic education curriculum through the Professional Learning and Mentoring Program (PLMP). The curriculum introduces child-centred teaching practises and uses Tetum as the language of instruction. PLMP coaches school leaders to use improved methods to mentor and support teachers. PLMP is now implemented in 309 schools in 8 municipalities



reaching 404 school leaders, 1,581 teachers (671 female; 910 male) and 34,938 students (16,700 female; 18,238 male). During the reporting period the then leadership of the Ministry of Education looked to stop using the new basic education curriculum, due to concerns about language of instruction. Joint advocacy by the Embassy and PHD focused on the importance of building teacher competencies rather than language of instruction, which meant PLMP could continue. In 2017, Australia commissioned the World Bank to conduct a small-scale version of the Early Grade Reading Assessment (EGRA) to assess whether PLMP improved teaching practices. The report concluded that ‘the primary contribution of the PLMP to date appears to be in helping teachers improve pedagogical practice at the level of the classroom. It also seems to have imposed a certain amount of accountability at the school level’. The report also found that proficiency in Tetum contributed to better performance by students.

The **Timor-Leste Police Development Program (TLPDP)**, delivered by the Australian Federal Police, continued to provide assistance to the *Policia Nacional de Timor-Leste* (PNTL). TLPDP supported the PNTL to conduct an assessment of their performance following the 2017 presidential and parliamentary elections. This assessment identified several lessons and informed changes to operational orders in the lead up to the 2018 parliamentary election. PNTL established that extensive community consultations played a significant role in ensuring safe and successful elections in 2017. A key change to the PNTL’s approach was to form four joint PNTL and FFDTL (Timor-Leste Defence Force) teams in targeted locations across Timor-Leste. The PNTL Commander General and Operations Commander, along with the Commander General of the FFDTL and major political figures, also contributed to a joint media campaign on the election process. By combining agency messaging, resources and efforts, PNTL was able to coordinate and lead more effectively on an internal security process, and promote consistency in the quality of policing and security services delivered to communities. In the lead up to the 2018 Election, local security monitor, *Fundasaun Mahein*, stated that ‘the PNTL will once again provide for safe and secure elections...which will be critical for Timor-Leste’s political stability and peaceful development’. The same organisation also acknowledged the AFP and New Zealand Police for ‘their ongoing contributions to PNTL capacity development’.

TLPDP also supported the PNTL to prepare and train officers to improve the quality of policing services to communities. Building on support for the PNTL Police Training Centre (PTC), TLPDP supported the PNTL to establish training facilities in four districts. These training facilities provide greater reach for the PNTL PTC and reduce barriers to women’s participation and leadership in the organisation (because female PNTL officers have identified leaving their districts as a barrier to attending training due to family and childcare related responsibilities). The new facilities are a lower cost and more sustainable option for the PNTL to improve and maintain police officers’ frontline service skills and knowledge. The facilities were recently used to deliver professional development and training in the lead up to the 2018 election.

## OUTCOME: MORE PEOPLE BENEFIT FROM SERVICES

*Progress towards this outcome was assessed as green because more than 140,000 people received services delivered by Australian funded partners in the reporting period, an increase on last year. These services include essential services, like maternal health, family planning, access to water and sanitation, education and social services. Some progress under this outcome is also captured under the outcome ‘More women and girls are safe and empowered’.*

Access to services for many people in Timor-Leste is hampered by difficult geography, bad roads, poor quality and supply and low awareness of services. Where appropriate we substitute services where the government cannot deliver due to funding and capacity constraints. We ensure these services are appropriate for the Timorese context, coordinate with existing government services, and are led by government where possible, and expand services to underserved groups.

In the reporting period, more than 140,000 people received basic services delivered by our partners. This is an increase on last year, particularly in the areas of sexual and reproductive health care and water and sanitation. PHD and partners have supported improved rural water, sanitation and hygiene systems, leading to behaviour change in communities. Bobonaro municipality achieved 98 per cent ODF (open defecation



free) status indicating that 98 per cent of households now have access to toilets. Initiated in 2015, the ODF initiative has reached 101,366 people in four municipalities (Aileu, Ainaro, Bobonaro and Liquica). Work continues to encourage these communities to adopt more hygienic practices such as using toilets and washing hands.

PHD, along with Plan International and WaterAid are helping communities to improve rural water supply systems and encourage positive behaviour change. The ODF model builds on our significant infrastructure investment through BESIK (Timor-Leste Rural Water Supply and Sanitation Program - 2012-2016) and other programs over the past decade, and engages communities to identify and remedy problems with local water supply. More than 4000 households have benefited from repairs or maintenance of existing water systems or new water facilities.

A strategic review of our health investment (the largest sectoral spend) found that our investments have positively affected health outcomes for women and children, and align with government priorities. Australia has worked to re-establish a national ambulance service. A total of 1,339 patients accessed ambulance services funded by Australia in the first half of 2018, one-third of which were obstetric cases.

Australia has supported sexual and reproductive health in Timor-Leste for over a decade. The *Demographic and Health Survey* has shown a significant drop in fertility rates during that period, with more women and families better able to plan their family composition. With Australian funding, Marie Stopes Timor-Leste (MSTL) provided sexual and reproductive health education sessions to 32,531 people from 12 municipalities (21 per cent were men). Our support is implemented with the agreement of the Ministry of Health, in recognition that there is clear community demand, but that government service provision remains difficult. MSTL reported 12,353 family planning client visits across 12 municipalities between January and June 2018, achieving 70 per cent of their annual target in just six months. More than 12,000 young people under 25 accessed information through their National Youth Hotline. This is the only anonymous service for young people to answer their questions on safe relationships and sexual and reproductive health.

With our support, our partner PRADET continued to deliver mental health and psychosocial support services on behalf of the Ministry of Health – the only provider of these services nationally - which included rehabilitation activities, assessment of new clients, referrals and counselling for clients and their families. During the reporting period, 17 clients (seven new) regularly attended PRADET’s rehabilitation centre in Dili. A dedicated mental health counsellor provided intensive counselling services as well as referrals for medical assistance and government subsidies.

### **We support government to provide better local level infrastructure**

Poor quality infrastructure poses challenges for most Timorese people. Two Australian programs provide critical support to government-led programs - **PNDS-SP** and **R4D-SP**. The Roads for Development program rehabilitates and maintain rural roads and PNDS supports communities to build local small-scale infrastructure.

Since its second phase began in April 2017, R4D-SP has helped the government to rehabilitate 17.7 kilometres of rural roads, bringing the total length to 178 kilometres since 2012. Since this time, the government has taken responsibility for maintenance of an additional 552 kilometres of rural roads previously maintained by donors. During the political uncertainty, the roads program continued to rehabilitate roads using funding allocated in previous budgets, but we were not able to resolve a key program constraint (reforming government payments systems)

While PNDS grants were put on hold during the reporting period, PNDS-SP supported the government to finalise 234 lagging projects and to build 14 new rural police houses funded by the New Zealand Aid Program. Between July 2017 and June 2018, the PNDS-SP Field Support Team visited 404 or 91 per cent of all villages to provide on the job mentoring in finance, social inclusion and engineering. Our efforts moved to researching the impact of grants over the past 5 years, and maintenance issues. Research findings strengthens the case for future budget allocations.



*Liga Inan (Connecting Mothers)* has developed a creative way to address barriers to better maternal health – building trust between expectant mothers and health workers. The 2016-17 APPR reported that expectant mothers who participate in *Liga Inan* are more likely to give birth in the presence of a skilled attendant. During the reporting period, more than 15,000 pregnant women enrolled in *Liga Inan*, taking the total number of participants to 33,000. New messages to engage men are developed and pilot testing will commence in 2018. Work will continue to transition this program to the Ministry of Health. Successful behaviour change approaches will be trialled through nutrition-sensitive programs *Hamutuk* (PHD) and **TOMAK**, which completed their formative research during the reporting period and are now developing or testing messages.

## OUTCOME: MORE WOMEN AND GIRLS ARE SAFE AND EMPOWERED

*Progress towards this outcome was assessed as green. We created opportunities for more women and girls to access employment, services and leadership skills and for women entrepreneurs to succeed. We need more evidence across our programs to assess the extent that we are influencing change of attitudes and government to take action to address gender inequality.*

Timor-Leste's progress towards gender equality remains uneven. In the May 2018 elections, women were elected to 40 per cent of the 65 seats in the national parliament, the highest level historically, but were only appointed to six leadership positions. The *2016 Demographic and Health Survey* data showed that women have better access to water, sanitation, education and health care over the last five years. They are also having fewer children and more pregnancies are wanted and planned. But the survey also showed that malnutrition and domestic violence rates for women have not changed and employment opportunities have declined. Women respondents in UN Women's recent Safe Cities study reported that there are no public spaces in Dili where they feel safe. Timor-Leste dropped three places in the *2017 World Economic Forum's Global Gender Gap Report* because of persistent and significant gender gaps in workforce and economic participation.

Australian programs continue to prioritise gender equality and women's empowerment, with gender experts in place in six out of nine investments. Australia's advocacy continued with leading support to high level events including International Women's Day and 16 Days of Activism against Gender-Based Violence and using our social media presence to challenge gender norms.

In the reporting period, partners under our flagship Ending Violence Against Women program **Nabilan** assisted 1060 additional women and girls experiencing violence (on par with last year). Four per cent were women with a disability. Nabilan partners monitored 809 court cases and advocated for improved charging and sentencing in gender-based violence cases, with Oecusse District Court imposing conditional suspended sentences as a direct result.

Nabilan's violence prevention messages were disseminated through conventional and social media and reached more than 160,000 people. Targeted prevention activities delivered between July and December 2017 reached 212 people (122 female, 90 men) and resulted in positive changes in gender equitable attitudes for all participants. Prevention activities were delayed in the first half of 2018 due to overall program budget reductions and the need to prioritise service delivery during a period of reduced government funding. Despite these challenges, Nabilan launched the Change Ambassadors Network with participation from bilateral and NGO development programs, to coordinate approaches and messages on gender equality and violence prevention, for better impact. More could be done through our education and health programs to encourage the prevention of gender-based violence.

The locally-produced film series, *Domin Nakloke*, aims to shift the acceptance of gender-based violence and has reached more than a quarter of a million people online. The films were also screened on national television stations in November and December 2017. Viewer group research measured a significant change in attitudes, with young men in particular showing less tolerance of unhealthy behaviour and use of violence in relationships after viewing the films.

Australia’s community-based programs are building pathways to leadership for women. Water investments under **PHD** have supported women’s leadership for sustainable water management. In one project in Aileu, women occupy leadership positions in 10 out of 20 water management groups. A 2017 report also affirmed the role of PNDS, and our support, in improving community attitudes towards women and preparing them for leadership roles. In the last village elections, 186 women who had been involved in community management teams in PNDS were elected to council positions, and all attributed their election to their involvement with PNDS which had earned them respect and support from their communities.

Our programs generated evidence and research on gender equality issues. **TOMAK** documented case studies on the process and outcome of women’s attempts to negotiate land use agreements for agriculture production; and to use these in a way that influences the quality and security of future agricultural land use agreements for women. GfD also supported the development of a sexual harassment policy for the civil service and the socialisation of this policy among government institutions. In addition, the program provided coaching and leadership training to women leaders in the Civil Service Commission with leaders reporting strengthened management ability, communication skills and understanding of gender equality as a result of their involvement.

R4D-SP and MDF improved economic empowerment of women and created jobs for women. R4D-SP helped increase the rates of participation of women in roads rehabilitation to 30 per cent. In the 2017 Labour Survey report, 93 per cent of female respondents reported that their work with R4D was their first experience working a wage-paying job. Most reported that it had increased their confidence in expressing opinions in the household. **MDF** assisted Dili’s largest supermarket *Kmanek* to design and implement female-run ‘collection centres’ in strategic locations across the country to support farmers to sell their produce. This benefits women because they often travel long distances to market.

#### Reporting on gender quality commitments

Australia’s GfD program helped the Timor-Leste government to improve the way it monitors and reports gender equality commitments across all ministries.

We influenced the Prime Minister’s Office to include gender analysis in expenditure reports produced by government. The first report from the first quarter 2018 showed that the government allocated just 0.63 per cent (USD1.8 million) of its budget to programs that promote gender equality, and only spent one-third of this allocated amount. Making this information available and clear is an important step towards making sure that government policy responds to the needs of women and girls. It also helps accountability – showing where the government is spending compared to commitments, including the national action plans on gender-based violence and women, peace and security and the *Convention on the Elimination of all forms of Discrimination against Women*.

## SOCIETY

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

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



## OUTCOME: MORE PEOPLE PARTICIPATE IN DECISION MAKING

*Progress towards this outcome was rated amber. We continued to support inclusive decision-making at the village level, albeit at lower than expected levels, as grants under the PNDS-SP were suspended by the government during the reporting period. We made progress in strengthening alternative voices in public policy-making. We supported a highly successful inter-ministerial coordination mechanism that resulted in a strengthened national aviation policy, and this model appears to be replicable in other sectors.*

Many civil society organisations and communities benefit from assistance to access policy makers and influence public policy making. There continues to be limited use of evidence and information to support advocacy, or expertise in building coalitions to achieve change. Additionally, some stakeholders within the private sector and government face challenges in influencing public policy processes, particularly due to a lack of inter-ministerial coordination. These challenges were particularly evident during political uncertainty as many policy-making processes stalled.

Australian development programs responded to these circumstances by focusing on policy processes that had bipartisan support, such as civil aviation. There was progress in our efforts to strengthen alternative voices in public policy to promote good governance. For example, we fund The Asia Foundation to convene and support coordination of additional voices in public policy, in particular young leaders.

Australia supported local NGOs to strengthen demand for good governance particularly in relation to the parliament, judicial sector and the security sector. The Judicial System Monitoring Program (JSMP) monitored the parliament and judicial sector, conducted community outreach and strengthened citizen engagement with public decision-making with 491 people in seven municipalities. JSMP strengthened the Parliament's role in monitoring good governance by providing extensive evidence from its court monitoring (four detailed submissions were made to parliamentary committees in 2017-18).

*Fundasaun Mahein* focused on increasing public participation in policy-making processes related to the security sector, including through public consultation events and the publication of five reports on Timor-Leste's security sector. *Fundasaun Mahein* provided submissions to Timor-Leste's Parliamentary Committee on Security, Defence and Foreign Affairs on a number of foreign policy, security and defence issues.

Australia continued to strengthen the voices of people with a disability. In 2018 we supported the International Foundation for Electoral Systems Strengthening (IFES) to partner with Timor-Leste's national disabled persons organisation to train over 100 election monitors to assess how easily people with a disability were able to vote on election day. At the time of writing, IFES was preparing its report on this activity.

PHD supported Timor-Leste's disability peak body to advocate to relevant institutions on the implementation of the national disability policy. They lobbied influential government staff to push for disability inclusive planning and budgeting. PHD also supported community engagement. A total of 1,134 local leaders, community members and families of people with disabilities participated in community-level sessions to raise awareness about disability rights and services across all 13 municipalities. Direct engagement at community level is expected to improve community attitudes and encourage inclusive behaviour towards people with disabilities. PHD also contributed to the formation of the first deaf community association – the Timor-Leste Deaf Association. This is a major achievement towards sustaining advocacy for access to essential services including sign language and formal education for people with hearing disabilities.

### Inclusive development of Timor-Leste's national aviation policy

Safe and secure aviation is a crucial aspect of developing a sustainable tourism industry in Timor-Leste. The Timor-Leste government's economic policies highlight the important link between aviation and economic development, but early drafts of the national aviation policy were developed in isolation by one ministry and didn't address these links. Technical specialists from GfD identified an opportunity to include a much broader range of stakeholders to improve the quality of aviation policy-making.

Our specialists supported an Inter-Ministerial Working Group on Aviation that resulted in a comprehensive and evidence-based aviation policy adopted by Timor-Leste's Council of Ministers in mid-2017. The working group included senior representatives from all government institutions with a stake in aviation (finance, public works, infrastructure, tourism and the aviation regulator). It consulted extensively with non-government stakeholders (including airlines, tourism operators, private sector and international organisations) and considered lessons learned from the development of aviation sectors in Pacific island nations.

As a result, the policy-making process was highly inclusive and the final policy adopted by government was informed by evidence and is consistent with national priorities (such as aviation safety and security, and development of the tourism sector). Implementation of the policy, which we will support, will lead to a safer and more sustainable aviation sector that supports people movement, tourism and business links.

## OUTCOME: IMPROVED GOVERNANCE AT SUBNATIONAL LEVEL

*Progress towards this outcome was rated amber. We had a positive impact on subnational service delivery in areas where we were able to continue working through existing partners, such as municipal data collection, roads and water infrastructure. However, subnational legislative reforms were delayed due to political uncertainty at national level. This limited opportunities to strengthen municipal-level systems through engagement with and support for the decentralisation process.*

Successive Timor-Leste governments (VII and VIII Constitutional Governments) have not yet finalised policies and processes to decentralise government functions and service delivery responsibilities from the national level to the municipalities. Following the May 2018 election, there were delays in finalising government structures and ministerial appointments relevant to the decentralisation process. At the time of publication, the minister responsible for overseeing subnational governance had not yet been appointed.

Australian development programs responded by continuing to improve subnational governance through sector specific interventions (such as water and roads), and by continuing with internal planning so that we will be ready to support the decentralisation process once government policy is finalised and relevant government counterparts are in place.

During the reporting period our support to the government's **PNDS** program strengthened the role of municipalities in management of the program, through decentralisation of data management. Previously staff collected data manually, which was labour intensive, prone to error, and captured only some of the relevant data. In 2017, the shift of data management to the municipal level was complete, making it possible for municipal staff to track expenses more closely, and follow-up any discrepancies with expected spending. As a result of the support provided by PNDS-SP, municipal-level program staff have increased program management skills.

**PHD** worked closely with municipal water services in Bobonaro to support community-led operations and maintenance of rural water supplies where 86 per cent of communities had a water supply but only 57 per cent were fully functioning. PHD supported the assessment and prioritisation of rural water supply repair needs. The program then worked closely with Municipal Water Services to improve management of recurring costs and bolster local capacity to repair, operate and maintain systems in 39 different



communities. This was accompanied by an increase in female leadership within the groups. Municipal-level facilitators now lead the process of prioritising and managing operations and maintenance. Water access has been improved for 10,653 individuals across 19 communities in Bobonaro.

**R4D-SP** continued to build technical capacity at the municipal level to plan, procure, and manage rural road projects. The early findings from the mid-term review report that trained counterpart staff at the municipal level have gradually assumed responsibility for day-to-day implementation roles in procurement and contracts supervision and management of R4D projects implementation. This was achieved through training and on-the-job coaching for 12 municipal chiefs, 24 supervisors, and 13 community development officers across all 13 municipalities.

The **TLPDP** continued to support the PNTL to strengthen governance mechanisms at national and sub-national levels. During 2017-18, TLPDP supported the PNTL Office of Audit and Inspection to undertake an audit of PNTL Unit & Command Administration sections. Audit recommendations identified several issues, including in the acquittal and reporting on petty cash and cash advances. TLPDP supported the PNTL, working closely with the Ministry of Finance, to translate and summarise relevant legislation from Portuguese to Tetum and distribute the information to finance focal points in each PNTL unit. TLPDP also advocated for PNTL Executive attention and action on the issue in meetings with the Chief of PNTL Finance. The Chief of Finance acknowledged the organisation was vulnerable and as a result directed officers to develop and deliver PNTL finance workshops. The workshops have led to a greater awareness and understanding of financial policies, legislation and requirements amongst PNTL officers.

## OUTCOME: BETTER DECISION-MAKING AND EVIDENCE BASED POLICY

*Progress towards this outcome was rated green, because Australia has helped strengthen systems and improve policies across government, and has contributed to their effective implementation. Australia has supported more inclusive and evidence-based policy-making processes through direct assistance to policy-makers, as well as supporting the production of evidence and consultation with a broad range of stakeholders. Policy areas in which Australia has provided assistance include economic policy and skills development, health, nutrition, and gender-based violence.*

The effectiveness and reach of many government services and policies in Timor-Leste continue to be constrained by a number of factors. These include a lack of access to information and expertise to inform evidence-based decision-making within government, as well as limited inter-ministry coordination. The absence of an approved government work program for a significant part of the reporting period resulted in limited possibilities for achieving policy reforms in some areas. Throughout this period people working outside the government found it particularly challenging to engage with government to advocate for effective policies.

Despite this challenging set of circumstances, Australian programs strengthened government systems and policies and increased available evidence across different programs. This was achieved by working at the technical level on systems and policies that had bipartisan support.

The **GfD** program continued to support the Timor-Leste government to reform its public financial management system. We provided technical expertise to the Prime Minister's Office to strengthen how government ministries plan, manage and report on their finances. For the first time, 25 service delivery agencies (including health, education and agriculture) reported their expenditure against program and service delivery outcomes, rather than reporting how much they spent on inputs (on items such as fuel and cars). This resulted in improved budget management practices, including a reduction in unplanned re-allocation of budgets, and a decline in 'emergency projects' initiated to fund recurrent costs. We helped improve the quality of the government's financial reporting and strengthen its ability to monitor progress against policy objectives.

In 2017-18 **Nabilan** supported the Ministry of Social Solidarity to update Standard Operating Procedures (SOPs) on case management and referral of victims of gender-based violence. In contrast to previous SOPs which did not align with current policy and legislation and were not in use, service



providers have reported that the new SOPs (produced in Tetum and English) are now in everyday use. The SOPs incorporate best practice, include a detailed referral pathway, align with national laws and include new guidance on working with people with disabilities and assessing risk.

The research and data produced and disseminated by Australian development programs during the reporting period also increased the volume and quality of evidence available to decision-makers in Timor-Leste. **WDPTL** supported government counterparts to collect, analyse, and interpret labour market data, and conducted an enterprise skills survey. **TOMAK** conducted research on the marketplace and into social norms, which will inform future work to make market places safer and inclusive for women. **Nabilan's** baseline study on gender-based violence (published in 2016) informed Timor-Leste's new *National Action Plan on Gender-Based Violence (2017-2021)*. **PHD** provided technical support to the Ministry of Health to roll out its web-based health information system (HIS) in six additional municipalities to ensure that health data can be captured nationwide. Australia also supported the *2016 Timor-Leste Demographic and Health Survey*, published in 2018, which is a valuable data source for government, donors and service providers.

**GfD** supported a variety of research projects and used targeted dissemination strategies to make sure this evidence was easily accessible to decision makers. For example, GfD supported Monash University to produce a report on labour market productivity in Timor-Leste. This report has informed policy-making on a range of economic issues, including in relation to coffee sector development and manufacturing, and Timor-Leste's *Economic Diversification Strategy*. Monash reports were also utilised widely by civil society, and spurred the development of locally-led economic research.

## MUTUAL OBLIGATIONS

Our mutual obligations for development are set out in the *Timor-Leste Aid Investment Plan 2015-2019* and the *Strategic Planning Agreement for Development*, signed in November 2011 by the governments of Timor-Leste and Australia. Both governments are committed to work in partnership to achieve development priorities in Timor-Leste's *Strategic Development Plan (2011-30)*. Mutual obligations will be refreshed in 2018-19, as part of the recommencement of the annual senior officials meeting and the preparation of a new Aid Investment Plan for 2019 to 2024.

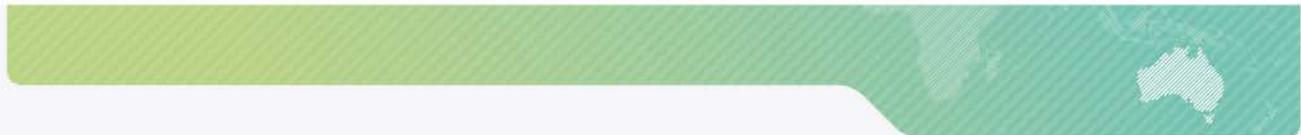
In line with Australia and Timor-Leste's commitments under the *New Deal for Engagement in Fragile States*, our programs work to strengthen and support Timor-Leste government systems. This includes support under GfD to a range of government agencies to improve policy-making and service delivery. In 2017-18 we helped strengthen public financial management systems across government as part of implementing the government's *Roadmap of Budgetary Governance Reform*. The implementation of this roadmap has improved the effectiveness and efficiency of the budget, and program planning, decision-making and reporting across government.

We also support Timor-Leste government programs that build and maintain rural infrastructure – PNDS and R4D. In both programs the Timor-Leste government provides the capital funding that pays for construction, as well as people to run the program. Australian support helps the programs run more effectively, including assistance with planning and policy, training and increasing staff capability, and support to implement the program across Timor-Leste. The mutual obligations that underpin these investments help Timor-Leste deliver effective rural infrastructure, while also ensuring the efficiency, value for money and impact of Australian development funding.

## PROGRAM QUALITY AND PARTNER PERFORMANCE

### Overview

In 2018, the Timor-Leste program finalised its Performance Assessment Framework (PAF, **Annex E**). The PAF sets out three strategic themes that underpin Australia's assistance – economy, people and society – and nine outcomes that show our progress. The PAF uses 19 quantitative and qualitative indicators to



demonstrate performance – instead of reporting performance on a program by program basis, we draw results from multiple programs and group them by outcomes. This helps us to assess performance against what we are trying to achieve across the program, rather than looking at individual project results. This report is structured against the PAF. In 2018-19 we will finalise future year targets for our indicators and develop a new Aid Investment Plan that aligns with Government of Timor-Leste priorities and is informed by data collected under the PAF.

We conducted four reviews in 2017-18 to help us make sure our programs are effective and efficient, and that we are achieving the cross-program results we expect. The program reviews included health activities under PHD, workforce development, nutrition and a mid-term review of our R4D support program. The health review will inform a design for health activities in early 2019. The R4D-SP review will help us make a decision about future support. The strategic-level nutrition review assessed whether we have the right strategies to help combat malnutrition. This review will support development of further nutrition-related work across Australian program. In 2018-19 we will undertake a strategic assessment of our private sector development work, as well as begin a mid-term review of our GfD program. We will also undertake an aid health check in late 2018 to assess our development program approach and systems and to prepare for the new Aid Investment Plan. A forward evaluation pipeline is outlined in **Annex C**.

### Aid Quality Checks (AQC)

The AQC results in 2018 confirmed that Australia’s development program remains relevant in Timor-Leste. Despite political uncertainty in Timor-Leste during 2017-18, investment performance was maintained at levels that were satisfactory or better (see **Annex D**). These ratings reflect investments that are well-established, and are able to adapt to a shifting political and economic context, and respond flexibly to changing government priorities. While investment level performance remained strong, we did not achieve hoped-for overall program performance outcomes (**Annex B**).

The AQC process identified climate change analysis as a key gap across all our investments. In 2018-19, the program will undertake a climate change risk and vulnerabilities assessment to identify resilience issues for all investments, but particularly those in the agriculture, water and infrastructure sectors. The findings from this work will be used both in those investments’ annual planning processes and in the design of future phases.

The Timor-Leste program maintained its 100 per cent satisfactory performance rate on gender, with the majority of investments either good or very good. This reflects the strong gender focus of the bilateral program, with good levels of sex-disaggregated data and cross-cutting work that M&E House has done on gender (see box).

### Monitoring and Evaluation House

M&E House is an innovative and unique model of M&E support for our development assistance program. M&E House works with DFAT and implementing partners to improve M&E and program performance across the aid portfolio, while also helping us tell a better impact story. M&E House opened its doors in January 2017. Since then, it has developed a new PAF to measure the shared outcomes of all programs. It has improved investment level M&E tools and processes, so that M&E is fit for purpose and has a consistent style across all programs.

There have been unintended benefits of the M&E House model too. Whole-of-program discussions on M&E facilitated by M&E House have deepened and strengthened links and partnerships across different programs. A good example of this is the gender and social inclusion workshop facilitated by M&E House, which built on existing good work through our gender and disability working group. DFAT staff and implementing partners shared successes and planned activities for better collaboration on inclusion issues within Australian programs and on advocacy with the Timor-Leste government.

## Performance of key delivery partners

We continued to work with a range of partners in Timor-Leste to deliver our investments, including private sector contractors, civil society, multilateral organisations and other government departments. We conducted eight partner performance assessments for six commercial suppliers, one civil society organisation, and one multilateral organisation. Results show Australia's partners are effective and that we are achieving value for money in these partnerships. The majority of Australia's development assistance to Timor-Leste is delivered through contractors. While a much smaller percentage of our development assistance was delivered through multilateral organisations and civil society organisations, they remain important partners.

## RISKS

Table 5: 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?	Risk Rating (low, medium, high, very high)	Post's Risk Register (Yes/No)
Political or bureaucratic uncertainty continues to affect program implementation	Close engagement with counterpart ministries. Where appropriate, we responded to new priorities and provided technical assistance.	Risk remains in 2018-19. Work to understand the government's priorities. Proactive engagement with government officials at several levels.	High	Yes
Discussion between Australia and Timor-Leste on maritime boundaries affects the development partnership	Close communication with central and line ministries (at all levels) in the lead up to the signing of the Maritime Boundary Treaty, culminating in a high level visit to reset bilateral relations.	Risk remains. Strong relationships with key government counterparts is important. Provide quality advice to aim to be partner of choice. Enhance public diplomacy efforts.	Medium	Yes
Timor-Leste government expenditure constraints undermine social and economic development	Proactive engagement with Timor-Leste government and continued support to government central and key economic agencies to progress reforms and improve systems. Support to budgeting reforms has increased the information available about spending priorities in 2017.	Expenditure constraints are likely to continue and approval of Timor-Leste government's programs and budgets may be delayed. Continue to advocate to the government on fiscal sustainability and budget commitments for service delivery, human development, and economic diversification. The GfD program will continue to support public financial management reforms to strengthen the link between planning and budget allocation decisions.	High	Yes
Non-compliance with DFAT policies puts program outcomes at risk (especially fraud and child protection)	Updated DFAT risk registers for all investments.	Oversight and monitoring of DFAT staff and implementing partners to ensure compliance with relevant policies. Regularly review risk registers.	Medium	Yes

The overall risk to the Timor-Leste development program has remained similar. There have been improvements in the bilateral relationships with the agreement of Maritime Boundaries in March 2018. However, a risk remains while the development plans for Greater Sunrise oil fields are not confirmed.



## MANAGEMENT ACTIONS

The program made sound progress on the management responses identified in the 2016-17 Aid Program Performance Report (see **Annex A**). While political uncertainty in 2017-18 affected our program, we worked with partners to adapt and respond to shifting government priorities and community needs. Out of the eight management actions from 2016-17, we were able to progress four, while four were partly achieved.

In 2018-19, Australia's development cooperation program will:

- Agree a new development Memorandum of Understanding with Timor-Leste as part of the newly established Senior Officials Meetings. This will be an opportunity for both governments to refresh mutual obligations.
- Prepare a new Aid Investment Plan, which will be informed by economic and political analyses and a climate change risk and vulnerabilities assessment. In developing the new AIP we will engage closely with the Timor-Leste government to ensure development priorities and approaches to delivery are agreed
- Undertake a health check of the program to review efficiency, management and governance arrangements
- Sharpen our focus on improving nutrition as a cross-cutting objective
- Improve the following 'amber' outcomes, including by managing the impact of any continued political or policy uncertainty on programs:
  - increase rural incomes
  - more people participate in decision-making
  - improved governance at sub-national levels.

# ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Describe progress made against management actions in 2016-17 report

Management actions identified in 2016-17 APPR	Rating	Progress made in 2017-18
Engage closely with the newly elected Timor-Leste government to understand priorities and manage bureaucratic and political changes that may affect our programs. We will remain responsive to new opportunities and strengthen our partnership through effective and regular policy dialogue.	Achieved	Over the past 12 months, with a minority government and unanticipated parliamentary elections there has been continuous political uncertainty. To implement our programs, we have worked more closely with lower level officials. As a result of this, and due to the in-built flexibility of the GfD program, we have responded to new opportunities and managed the impacts on our investments.
Continue to strengthen coordination with the Timor-Leste government and donor partners to improve coordination of policy advocacy efforts and maximise development cooperation effectiveness.	Partly Achieved	Timor-Leste government coordination with donors, at the whole of government level, was limited as a result of the political climate (last Annual Development Partner Meeting was in July 2016). In 2017-18, donors held regular informal meetings, in lieu of Timor-Leste government coordination. These meetings have ensured donors are aware of mutual priorities. Timor-Leste government coordination with donors is stronger in some specific sectors, for example we assist the Ministry of Agriculture to convene regular stakeholder meetings.
Continue policy advocacy efforts with the Timor-Leste government and closely monitor R4D and PNDS to ensure adequate resource commitments and program progress based on mutually agreed commitments.	Achieved	We advocated with new government counterparts to ensure the new 2018 (and 2019) budgets allocate adequate resources to R4D and PNDS. At the time of writing, the Timor-Leste government is yet to publish the 2018 budget in Parliament.
Finalise the new PAF and indicators (including targets) for the Timor-Leste program with M&E House and use this as the reporting framework for the 2017-18 APPR.	Partly Achieved	In 2018, the new PAF was finalised, along with performance indicators. While the 2017-18 targets (at Annex B) were not finalised in time to be used to assess progress against those indicators in this APPR, future year targets will be in place to be used for the 2018-19 APPR and beyond. In 2019, in consultation with GOTL, we will prepare a new Aid Investment Plan that aligns with the PAF.
Continue policy advocacy for increased funding for support services to survivors of violence, as part of our Nabilan program, and pay particular attention to progress on the roll-out of gender-specific programming under the Partnership for Human Development to improve performance against outcome 'more women and girls are safe and empowered'.	Partly Achieved	We have advocated with new government counterparts for increased spending to deliver the GOTL <i>National Action Plan on Gender Based Violence (2017-21)</i> and support services to survivors of violence. However, due to political uncertainty during the past year, progress has been limited. We have worked closely with implementing partners to strengthen the gender-specific programming under PHD. Some progress has been made and in 2018-19, additional support will be provided to continue this work.
Continue to engage with the government on the planned decentralisation process and consider how the Australian development cooperation program can best support this process to improve performance against outcome 'improved governance at subnational level'.	Partly Achieved	Timor-Leste government's decentralisation policy has not yet been confirmed, as a result of political uncertainty in 2017-18. Within this political climate, advisers under the GfD program worked where possible with the Timor-Leste government to progress the decentralisation process. This work has placed the program in a good position to assist the government in the future.
Closely monitor newer investments (Partnership for Human Development, TOMAK and M&E House) to ensure they continue to perform effectively.	Achieved	Close monitoring has included more regular management meetings with the contractors and greater engagement of DFAT senior management in tracking progress. 2018 AQC's confirm the effective performance of TOMAK, M&E House and PHD. PHD was also involved in a number of reviews including health programming, a cross-program nutrition review and a multi-country facility review. There will continue to be close coordination between DFAT and the contractor to implement review findings.
Review and undertake a strategic analysis of workforce issues and the TVET sector in Timor-Leste to inform future programming in workforce development.	Achieved	Review completed and published on website. Review findings have been used in the preparation of a Concept Note and Statement of Requirements (for the Request for Tender) for the new workforce development program. Review findings will also be used by the successful contractor when developing the design for the new program.

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

## ANNEX B – PERFORMANCE BENCHMARKS

### Progress towards Performance Benchmarks in 2017-18

The following performance benchmarks reflect some achievements in 2017-18.

Strategic theme	Outcomes	Performance benchmark	Rating for progress in 2017-18	Progress made in 2017-18	Targets for 2017-18
Economy	More jobs and a stronger private sector	Number of new jobs created	Green	2,155	1,500
	Increased rural incomes	Number of people with increased income	Amber	3,882	4,900
	More people are workforce ready	Number of people with work ready skills	Green	3,922	3,500
People	Higher quality frontline services	Number of people who use improved skills to deliver better quality services	Green	858	1,700
	More people benefit from services	Number of services provided	Green	144,462 (most of these people benefited from improved sanitation and water systems, or received family planning information systems, or students who benefit from improved teaching practices)	170,000
	More women and girls are safe and empowered	Number of women and girls who experience violence accessing essential services	Green	8,243	8,700

**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 PLANNING

### List of evaluations completed in the reporting period

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
Across relevant Timor-Leste programs	Nutrition Evaluation	December 2017	March 2018	March 2018	March 2018
INL092 Workforce Development Program	Timor-Leste Workforce Development Strategic Review	June 2018	July 2018	July 2018	July 2018
INL910 – Partnership for Human Development	Health programming	December 2017	September 2018	September 2018	September 2018

### List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Mid Term Review - Roads for Development – Support Program	INK211 - Roads for Development – Support Program	February 2018	September 2018	To assess progress and inform decisions about future support.	DFAT led
Review of Australian Assistance to Private Sector Development in Timor-Leste	Across relevant Timor-Leste investments	May 2018	December 2018	Consider the effectiveness and relevance of DFAT's investments in private sector development in Timor-Leste	DFAT led
Governance for Development Mid-Term Review	INL073 - Governance for Development	May 2019	December 2019	The evaluation will inform new programming, demonstrate results / outcomes and examine value for money.	DFAT led

## ANNEX D- AID QUALITY CHECK RATINGS

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

Investment	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
INK211 - Roads for Development - R4D	AUD62m 2012-21	2018 AQC	5	5	4	4	4	5
		2017 AQC	5	4	3	4	4	4
INL676 – TOMAK- Farming for Prosperity	AUD25m 2016-21	2018 AQC	6	5	5	4	4	5
		2017 AQC	5	5	4	4	4	6
INL910 - Partnership for Human Development	AUD120m 2016-21	2018 AQC	5	5	4	4	5	4
		2017 AQC	5	5	4	4	5	4
INK784 - National Program for Village Development – Support Program	AUD26m 2012-19	2018 AQC	5	5	5	5	5	5
		2017 AQC	5	5	5	5	5	6
INK815 - Ending Violence Against Women	AUD18m 2012-22	2018 AQC	6	5	5	5	5	6
		2017 AQC	5	5	4	5	4	6
INL073 - Governance for Development	AUD14m 2014-21	2018 AQC	5	5	5	5	4	4
		2017 AQC	5	5	5	5	5	5
INL092 - Workforce Development Program	AUD13m 2014-18	2018 AQC	5	5	4	5	4	5
		2017 AQC	5	4	4	5	5	4
INL911 – Monitoring and Evaluation House	AUD9.5m 2017-20	2018 AQC	5	5	4	6	4	4
INL113 - Market Development Facility	AUD8.6m 2013-22	2018 AQC	5	4	5	4	4	5
		2017 AQC	6	5	4	4	5	5

### Definitions of rating scale:

Satisfactory (4, 5 and 6) ■ 6 = Very good; satisfies criteria in all areas. ■ 5 = Good; satisfies criteria in almost all areas. ■ 4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3) ■ 3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area. ■ 2 = Poor; does not satisfy criteria in major areas. ■ 1 = Very poor; does not satisfy criteria in many major area.

# ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

## PAF Timor-Leste 2018

### Economy

More jobs and a stronger private sector

Increased incomes

More people are workforce ready

### People

Higher quality frontline services

More people benefit from services

More women and girls are safe and empowered

### Society

More people participate in decision-making

Improved governance at sub-national level

Better decision-making and evidence-based policy

### Strategic Questions

Are we doing the right things to improve nutrition?

How well are we supporting and responding to women, girls and people with disabilities?

