



Republica Democratica de Timor-Leste Annual Program Performance Report 2011


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This report summarises the progress of the Australian Government's aid program in Timor-Leste in 2011, which is implemented in accordance with the Australia-Timor-Leste Country Strategy 2009–2014 and Strategic Planning Agreement for Development 2011.

Context

2011 was a significant year for Timor-Leste with the release of the Strategic Development Plan 2011–2030 by Prime Minister Gusmão and the continued increase in public expenditure through the budget. The plan provided a new foundation for government policy making and was released in August after more than a year of consultation with communities. In its own words, the plan 'is a 20 year vision that reflects the aspirations of the Timorese people to create a prosperous and strong nation. The plan has been developed to inspire change, to support bold collective action and to plan for a better future'.

The plan is looking to build on development outcomes that have been achieved to date while also recognising that after five years of stability and strong economic growth, progress against the Millennium Development Goals (MDGs) has been mixed and poverty levels remain high.

Government spending, drawing on revenue from East Timor's Petroleum Fund, has been the principal driver of Timor-Leste's strong economic growth. In 2010, non-oil Gross Domestic Product (GDP) grew by 9.5 per cent, a slightly lower rate than the previous three years.¹ Under the strategic development plan, government expenditure will continue to increase for the next five years and will remain major contributor to GDP growth. Much of it will be for significant investments in infrastructure linked to the economic development priorities of the plan.

Strong economic growth and increasing public expenditure has led to progress in some MDGs and to some poverty reduction, however outcomes have varied widely. Timor-Leste recorded the world's largest reduction in child mortality between 1990 and 2010, and is on track to achieve MDG 4 (reducing child mortality). However, children living in rural areas are still among the most malnourished in the world and rates of maternal mortality—at 408 to 709 per 100 000 live births—are the highest in the region.² This will make it difficult to comprehensively achieve MDGs 1 and 5.

Unemployment across the country is high and with 53 per cent of the population under 19 years of age, youth unemployment is of particular concern.³ In rural communities, most people are subsistence farmers and there is little opportunity for young people. The main urban centres have levels of youth unemployment of around 43 per cent reflecting increasing migration from rural areas to Dili by young people who then fail to find work.⁴ Should this trend continue, a key risk that might emerge is a large population of disenfranchised and under-educated youth concentrated in Dili. The government is being proactive and there are a number of employment programs targeting short-term work and skills. Labour intensive initiatives in partnership with Australia, such as road

¹ Timor-Leste's National Accounts 2004–2010, Volume I, Ministry of Finance, April 2012.

² Timor-Leste Demographic Health Survey, 2009–10.

³ United Nations Development Programme, Timor-Leste Human Development Report 2011, p. 13.

⁴ United Nations Development Programme, Timor-Leste Human Development Report 2011, p. 13.



building and maintenance, have received strong support from the government and have provided short-term employment to over 70 000 people.

Inequality between rural and urban communities has the potential to become a serious problem. There are only limited signs that the economic growth experienced by the urban centres is benefiting rural communities. The necessity of strengthening government systems and building the capacity of one of the world's youngest national bureaucracies has seen a strong focus by government and donors on Dili-based programs. This has been important and progress has been made. However, with worse rural roads than at independence and poorly serviced health clinics and schools, it has been difficult for the government to demonstrably reach the rural communities.

As the economy grows and signs of wealth continue to emerge in Dili and even Baucau, the government and donors will need to demonstrate tangible benefits to rural communities. The government has recognised this problem and put significant resources into the Program for Decentralised Development, which is designed to invest in public works in villages across the country. More recently the government agreed to a National Program for Suco (village) Development to provide grants to every village in the country. We should start to see results from these programs in the next three years.

Timor-Leste has experienced almost five years of relative stability. This is a significant achievement for a post-conflict and fragile state, and one which has allowed a still very new civil service to turn its attention more fully to establishing government systems. In recognition of these security gains, in March 2011 the United Nations Integrated Mission in East Timor handed over full policing responsibility to the Timor-Leste National Police. The mission is scheduled to end in December 2012 pending the peaceful outcomes of the presidential and parliamentary elections.

Program objectives and strategy

In 2011, the governments of Australia and Timor-Leste signed the Strategic Planning Agreement for Development 2011 to align Australia's aid program with Timor-Leste's Strategic Development Plan 2011–2030. The strategic planning agreement is a significant milestone in Australia's commitment to the New Deal for Engagement in Fragile States, which commits donors to support country-owned plans for reducing fragility and state building. As chair of the g7+ group that established the new deal, Timor-Leste's Minister of Finance has openly welcomed Australia's leadership in committing to the initiative.

The new strategic planning agreement focuses Australia's commitments to improved service delivery and strengthened governance across seven priority sectors in Timor-Leste's strategic development plan: agriculture, rural water, sanitation and hygiene, rural roads, education and training, health, security, public sector management and good governance. In line with the new strategic objectives of the Australian aid program outlined in the Comprehensive Aid Policy Framework, the strategic planning agreement has seen our efforts focus on:

- promoting sustainable economic growth by improving food security and agricultural productivity, and developing infrastructure, particularly rural roads and water and sanitation systems
- promoting opportunities for all by increasing access to quality education

- saving lives by increasing access to quality health services, and safe water and sanitation
- promoting effective governance by strengthening public sector administration and governance to ensure the public sector has the capability to provide quality services to the Timorese people and implement the strategic development plan in an effective and accountable way.

Australia remains the largest donor in Timor-Leste, representing almost 43 per cent of total official development assistance in 2010, followed by Portugal, Japan, the United States and European Union. Our development assistance in 2011 is equivalent to approximately 9.5 per cent of Timor-Leste's state budget, slightly less than in 2010.⁵ This reflects Timor-Leste's growing budget, and a trend that that is set to continue in 2012.

Expenditure

Table 1: Estimated expenditure in 2011–12

Objective	A\$ million	% of bilateral program
Objective 1: Agriculture	6.1	8.7
Objective 2: Water, sanitation and hygiene	5.8	8.3
Objective 3: Roads	8.6	12.3
Objective 4: Education and training	8.5	12.1
Objective 5: Health	7.8	11.1
Objective 6: Security	18.4 ^[1]	26.3
Objective 7: Public sector and governance	11.0	15.7
Other ^[2]	3.8	5.5
Total	70.0	100

Source: East Timor Program Fund, June 2012.

The move to align the Australian aid program with Timor-Leste's strategic development plan in 2011 coincided with a period where many of our programmed activities were either coming to an end or being redesigned. Programs in health, education, rural roads, and rural water, sanitation and hygiene were all in their last year, while in agriculture we had just begun a new phase of the long running program, Seeds of Life 3. During the year we finalised new phases or programs in rural water, sanitation and hygiene (BESIK II), and rural roads (Roads for Development to replace TIM-Works) as well as commenced plans for new programs in health, education and governance all due to commence in 2012. The largest single Australian program in Timor-Leste is the Timor-Leste Police Development Program, which is managed directly by the Australian Federal Police. This initiative is a \$74 million multi-year program that runs until 2014 and is scheduled for a review in early 2013.

⁵ Ministry of Finance of Timor-Leste, National Accounts 2004–2010, Vol 1, and AusAID's financial management system, May 2011.

[1] Expenditure on the security sector largely reflects the Timor-Leste Police Development Program managed and implemented by the Australian Federal Police.

[2] This includes areas such as climate change, disability, community development and program support and implementation.



Progress against objectives

This 2011 Annual Program Performance Review for Timor-Leste assesses Australia's progress against the objectives in the strategic planning agreement signed in November 2011 between Australia and Timor-Leste. These objectives are in turn drawn from Timor-Leste's strategic development plan. While the agreement was not signed until late 2011, adopting it in this Annual Program Performance Review reflects our commitment to align our programs and assessments with Timor-Leste's development priorities.

This annual review, referred to in the agreement itself, signals a move to closer assessment of Australia's contribution to Timor-Leste's development priorities. Australia will use this report in its first annual review of the strategic planning agreement to identify opportunities for shared and strengthened performance measurement frameworks in partnership with Timor-Leste.

The overall progress of the Australian aid program in Timor-Leste in achieving the shared objectives of the strategic planning agreement is mixed (Table 2). This partly reflects the fact that we are now aligned to a 20 year vision that is in its early stages, and partly reflects the ambitious nature of the goals. To achieve the strategic development plan goals in full, Timor-Leste will need ongoing stability and very strong and sustained economic growth. It will also need to make very strong gains in productivity through investment in both economic and human capital. While the strategic development plan provides a vision, expectations of what can be achieved are likely to be refined over the next few years. This leaves us in 2011 with a set of goals against which to measure our progress but which do not adequately capture our important gains in rural development, especially roads, water and sanitation, and agricultural productivity, where results have been significant.

Progress has also been mixed in part because the scale, focus and quality of existing programs in health and education have not led to highly effective outcomes. In an effort to address these results we commenced significant re-design work in 2011 for both sectors and expect improvements in future years. While progress against overall objectives has varied, many specific targets referenced in the strategic planning agreement have been met and exceeded, and these are presented in Annex 1 (Australia's progress against the Strategic Planning Agreement for Development 2011).



Table 2: Ratings of Australia’s program progress in 2011 towards the objectives of the Australia and Timor-Leste Strategic Planning Agreement for Development 2011.

Objective	Current rating	Relative to previous rating
Objective 1: Agriculture. To achieve our primary goal of food security by 2020 and to expand our agriculture sector by improving farming practices and taking action to boost the production of specific crops.	■	Not applicable
Objective 2: Water, sanitation and hygiene. By 2030, all citizens in Timor-Leste will have access to clean water and improved sanitation.	■	Not applicable
Objective 3: Roads. Maintain our current road network, including a major program of road rehabilitation, repair and improvement. New roads will only be built if they serve important economic or social objectives.	■	Not applicable
Objective 4: Education and training. By 2030, the people of Timor-Leste will be living in a nation where people are educated and knowledgeable, able to live long and productive lives, and have opportunities to access a quality education that will allow them to participate in the economic, social and political development of their nation.	■	Not applicable
Objective 5: Health. By 2030, Timor-Leste will have a healthier population as a result of comprehensive, high quality health services accessible to all Timorese people.	■	Not applicable
Objective 6: Security. The Policia Nacional de Timor-Leste will be fully reformed and operating with skilled and committed professionals supported by modern infrastructure and equipment and governed by regulations that support the sector’s effectiveness, accountability and good governance.	■	Not applicable
Objective 7: Public sector management and good governance. A second round of public administration and good governance reform to ensure that the public sector has the capability to implement the Strategic Development Plan 2011–2030, provide quality services to the people of Timor-Leste and build the foundation for the future as a modern and prosperous nation.	■	Not applicable

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Sector: agriculture

Objective	Rating
Shared objective: To achieve our primary goal of food security by 2020 and to expand our agriculture sector by improving farming practices and taking action to boost the production of specific crops.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Australia’s contribution to the shared objective of food security by 2020 is rated green. Through the Seeds of Life program, Australia has made a valuable contribution to the agriculture sector particularly around the targets for rice production and maize yield. However more can be done beyond seed varieties to support the Ministry of Agriculture and Fisheries to achieve this objective. Australia will work with Timor-Leste and other partners to identify how these further factors can be addressed.



Sector context

Poor agricultural productivity in Timor-Leste contributes to food insecurity and high rates of malnutrition. Timor-Leste's children under 5 are the third most underweight in the world, after Afghanistan and Yemen,⁶ and over 100 000 families⁷ have insufficient food for a substantial period of time each year. In 2011 this was compounded by the high food price inflation of 18.7 per cent,⁸ making it difficult for families to afford to supplement their own produce and achieve adequate nutrition.

Timor-Leste's farming is largely subsistence, with staple crops including rice, maize, peanuts, cassava and sweet potato. Rural families generate very little income from cash crops and other agricultural products. Crop yields in Timor-Leste range from 20 per cent (cassava) to 60 per cent (rice) compared to the average for South East Asia for the five staple crops.⁹ In addition, the increases in yields over the past decade have been minimal compared to those across South East Asia, with the exception of groundnuts and rice. While Timor-Leste is well placed to achieve strategic development plan targets relating to increased maize productivity and rice production, achieving the broader vision of food security is a much greater challenge.

In 2011, production of two staple crops was lower than usual. The final food security assessment of 2011 undertaken by the government's Inter-Ministerial Task Force on Food and Nutrition Security stated that 58 978 metric tonnes of rice (a decrease of 43 per cent from 2010) and 30 666 metric tonnes of maize (a decrease of 79 per cent) were produced in 2011.¹⁰ This was largely due to unusually heavy rains that restricted farmers from planting new crops.

This shortfall in produce was met with an increased reliance on sweet potato and cassava as well as rice imports. Heavily subsidised rice imports in 2011 led to a significant national rice surplus. Free seed distribution, limited agricultural extension services and low access to agricultural inputs such as pesticides and fertilisers, means there are currently very few incentives for improved farming practices and local innovation. The Ministry of Agriculture and Fisheries received \$13.4 million in 2011, making it difficult for it to effectively support farmers to improve farming practices and raise productivity.¹¹

The progress in innovation that was achieved in 2011 was through the greater use of higher yielding seeds, green manures and airtight drums. The increased use of higher yielding seeds is linked to the Australian funded food security program, Seeds of Life, managed in partnership with the Ministry of Agriculture and Fisheries. Improved availability of grain storage containers, which will reduce post-harvest losses, is set to increase later in 2012 due to a food storage project. Other donor programs include Japanese rice irrigation projects and the European Union's Rural Development Program that will train government extension officers. International non-government organisations also work with communities in the agricultural sector, promoting food security and improved productivity. Major risks to the achievement

⁶ IRIN Asia TIMOR-LESTE Chronic malnutrition among world's highest

⁷ Australian Centre for International Agricultural Research, Review of performance, Seeds of Life 2, 2009, SOL Review PDF.

⁸ Inter-Ministerial Task Force on Food and Nutrition Security, Quarter 4, 2011 Situation Assessment Report January 2012

⁹ Food and Agricultural Organization of the United Nations Statistical Database, 2012.

¹⁰ Inter-Ministerial Task Force on Food and Nutrition Security, Quarter 4, 2011 Situation Assessment Report, January 2012.

¹¹ Government of Timor-Leste 2011 budget book 1.



of the strategic development plan vision of food security for Timor-Leste by 2020 include low agricultural sector funding, lack of an overarching and consistent agricultural policy and insufficient incentives for local innovation.

Australia's contribution

Aligned with Timor-Leste's strategic development plan, Australia continues to focus its agricultural support through the long-term Seeds of Life, the largest program in the subsistence sector and now in its third phase (2011–2015). Since 2001, Seeds of Life has been improving food security by helping farmers to access improved varieties of the five staple crops. These varieties give yields that are between 24 and 159 per cent better than those previously available. Around 21 000 farmers are currently growing at least one Seeds of Life variety,¹² which will increase to around 81 000 farmers (71 per cent of all farmers) by 2015.¹³

In 2011, 6880 men and 2520 women farmers gained access to improved seed varieties through Seeds of Life. The Ministry of Agriculture and Fisheries and Seeds of Life have established 280 community seed production groups, and an additional 446 groups have been supported by non-government organisations.¹⁴ Seeds of Life seeds have also been provided to other donor and non-government organisation programs as part of cooperation across the sector.

Australia also contributed to improved agricultural productivity in Timor-Leste through Australian Centre for International Agricultural Research programs that aim to support the ministry to increase work in sustainable fish production and aquaculture policy, and improve papaya pest management. AusAID also supported the United Nations Food and Agriculture Organization-implemented Biosecurity Strengthening Project to progress Timor-Leste's ability to deal with emerging infectious diseases. As part of this program a new veterinary laboratory was inaugurated in 2011.

Sector: water supply, sanitation and hygiene

Objective	Rating
By 2030, all citizens in Timor-Leste will have access to clean water and improved sanitation.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Australia's contribution toward the shared objective is rated green. Australia has attained some significant results in water supply and this objective is on track to be achieved within the timeframe. More progress still needs to be made in sanitation and hygiene.

¹² Seeds of Life baseline survey, October 2011.

¹³ Seeds of Life annual plan 2012–13.

¹⁴ Seeds of Life monitoring and evaluation adviser, May 2012.



Sector context

Improving access to safe water, improved sanitation and hygiene leads to better health, particularly in children, increased access to education, especially for girls, enables economic development and, where government-led initiatives succeed, fosters greater state legitimacy.

Progress was made in the water, sanitation and hygiene sector in 2011 but rates of access to safe water and improved sanitation remain low in Timor-Leste. About 65.9 per cent of all Timorese have access to safe water and 39.2 per cent have access to improved sanitation.¹⁵ However 2011 Joint Monitoring Program figures show a stark contrast between rural and urban areas, with access to water being 91 per cent and 61 per cent for urban and rural areas respectively, and 73 per cent and 37 per cent for sanitation. Poor hygiene practices remain widespread with rates of hand-washing with soap after toilet use at around 4 per cent.¹⁶

Timor-Leste will only meet its MDG target of 75 per cent of population with access to safe water if there is continued funding for capital works, an adequate budget allocation for ongoing community engagement and maintenance, as well as improvements in the supervision and quality of construction. Little progress was made towards improving rates of sanitation in 2011 and Timor-Leste remains unlikely to meet its MDG target of 55 per cent of rural people with access to improved sanitation. Government resourcing of sanitation and hygiene programs will need to increase to meet targets.

Contributing to progress in 2011 was the increased prioritisation and funding by the government to improve access to water. For the first time, Timor-Leste became the largest investor in urban and rural water, sanitation and hygiene. The budget allocation for rural water increased to \$8.9 million (from US\$5.7 million in 2010) with the focus on infrastructure. Further funds will need to be allocated to operations and maintenance if gains in access to clean water are to be sustained. Progress on the policy for water and sanitation service delivery continued with the National Sanitation Policy submitted to the Council of Ministers for approval in January 2012. Preparations to finalise the National Water Supply Policy and the National Water Resources Policy are underway.

One major challenge in sanitation is to ensure that increased government investment in sanitation (US\$760 000 in 2011 up from US\$200 000 in 2010) targeting the distribution of free latrines to vulnerable households doesn't discourage people from building their own latrines. This has the potential to undermine the effectiveness of behaviour change interventions used elsewhere in the sector.¹⁷

Active donors in the rural water, sanitation and hygiene sector include AusAID, USAID and the European Commission which commenced funding in the sector in 2011. The Asian Development Bank and Japan fund urban water, sanitation and hygiene projects. A number of non-government organisations also continue to work in the sector and while these projects are primarily implemented outside of government systems, they are now subject to national standards.

¹⁵ The Government of Timor-Leste Census, 2010.

¹⁶ Scott (2011) Hand washing with soap formative research.

¹⁷ De Araujo, De Jesus, Soares & Whalen (2011), Total Sanitation Campaign Evaluation Report.



Australia's contribution

Australia is the largest donor in the rural sector providing the majority of its support through *Bee Saneamentu no Igene iha Komunitade* (BESIK), our flagship water, sanitation and hygiene program. BESIK is the only donor funded program working with government at the central and local level.

New approaches introduced by BESIK for community involvement in planning, management and maintenance have resulted in dramatic improvements in water system sustainability. Two years ago, only 30 per cent of government systems were fully functioning one year after construction. Now, 70 per cent of government and 90 per cent of BESIK systems constructed in 2010 are still fully functioning. By the end of 2011, Australia helped provide an extra 172 000 people with access to water (110 000 indirectly through government systems and 62 000 directly through BESIK systems) and 44 000 people with access to improved sanitation.¹⁸

Through policy dialogue and advisory support to government, BESIK demonstrably influenced the development of policy, resourcing, institutional planning and capacity development in the sector. BESIK has introduced socially inclusive practices, which have resulted in increased participation of women in water user groups, and adoption of universal access design principles in sanitation and water policies, increasing access for people with disability. For example, by December 2011, 107 out of 139 water user groups had at least 30 per cent female membership. Further, women held key roles in 135 water user groups.¹⁹

Through the Civil Society WASH Fund and the Australian NGO Cooperation Program, water, sanitation and hygiene programs implemented by Australian funded non-government organisations such as Oxfam, Water AID, Australian Foundation for Peoples of Asia & the Pacific, World Vision, and Plan International have benefited at least another 5550 people.²⁰

Sector: rural roads

Objective	Rating
Maintain our current road network, including a major program of road rehabilitation, repair and improvement. New roads will only be built if they serve important economic or social objectives.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Australia's contribution to this shared objective is rated as amber. It is expected that Australia's work to rehabilitate the rural road network by 2015 will be made over a slightly longer timeframe than the 2015 target.

Sector context

Since independence, little work on rural roads has occurred in Timor-Leste, leading to a worsening of the road network over the past 10 years. There is a critical need to

¹⁸ BESIK Progress Report, No. 9 (2012).

¹⁹ BESIK Progress Report, No. 9 (2012).

²⁰ CSO WASH Fund Annual Reports for 2011.



rehabilitate and develop a sustainable approach to maintaining rural roads. While roads are a noteworthy element of the government's recent infrastructure investment, the focus of this is on capital works and national (paved) roads rather than maintenance. Rural (unpaved) roads are essential to enable the majority of Timor-Leste's men and women to access economic opportunities, health and other services, but are poorly resourced. Up to 80 per cent of the 3000 kilometre rural road network is in a poor condition.²¹ The government's focus on rehabilitation and development of roads rather than maintenance has also contributed to the continual deterioration.

However, with a growing government budget and new donor programs, the sector may be at a turning point. The Asian Development Bank, Japan and the World Bank are supporting sealed roads through major loans, and the European Union and Australia are making major investments in rural roads. This support includes both rehabilitation and maintenance.

The Secretariat of State for Vocational Training and Employment has undertaken labour-based rural road works through the TIM-Works program implemented by the International Labour Organization and funded by Australia and other donors. The government will provide US\$20 million to the secretariat in 2012 for rural road works.

Australia's contribution

Australian support to the roads sector is aligned with the strategic development plan vision and strategic planning agreement targets between the governments of Australia and Timor-Leste. With Timor-Leste and other donors (World Bank, Asian Development Bank and Japan) focused principally on national roads, there is a significant gap in supporting the extensive rural road network. Australia has placed its focus on supporting developing, maintaining and rehabilitating rural roads because of this gap, and because improved rural roads are critical to achieving success in rural education, health and employment.

In 2011 Australia contributed to strategic development plan targets principally through the multi-donor TIM-Works program implemented by the Secretariat of State for Vocational Training and Employment and the International Labour Organization, to which Australia contributed \$3.3 million. In total, TIM-Works rehabilitated 304 kilometres of rural roads and undertook 1500 kilometres of rural road maintenance. The Australian contribution in 2011 was 50 kilometres of roads rehabilitated and 292 kilometres maintained.²² TIM-Works also generated considerable rural employment and trained technical and non-technical secretariat staff. The Youth Employment Promotion Programme, also implemented by the secretariat and the International Labour Organization, has achieved 1645 kilometres of routine road maintenance to date.²³

Australia's other major contribution in 2011 was completing the design of the Roads for Development (R4D) program to be implemented by the Ministry of Infrastructure in partnership with the International Labour Organization. R4D (\$30 million over four years from 2012) is the principal rural roads program in Timor-Leste and will

²¹ Roads for Development design document (AusAID, not yet published).

²² TIM-Works reports and International Labour Organization program team, 2012.

²³ Youth Employment Program figures from International Labour Organization, 2012.



coordinate closely with other donor programs (for example with the European Union, which will be training rural road contractors). Finally, Australia has supported the Infrastructure Technical Assistance program through the Asian Development Bank, which has built the Ministry of Infrastructure’s capacity, including the Directorate for Roads. Progress has been made largely in the development of road and bridge standards and a unit-cost database.

Sector: education and training

Objective	Rating
By 2030, the people of Timor-Leste will be living in a nation where people are educated and knowledgeable, able to live long and productive lives, and have opportunities to access a quality education that will allow them to participate in the economic, social and political development of their nation.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Australia’s contribution to this objective was rated red for 2011. As the government of Timor-Leste released its development priorities for education in 2011, AusAID commenced re-alignment of its education program and started phasing out less relevant activities to meet these new needs. It is expected that Australia will rate its progress against this objective as amber or green in 2012.

Sector context

Progress was made in the education sector in 2011 however, it is unlikely that Timor-Leste will achieve the education MDG.

Basic education enrolments in Timor-Leste continued to increase with the net enrolment rate for basic education reaching 91 per cent.²⁴ This national rate compared well with 84 per cent in Pacific countries and 94 per cent for East Asia²⁵ and is remarkable given Timor-Leste’s post-conflict status and endemic poverty. More girls were enrolled at the right age than boys, but the overall gender parity index shows less girls enrolled overall (at 0.93). Nonetheless, the high national net enrolment rate masked a range of other issues, including regional variations, over-age enrolment, poor attendance, and high repetition rates (14 per cent). Learning outcomes also remained poor. In grade 1, 80 per cent of children could not recognise a single word, while in grade 3, the percentage of students who could read with adequate fluency was only 28 per cent in Portuguese and 43 per cent in Tetun.²⁶


While education has been free since 2008, parents have to pay for uniforms, learning materials and other indirect costs. The government rehabilitated and built 266 classrooms in 2011, but most remain in poor condition.²⁷ Some of the key issues affecting education were poor teaching quality, lack of appropriate materials in

²⁴ All educational data came from the government’s Education Management Information System, but are not yet published or official.

²⁵ Education for All global monitoring report 2011.

²⁶ World Bank (2011), Timor-Leste early grade reading assessment: survey analysis, draft and unpublished.

²⁷ This data is from the government’s Infrastructure Facilitation Unit.



sufficient numbers and challenges with the language of instruction. Portuguese, together with Tetun, are the official languages, but few teachers speak Portuguese fluently making it difficult to teach. Tetun is more widely spoken across the country but many children, especially those just starting school, do not speak anything other than the language spoken at home, which is often neither Portuguese nor Tetun.²⁸ In 2011 the Ministry of Education provided training to about 7000 out of 11 500 teachers, but only about 4000 teachers have the requisite teaching qualifications. Portuguese training was part of the in-service training provided to the teachers, but more is needed. The Ministry of Education worked to develop appropriate educational materials for the remaining subjects and grades.

It is difficult to assess progress at secondary and early childhood education levels as there is less reliable data. The secondary net enrolment rate was 22 per cent, which is 2 per cent higher than in 2010, but still low. There is no data on learning outcomes for secondary and early childhood education is still under-resourced. Overall, AusAID continues to have some important knowledge gaps in these two education sub-sectors.

A National Qualifications Framework was introduced in 2010 and in 2011, 19 training providers were registered in the vocational education and training sub-sector. Eleven are now providing accredited courses. This was an important step towards better regulation and standardisation. Enrolments also continued to rise from 1283 in various training courses in 2010 to 2631 in 2011.²⁹ However, there is little recent information on quality or employability of the graduates.

Some progress was also made at a systemic level, but challenges continue. The overall budget allocation to education continued to grow from both the government and development partners, however funding remained insufficient to meet all needs and some expenditure was considered inefficient.³⁰ The National Education Strategic Plan was completed but has yet to be approved and is not costed. A plan for vocational education and training has been finalised. A key National Education Strategic Plan reform in basic education – the cluster-based school management program of *Escola Basica* – was partially operationalised in 2011 with school clusters established, directors and other staff appointed, initial training undertaken and cluster bank accounts opened for school grants. It is hoped the new system will strengthen school management and school-based teacher training, but it is too early to make an assessment.

Australian contribution

Australia's contribution in 2011 focused on basic education and vocational education and training. Most basic education support was provided through the Education Sector Support Program, for which the World Bank was the supervising agency. AusAID has funded 39 per cent of the total program budget over the full duration of the activity (2008–2012). Support focused on capacity building at the Ministry of Education with less direct impact at the school level. While some progress was made,

²⁸ See for example, Ritesh Shah, *Perceptions, practices and policies about teaching and learning in Timor-Leste*, University of Auckland, New Zealand, February 2011, and Just in Time policy paper: *Language in education in Timor-Leste*, December 2011.

²⁹ These figures came from the Youth Employment Promotion program staff, using Secretariat of State for Vocational Training and Employment data.

³⁰ Government of Timor-Leste Budget documentation and Andrew Laing, technical working paper, Timor-Leste: Ministry of Education economic efficiency assessment, November 2011, draft and unpublished.



there is little real evidence of institutional strengthening, linkages to better service delivery or policy reform. Nonetheless, program support enabled 202 *Escola Basica* directors to be trained, 266 classrooms to be built or rehabilitated, 3464 teachers to be trained on literacy and numeracy, and over 16 000 school desks and chairs to be purchased. AusAID also entered into a three-year partnership with the United Nations Children’s Fund focusing on child friendly schools. However, the implementation of AusAID funded activities will begin in 2012.

Australia’s contribution to the vocational education and training sub-sector was delivered through the Youth Employment Promotion Program. This is implemented by the Secretariat of State for Vocational Training and Employment with assistance from the International Labour Organization to develop industry competency standards, the vocational education and training plan and the National Employment Strategy. This has helped to regulate a sector that was previously highly informal. The Youth Employment Promotion Program also helped to provide job counselling and skills training to Timorese looking for work, and created short-term employment through labour intensive public works for thousands of people. Significantly, the government has now taken strong leadership of the public works component and allocated US\$20 million in 2012.

A senior education specialist joined the education team in Dili during the year and under his leadership initial steps were made towards sustained policy and operational engagement with the government and development partners. This new approach has formed an important foundation for 2012 and beyond and is leading to increased trust with the government and better understanding of the sector by the AusAID team.

Sector: health

Objective	Rating
By 2030, Timor-Leste will have a healthier population as a result of comprehensive, high quality health services accessible to all Timorese people.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

This shared objective is rated red as to date Australia, despite being the largest bilateral partner in the health sector, has not in all cases funded programs which directly support the achievement of the strategic development plan targets, and overall our support has been fragmented. Significant work on a health delivery strategy was completed in 2011 and it is expected that progress against this sector will improve in 2012.

Sector context

Timor-Leste recorded the world’s largest reduction in child mortality between 1990 and 2010. While starting from a low base, improved water and sanitation facilities, wider immunisation coverage and safer birth practices have all led in part to this significant achievement. Timor-Leste is on track to achieve MDG 4 – improving child health. Information on child mortality for 2011 is not available, however, a



2009–10 survey indicates that 34 per cent of child deaths occur in the first month of life,³¹ and nutritional status remains dire for children under 5.

Maternal mortality is high at 408 to 706 per 100 000 live births³² and women are still having an average of six children. Progress against the government's strategic development plan targets for health has been relatively slow: in 2010, skilled attendance at delivery was only 21 per cent in rural areas, versus 59 per cent in towns.³³ And while 55 per cent of women are now having at least four antenatal checks, the strategic development plan target is 70 per cent.³⁴ The National Health Sector Strategic Plan 2011–2030 is due for release in early 2012 and will require strong leadership and socialisation throughout the Ministry of Health.

Ensuring that health facilities, health workers, medical equipment and drugs are always available in the quantities and combinations required to prevent the deaths of vulnerable mothers and children, particularly in the rural areas, is the core challenge. Some quick wins remain – such as vitamin A supplementation – but the bigger challenge, and where real, sustainable gains can be made, is around strengthening the whole health system.

Australia's contribution

Australia invested more than \$7.8 million in the sector in 2011–12, making us the largest bilateral partner. But our support has been fragmented and we do not yet have the relationships in the sector that could reasonably be expected from our investment. Australia's contribution has been important, but has not in all cases directly supported the achievement of the strategic development plan targets. Australian assistance to the health sector has been delivered primarily through working with Timor-Leste's Ministry of Health and the World Bank to strengthen health systems to provide quality health services, a well-performing health workforce, operational health facilities and equitable access to essential medical equipment and drugs.

Our long-term support to surgical services continued in partnership with the Royal Australasian College of Surgeons. We also funded Health Alliance International, Marie Stopes International and the United Nations Population Fund to support family planning, maternal and newborn care. In partnership with USAID we support reproductive, maternal and child health, and the strengthening of the Health Management Information System. We also support the World Food Programme's maternal and child supplementary feeding program.

In 2011 AusAID supported an additional 2857 children aged 1 to be vaccinated for diphtheria, pertussis and tetanus, and an additional 2900 births to be attended by a skilled birth attendant.³⁵ Our support for rural mobile health clinics provided antenatal care, immunisation for children, family planning advice, treatment and prevention of common diseases and infections, and information on nutrition and

³¹ Demographic and Health Survey, 2009–10.

³² Demographic and Health Survey, 2009–10.

³³ Demographic and Health Survey, 2009–10.

³⁴ Government of Timor-Leste Demographic and Health Survey, 2009–10.

³⁵ See headline results calculations – these figures based on Aid Info Management System data, and the Ministry of Health, Health Management Information System data from 2011.



hygiene to 4740 pregnant women and 50 600 children under 5.³⁶ AusAID support also allowed nearly 45 000 clients to access quality family planning and sexual and reproductive health services,³⁷ improved supply, rehabilitation, repair and maintenance of health facilities across all 13 districts, and saw Timor-Leste's first general surgeon, ophthalmologist and anaesthetist return from study to work in the national hospital.

A measles outbreak in 2011 demonstrated that immunisation coverage remains inadequate. AusAID responded quickly, together with the Ministry of Health and United Nations Children's Fund, ensuring 85 per cent of all Timorese children aged between 6 months and 14 years were vaccinated.³⁸

Sector: security (contribution from the Australian Federal Police)

Objective	Rating
The Policia Nacional de Timor-Leste will be fully reformed and operating with skilled and committed professionals supported by modern infrastructure and equipment and governed by regulations that support the sector's effectiveness, accountability and good governance.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Sector context

In keeping with the vision and objectives of the strategic development plan, the Policia Nacional de Timor-Leste (PNTL) has made notable progress during 2011. In recognition of this progress and the relative peace and stability of the country, the government made clear its intention to take control of its own security at the earliest opportunity. On 27 March 2011 the United Nations Integrated Mission in Timor-Leste relinquished the full policing responsibility of Timor-Leste to the PNTL.

The government and mission subsequently developed a joint transition plan for the handover of all mission activities by the end of 2012 when a full withdrawal is planned, but predicated on peaceful elections in 2012. Further to these actions a United Nations Police/PNTL joint development plan was implemented to guide police managers in developing the capacity building initiatives required for a graduated draw down of United Nations Police staff following the 2012 elections. In 2011 preparations were also completed to recruit 250 new police to begin their 12 month training program in February 2012.


Career progression and promotion has been a significant issue for the PNTL and in 2011 the transaction phase (commenced in 2010) of a restructure of the PNTL from 4 to 12 ranks and associated promotions were completed.

In January 2011, the PNTL enrolled 17 of its senior executives at the superintendent ranks to participate in the first nationally accredited Diploma in Executive Police

³⁶ See headline results calculations – these figures based on Aid Info Management System data and the 2011 *Lancet series* article by Dr Lyndal Trevena and the Minister of Health, Dr Martins: 'Implementing what works: a case study of integrated primary health care revitalisation in Timor-Leste'.

³⁷ Marie Stopes International reporting.

³⁸ Ministry of Health and United Nations Children's Fund reporting.



Management program, developed and delivered by the Australian Federal Police Timor-Leste Police Development Program. The PNTL has committed to pursue this training for all of its 56 superintendents by 2014 and to access accredited training for the inspector and sergeant ranks.

Results to date indicate the PNTL has made significant progress across a range of areas, however there is still a substantial deficit in capacity to be addressed to ensure a robust and crisis resistant organisation can be developed that will provide effective operational capacity across key policing functions.

Progress overall can be described as very encouraging and all indicators suggest that while the capacity development of the PNTL is a long-term process, the foundations being laid at this time are positively facilitating a staged process by the PNTL towards achieving its objectives under the strategic development plan.

Australia's contribution

The Australian Federal Police implement the Timor-Leste Police Development Program, which supports development of the PNTL and helps the Office of the Secretary of State for Security and the Office of the Prosecutor-General. The aim of the program is to assist the government in establishing a policing capability where the governance, values and operational characteristics support increasingly strengthened rule of law in an emerging democracy. Australia has made significant efforts to help Timor-Leste develop such a capability.

In 2011, the government, PNTL and the Australian Federal Police made positive progress towards an effective and accountable police service. A total of 1446 police and other law and order officials were trained under programs delivered, facilitated or funded by the Australian Federal Police and Timor-Leste Police Development Program.

Achievements through these joint efforts include:

- continuing infrastructure development of the Police Training Centre at a total cost of \$6.2 million from 2010–2014
- progressing towards accreditation of the PNTL Police Training Centre as an internationally recognised training provider. In October 2011, the centre received an international accreditation rating of 97 per cent and was recommended as a higher education institution. It is now awaiting a required legislated name change to 'Academy'
- granting national accreditation for the PNTL's Certificate IV in Police Management (Inspector Course) and Certificate 3 and 4 in Investigations
- completing the first 10-month nationally accredited Diploma in Executive Police Management Program delivered to 17 superintendent level executives of the PNTL
- completing the first three-month nationally accredited Certificate 4 Executive Police Management Program which was delivered to Inspector level ranks of the PNTL
- establishing six nationally accredited investigation courses of which five were at Certificate III level and one at Certificate IV level

- fostering partnerships amongst the donor community to address gender equality and enhanced service for vulnerable people, including police training, the provision of manuals, and the refurbishment and support of safe houses in the community
- providing equipment and enabling tools to the PNTL to help it respond professionally to crime and emergencies.

In 2011 in the justice sector more generally, the government, with Australian Federal Police-Timor-Leste Police Development Program and AusAID support, established a case tracking and incident management system. This enables justice institutions to track and report accurately on cases, helping improve transparency and coordination.

Sector: public sector management and good governance

Objective	Rating
A second round of public administration and good governance reform to ensure that the public sector has the capability to implement the Strategic Development Plan 2011–2030, provide quality services to the people of Timor-Leste and build the foundation for a modern and prosperous nation.	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.


Australia’s contribution to the objective is rated as amber. As the primary donor supporting public sector management and good governance in Timor-Leste, Australia has made a significant contribution to assisting the government to establish and make operational key institutions – including the Ministry of Finance and the Civil Service Commission – that will play a critical role in delivering the strategic development plan.

Sector context

The government continued its efforts throughout 2011 to strengthen its public administration systems. The Ministry of Finance improved the quality of public financial management systems and—according to several objective observers including the World Bank, International Monetary Fund, external auditors and Revenue Watch—the financial risks associated with the government’s public administration systems have fallen from high to moderate since 2007. This is a considerable achievement given that the state budget has nearly quadrupled since 2008 from \$347 million to \$1.3 billion.

The Civil Service Commission continued to put in place the policies for a public service capable of delivering on the strategic development plan. Temporary civil servants were converted to permanent employment, policies related to leave, performance evaluation and recruitment were improved, capacity was better linked to improved development services by providing outreach to line ministries on workforce planning, human resource management and legislation.

The government also committed to a number of new policy initiatives designed to implement the strategic development plan. It introduced a process to assess the feasibility and potential economic return of all major infrastructure projects and



demonstrated its commitment to investing in its people by developing a National Program for Suco Development. This will reduce poverty in all of Timor-Leste's 442 villages by providing direct grants for community-prioritised infrastructure. Further, swiftly moving efforts to break down the monopoly in the telecommunications sector promise to increase GDP and improve access to financial services for poor people.

But the scale of challenges facing Timor-Leste's public sector remain substantial, and implementing the strategic development plan will require significant improvement in the government's implementation capacity. The bulk of civil servants remain ill equipped to deliver the plan and the civil service wage bill continues to increase at a rapid rate – up 115 per cent since 2008 due to an increase in staff numbers to 19 per cent since 2006. The Civil Service Commission has attempted to limit this growth, but it is a new institution implementing new policies, which will require some time to bed down. The government has moved cautiously on decentralisation, but this could move quickly following the 2012 elections, leading to changes in Timor-Leste's public sector landscape.

The government still struggles to get appropriate resources – both human and financial – to the service delivery frontline in the sub-districts. Public financial management is quite good and improving, but more is required to the payroll system, corruption controls and procurement systems to ensure efficient and effective expenditure.

Australia's contribution

Australia was the largest donor to Timor-Leste's public administration systems throughout 2011. We continued to fund the in-line support that has enabled the Ministry of Finance to consistently improve its public financial management systems since 2007. We also remain the primary development partner for the Civil Service Commission, funding technical assistance that directly supported its reform efforts outlined above. Throughout 2011 we:

- assisted the government to develop the National Program for Suco Development
- supported the government to appraise 114 major infrastructure projects for feasibility and potential to encourage economic growth. The assessments were considered in the 2011 budget process, which is the first time that this has ever occurred
- worked closely with the Ministry of Finance to maintain improvements in its systems for government spending so that over 90 per cent of Timor-Leste's budget was spent in 2011. This compares with only 49 per cent in 2006–07
- helped introduce a new financial management system which will enable the government to get funds to schools, health clinics and communities more effectively.

There is still much room for improvement in Australia's public administration portfolio. While we have supported the Ministry of Finance and Civil Service Commission, the anticipated flow-on effects for alleviating poverty have not been clear. To this end, 2011 saw the start of a significant redesign of Australia's support for public administration in Timor-Leste.



Program quality

In 2011, the East Timor program continued a period of substantial reform, with around 75 per cent of the program in re-design throughout 2011–12 and 2012–13. Appraisals of the quality of new designs completed in 2011 scored markedly higher than the annual quality assessments of their previous phases. Outcomes of new programs are also clearer, and resourcing for monitoring and evaluation is around 5 to 6 per cent of initiative budgets. This is the result of much stronger commitment to partner engagement, more resourcing for analysis throughout designs, and more systematic implementation of the 2011 Indonesia and East Timor monitoring and evaluation standards.

For each sectoral program or initiative, AusAID staff assesses quality using an internal quality assessment tool. This considers quality in terms of relevance, effectiveness, efficiency, sustainability, monitoring and evaluation, and gender equality. Scores for relevance, sustainability, and gender equality improved slightly in 2011, while effectiveness, monitoring and evaluation, and efficiency scores declined from 2010. Some of the decline is linked to greater scrutiny by staff. Greater detail on these quality assessments can be found in Annex 2 (program quality).

In 2012, a full-time performance and quality manager will be established in Dili to support designs and lead implementation of a formal capacity building program so staff can ensure initiatives demonstrate and sustain good monitoring and evaluation practice. This builds on a similar initiative in the Indonesia and Vanuatu programs.

A recurring theme in the quality assessments was the need to be better engaged in program management and dialogue with partners and Timor-Leste. Significant progress was made in 2011 on more direct discussion with the government, starting with relationship building around its development priorities, and centred on design processes. To support this shift, our major designs are leading us to a more flexible mix of modalities underpinned by clearer portfolio level strategies and designs. The exceptions are agriculture and roads, which will continue to employ single delivery modalities (grants to the Australian Centre for International Agricultural Research and the International Labour Organization respectively) in single sub-sectors.

Quality assessments were able to tell a clearer story about the results we are contributing to within each sector, but it was not as clear what higher order goals these sector targets are contributing to. Strong progress in improving performance and quality within each sector now needs to be directed to cross-sector linkages, such as the health and water and sanitation sectors.

Quality assessments demonstrate evolving strategies for influencing sustainable service delivery reform. At one extreme, several assessments report frustration with too much emphasis on Dili-based policy change, sector coordination and institutional strengthening without a clear line of sight to on-the-ground changes in service delivery. At the other end of the spectrum, some assessments questioned the purpose of AusAID funding direct service delivery without a clear vision for how services will continue if and when AusAID funding ends. We have greatest success starting partnerships working with government, non-government organisations and communities at an operational level, including in the districts, to determine what a good quality, sustainable service looks like. Our engagement in the water, sanitation and hygiene sector, and now agriculture, are good examples of this approach.



Across almost all initiatives coming to completion, it is clear that original designs overestimated implementation capacity. Further, several quality assessments noted that where advisers are engaged to build counterpart capacities, Timor-Leste is not adequately involved in adviser scoping, selection, performance management, and exit strategy agreement. Several quality assessments also noted difficulties recruiting advisers with the right mix of skills, with implications for initiative effectiveness.

Reporting on integrating gender and disability factors was weak across most sectoral programs. Very few quality assessments mentioned disability and there is not yet a mechanism to assess if any of our programs are benefiting people with disability (our programs in water, sanitation and hygiene and surgical services are the exceptions). There was no mention in quality assessments of other factors (age, ethnicity, degree of poverty), which may create marginalisation. A key challenge, for the East Timor program is to improve analyses on equality and contribution to equity.

Multilateral performance assessment


Around 29 per cent of Australia's aid program in Timor-Leste was delivered by multilateral organisations in 2011, with managing contractors delivering around 35 per cent. Other Australian and foreign government partners accounted for around 12 per cent.³⁹ The annual quality assessments undertaken by the East Timor program were highly varied across our multilateral partners.

The government-executed multi-donor trust funds performed poorly overall. These funds are in public financial management, health and education, and are managed by the World Bank. There is slow disbursement of funds and complicated procedures especially for large-scale procurement. Further, monitoring and evaluation is poor, adviser performance management is weak and the World Bank continues to struggle to get the highest quality technical assistance to Timor-Leste. These initiatives were also found to perform poorly in the 2010 quality assessments, raising broader questions on the relevance and effectiveness of supporting large recipient-executed trust funds in fragile states like Timor-Leste, unless there is a bigger commitment from the donors and the multilateral development banks to put more resources on the ground to support government implementation. AusAID is currently working with the World Bank to significantly change both the scope and modalities for Australia's engagement with it, and to improve performance in 2012.

Similarly, AusAID's Asian Development Bank-managed project in Timor-Leste is amongst our worst performing initiatives. A recent bank-hosted workshop acknowledged that, following a ministry restructure within the government of Timor-Leste, AusAID and the bank did not consult sufficiently with counterpart officials to ensure the project was in line with ministry needs. AusAID and the bank have also been slow to respond to critical issues such as prioritising a good working relationship with relevant ministers within the government.

International Labour Organization-managed programs are among our better performing initiatives. It has been a flexible and responsive partner, has good relationships with the government and has delivered both technical expertise and effective program management. Reporting has been timely, including responses to ad

³⁹ AusAID's AidWorks financial reporting system, August 2011.



hoc requests for information. However, financial reporting would benefit from greater detail and progress reporting has not always included consistent data.

Our one United Nations Children's Fund project is in early stages of implementation, building on UNICEF's comparative advantage in the area of child friendly schools. However, there is some concern that UNICEF is not always working through the right operational levels of the Ministry of Education to ensure full ownership of all program activities. The project also lacks a specific risk management framework.

The ability of the multilateral organisations to achieve gender equality, disability and environment outcomes is also mixed, with the International Labour Organization having the best framework for achieving progress against these critical cross-cutting issues. This is also an area in which AusAID's own program quality in Timor-Leste could improve.

Management consequences

Reflecting on the 2011 management consequences

Reflecting on last year's APPR demonstrates that significant progress was made against the three themes of our management consequences – dialogue and partnership, design, and manageability.

The commitment to achieving a partnership on development issues, underpinned by principles of mutual respect and accountability was progressed through the new Strategic Planning Agreement for Development 2011. The significant high level engagement that led to this new agreement, including the importance of having this agreed at ministerial level in Busan following Timor-Leste's leadership of the group of fragile states, paved the foundation for Australia's partnership in the coming years.

As a result, our commitment in last year's APPR to strengthen the quality of our designs, including through greater analysis, theory of change and partnership engagement, defined our approach in 2011. Our re-design of major sectoral programs, including health, education, and water, sanitation and hygiene, was founded on the themes from last year's APPR. In particular, the program's approach to designs has included a significantly greater engagement with Timor-Leste. This partnership through dialogue and working together will continue through the post-design stages of program management, including implementation, monitoring and evaluation.

Management consequences for 2012: East Timor program

- Establish a performance framework linked to the principles of partnership and objectives agreed to in the Strategic Planning Agreement for Development 2011 and discuss these with the government of Timor-Leste in a high-level dialogue in 2012.
- Undertake a new country situation analysis after the parliamentary elections in July 2012. This will update our understanding of the country context, including an insight into critical development factors such as gender, disability, fragility and the environment, and clearly set out the higher order outcomes and strategies underpinning our sectoral engagement.

- Undertake a joint assessment of World Bank Trust Fund mechanisms in Timor-Leste that will identify the strengths we can focus on, and how we can jointly compliment weaknesses with other innovative approaches.
- Develop engagement strategies, such as in budget and policy engagement, that allows the program team to better use meetings with government officials and support higher-level partnership goals.
- Engage a senior capacity development consultant to provide short inputs across the program to ensure appropriate application of capacity development frameworks, and achievement of basic standards for adviser recruitment and management as described in the AusAID 2010 East Timor Adviser Review.
- Commence a three to five year monitoring and evaluation capacity program to improve the quality of monitoring and evaluation across the program and institutionalise the capacity to maintain it.

Agriculture

The 2010 APPR noted the need for Australia to engage in policy and coordination with the Ministry of Agriculture and Fisheries and other donors on agricultural policies, such as subsidies. In 2011, Australia's policy engagement and influence was limited as efforts were focused on building the capacity of the ministry. In 2012 we will:

- Work closely with the Ministry of Agriculture and Fisheries and Ministry of Finance on forward planning mechanisms for the budget and staff required to sustain the Seeds of Life program.
- Identify, in consultation with the Ministry of Agriculture and Fisheries and other donors, opportunities to broaden the scope of Seeds of Life to make a greater contribution to food security. This could include options for other forms of engagement with the sector, particularly around agricultural inputs and agronomic practices to improve productivity.

Water, sanitation and hygiene

- Revise our strategy for engaging with government. This will include recruiting a water, sanitation and hygiene specialist program director who will lead AusAID's policy and operational engagement with government and development partners in the sector.
- Establish an effective program steering committee with the government, which will have strategic oversight of the next phase of Australian support.
- Undertake a fiduciary risk assessment with the intent to progress greater use of government systems.
- Commence sanitation trials, increase engagement and assistance to the Ministry of Health and support progress toward sanitation and hygiene targets.
- Continue to provide technical assistance to the Ministry of Infrastructure and Ministry of Health to bid for increased budget allocations from Ministry of Finance.



Roads

The completion of the Roads for Development (R4D) design was a major achievement in 2011 and addressed many of the policy dialogue and stronger partnership management consequences of 2010. In 2012 we will:

- Ensure the program strengthens the capacity of Ministry of Infrastructure to sustainably rehabilitate and maintain rural roads.
- Monitor the relationship progress between Australia, the International Labour Organization and Ministry of Infrastructure during the R4D design process.
- Assist the government to finalise a rural roads master plan based on the plan developed by the European Union.
- Encourage improved resourcing of this sector with the Ministry of Infrastructure and the Ministry of Finance. The R4D program steering committee will work to influence policy and budgeting across the roads sector.
- Undertake an independent evaluation of the Infrastructure Technical Assistance program in 2012 to gather lessons for capacity building approaches and to inform programs implemented through the Ministry of Infrastructure.


Education and training

Progress was made against some management consequences in the 2010 APPR, however the Timor-Leste education delivery strategy was put on hold due to the aid effectiveness review, the scale up of the education support, and the launch of a new AusAID education policy. In 2012 we will:

- Ensure a stronger focus on schools by providing school materials, building and rehabilitating classrooms and water, sanitation and hygiene facilities, and supporting teacher training.
- Finalise an indepth situational analysis of the sector, including a survey of all schools in Timor-Leste.
- Strengthen policy and operational engagement with the government and development partners, including through regular consultation, participation in joint fora, monitoring visits and part-time location of AusAID officers at the Ministry of Education.
- Continue to develop the education expertise of the team as aligned with the specialist development streams in AusAID's workforce plan through a combination of training, mentoring and exposure to relevant experience.

Health

- Work closely with Timor-Leste to design a large new, longer-term program to further strengthen the health system to improve nutrition, family planning, and maternal and child health. This design will be done jointly with the government and health partners.
- Work more closely during the design process with AusAID teams in water and sanitation, education, food security, governance and community-driven development to improve health and nutrition.

- 
- Undertake rigorous quality processes for new programs including presenting the concept at the Strategic Programming Committee in October 2012.
 - Undertake joint monthly monitoring visits outside of Dili with the Ministry of Health to enhance our collective understanding of how the health system is functioning, and inform and ensure credibility in our policy discussions.
 - Develop a monitoring and evaluation strategy for the National Health Sector Strategic Plan and all our health investments.
 - Strengthen our health team by improving its understanding of health systems and monitoring and evaluation. We are recruiting a full-time health specialist to lead the program as well as a design specialist.
 - Co-chair the Health Development Partners' Forum, work to facilitate Ministry of Health leadership in coordinating the sector, and work with the ministry and Global Fund to develop policy and guidance on capacity building.

Security (to be implemented by the Australian Federal Police)

Management issues identified in the previous APPR, such as the lack of sufficient accurate data on PNTL progress, has been addressed through a monitoring and evaluation program implemented through the Australian Federal Police–Timor-Leste Police Development Program. This has enabled the PNTL to be benchmarked across a range of areas. In 2012 the Australian Federal Police will:

- Work with PNTL to identify new structures for effective donor coordination.
- Manage expectations that the Australian Federal Police–Timor-Leste Police Development Program will fill gaps in PNTL capacity or resources following the anticipated withdrawal of the United Nations Integrated Mission in Timor-Leste at the end of 2012. This will be achieved through capacity building support to the PNTL.
- Facilitate key deliverables for the Australian Federal Police–Timor-Leste Police Development Program including executive police management programs, three levels of investigations training, Police Training Centre infrastructure development, accrediting the Police Training Centre and its programs, and delivering gender equality initiatives.

Public sector management and good governance

- The public finance and administration team will deliver a high quality governance for development design in 2012 with the government to:
 - consolidate two of AusAID's existing programs (the Public Sector Capacity Development Program and Public Financial Management Capacity Building Program) under a single umbrella by December 2012
 - narrow the scope of Australia's justice sector support to the integrated information management system and activities to help end violence against women
 - support the government to develop and implement good public policy initiatives which improve services and promote economic growth



- provide an analytical capability for the country program to ensure that programming decisions are underpinned by systematic and robust economic, political and social analysis
- improve living standards for poor Timorese through services and economic empowerment.
- Commence negotiations with the Ministry of Finance in May 2012 to strengthen its public financial management systems. This will be undertaken with a view to moving towards budget support by 2013 linked to the achievement of minimum conditions agreed with development partners.
- Work closely with Timor-Leste throughout 2012 to operationalise the National Program for Suco Development, with the first grants anticipated to flow to communities by the beginning of 2013.
- Monitor decentralisation developments closely and undertake analysis to ensure that the aid program is well placed to respond to potentially rapid reforms in this area.
- Develop a new program of support for ending violence against women, which builds on the successes of our engagement through our existing justice sector program.