



Evaluation of the Timor Leste Country Programme, 2003 – 08

EVALUATION OF IRELAND AID'S TIMOR LESTE COUNTRY PROGRAMME 2003 – 08

Final Report
September 2008



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Acronyms

AusAID	Australian Agency for International Development
CAVR	Comissão de Acolhimento, Verdade e Reconciliação (Commission for Reception, Truth and Reconciliation)
CDCU	Capacity Development Coordination Unit
CEDAW	Convention on Elimination of All forms of Discrimination Against Women
CFET	Consolidated Fund for East Timor
ConSP	Consolidation Support Programme
CRU	Conflict Reduction Unit
CSP	Country Strategy Paper
CSP1	Country Strategy Paper 2003-05
CSP2	Country Strategy Paper 2006-08
CSP2A	Revision to CSP 2006-08 in October 2006
CSR	Civil Service Reform
CTF	Commission of Truth and Friendship
EC	European Commission
EU	European Union
FONGTIL	Forum ONG Timor Leste (NGO Forum)
FRETILIN	Revolutionary Front of Independent Timor-Leste
GDP	Gross Domestic Product
GNI	Gross National Income
GoTL	Government of Timor-Leste
HDI	Human Development Index
HSSP	Health Sector Strategic Plan
IA	Irish Aid
ICDS	Institutional Capacity Development Support
IDPs	Internally Displaced Persons
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	International Non-Governmental Organisations
JPDA	Joint Petroleum Development Area
LDSP	Local Development Support Programme
LGOS	Local Governance Options Study
LGSP	Local Governance Support Programme
LMIP	Labour Market Information Project
MAF	Ministry of Agriculture and Fisheries
MDGs	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
MSATM	Ministry of State Administration and Territorial Management
MTEF	Medium Term Expenditure Framework
MTEP	Medium-term Expenditure Plan
NDP	National Development Plan
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Assistance
OPE	Office for the Promotion of Equality
PEFA	Public Expenditure and Financial Accountability Assessment
PFM	Public Financial Management
PFMCBP	Public Financial Management Capacity Building Programme
PMIS	Personnel Management Information System
PNTL	National Police of Timor-Leste
PSM	Public Sector Management
SEFOPE	Secretariat of State for Vocational Training and Employment
SEPI	Secretary of State for the Promotion of Equality
SJSP	Strengthening the Justice Sector Programme

SIP	Sector Investment Programme
TA	Technical Assistance
TCSP	Transitional Country Strategy Paper
TFET	Trust Fund for East Timor
TL	Timor-Leste
TSP	Transition Support Programme
UN	United Nations
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UNMISSET	United Nations Mission to Support East Timor
UNMIT	United Nations Integrated Mission in Timor-Leste
UNTAET	United Nations Transitional Administration in East Timor

Prologue

Timor Leste is a newly independent country with a turbulent history of occupation, in which human rights were neglected and local capacity remained undeveloped. Economically, Timor-Leste is among the poorest countries of the world, although oil and gas reserves have provided a growing source of wealth. Political instability has continued post-independence with the most serious violence in 2006, when widespread unrest led to the resignation of the Prime Minister and a major humanitarian crisis. After the 2007 elections the new government introduced a fresh programme of National Priorities, but political insecurity continues as marked by the attempted assassination of the President in February 2008. Irish Aid, along with other development partners, has therefore faced a complex challenge in addressing major development concerns within a new and fragile state, especially in 2006, when its new country strategy faced fresh implementation challenges. Nevertheless, these experiences over the past five years do provide an important learning environment for Irish Aid, and this evaluation seeks to draw out such lessons through its assessment of how well IA approached and delivered its country programme.

Executive Summary

S1. **Purpose:** The Evaluation and Audit Department of Irish Aid (IA) commissioned this independent evaluation of the Timor Leste (TL) country programme in order to provide the Senior Management of IA and the Country Team in Dili with an assessment of the relevance, effectiveness, efficiency and impact of the two Country Strategy Papers (CSPs), covering the period 2003-2008. This is the first independent evaluation to be undertaken of the TL programme. The report is intended to inform future strategic decision-making, particularly the formulation of the next CSP.

S2. **Context:** Irish Aid has been involved in Timor Leste since 1999, and established a programme office there in 2002. Over the period 2003-2008, out of a commitment of €30.5m, €11.5m was for macro-economic support, €9.3m for public sector strengthening, €3.6m for local government and small grants and €4.7m for human rights, gender and justice. So far, the IA programme has provided actual support to TL of €20.7m. This makes it the 8th largest donor, contributing 2.6% of all OECD-DAC Official Development Assistance. ODA represents a large but declining proportion of the nation's Gross Domestic Product, falling from 66% to 55% from 2002 to 2005.

S3. Timor Leste's history has been turbulent, with 400 years of Portuguese rule followed by Indonesian occupation from 1974 to 1999. After independence in 2002, TL remained among the poorest countries of the world, with a UN Human Development Index rank of 150 out of 177 countries in 2007/08. Non-oil output has fluctuated over the period due to political and civil turbulence, although the growing exploitation of oil and gas reserves has provided an important source of financial stability and self-reliance, with the National Petroleum Fund currently holding earnings amounting to \$2.6bn from these reserves. TL's potential for civil unrest and conflict has remained a concern over the past six years. The country witnessed its worst violence in April-May 2006, when army and police groups fought each other and widespread civil unrest led to the resignation of the Prime Minister, and to the evacuation of most international personnel. The violence also led to a major humanitarian crisis, with over 100,000 internally displaced persons.

S4. **Methodology:** The evaluation used a matrix with 36 questions based on OECD-DAC evaluation criteria of relevance, efficiency, effectiveness and impact. The OECD-DAC principles of engagement in fragile states were also used. The matrix was adapted during the inception period based on discussions with IA. A four-person team of independent consultants then undertook a field visit to Timor Leste for two weeks in June 2008 and interviewed some 80 respondents in Dili as well as in Covalima and Ainaro districts. The evidence base was constrained by a lack of systematic programme reporting on outputs and outcomes against targets, by time constraints and unavailability of some respondents in TL.

Main Findings:

S5. **Relevance:** The two CSPs were well aligned in stating that they would support the Government's National Development Plan (2003-08), and by committing the majority of IA funds to budget support-type instruments (the Transition Support Programme 2003-05, and the Consolidation Support Programme 2006-08) that promoted ownership and obtained a platform for broad policy engagement. The CSPs also reflected IA's corporate policy commitment (particularly the 2006 White Paper) to supporting governance, human rights and gender equality as well as partnerships and local ownership.

S6. IA's depth of analysis as to sector choices was varied, however. The rationale for the resource split across programme areas – particularly the heavy bias towards funding of government programmes (over 80% of IA's budget) was not fully elaborated or

rationalised in strategy documents. The 2006-08 CSP had a richer analysis than the 2003-05 CSP. Nonetheless, the rationale for support to public sector management, while clear in a broad sense, did not fully explain why IA itself should join this sector. Equally, the rationale for supporting civil society was not based on a sufficiently detailed or strategic plan of engagement.

S7. While IA showed a broad appreciation of the evolving country situation, IA (along with other donors) did not demonstrate in either of its strategies a thorough understanding of the more fundamental causes of conflict. Thus one finds little mention of factors such as weak political leadership, the complex multi-ethnic tensions within Timorese society, the problem of high unemployment especially of youth, the weak security sector and the essentially short-term approaches pursued by the United Nations implementing agencies in addressing political and security problems. Conflict assessments undertaken following the 2006 crisis stressed that the donor community as a whole had shown a too heavy focus on state-building and a neglect of employment creation and the improvement of living conditions through better service delivery and 'quick wins'.

S8. Generally IA's risk assessment, as with other donors, has proven to be rather over-optimistic and mitigation measures to manage these risks too general. IA's broad programme did spread risks well, however, and enabled parts of the programme to continue operating in 2006, while others were stalled. IA did adjust its strategy following the crisis of 2006, but this adjustment did not sufficiently take account of the key causes of instability. For major ongoing reform programmes in justice and the public sector, risks were identified in the second CSP, but these remain critical and all have not been well addressed

S9. IA has been a well-harmonized, neutral and flexible partner. This approach has brought added value, while its continuity of support for gender and local governance has enhanced its reputation. At the same time, IA's approach has been more reactive and less strategic than it might have been in, for example, seeking to balance the sometimes strong influences of other major donor partners, particularly in a context where ODA forms a high proportion of GDP, and reducing the competitive and bureaucratic nature of the aid management machinery.

S10. Although the programme was relatively modest in size, the range of interventions and their requirements in technical expertise were very heavy for the capacity in the country office. Increased capacity at the country office and/or a greater level of advisory support from HQ could have impacted positively on programme implementation.

S11. While some of the programmes supported by IA had their own comprehensive results monitoring framework and reporting, the IA programme as a whole was weak in this area (though the second CSP had a better framework than the first), and progress reports dwelt on activities and processes and had little to say on achievement of outcomes.

S12. In terms of **Effectiveness**, the programme has had mixed results. Stronger success has been seen in local governance, as progressive steps have occurred in examining options, passing legislation and introducing local funding channels. In human rights and gender equality and mainstreaming, there has also been effective delivery, with small but strategic support to NGOs that have mediated conflict, improved awareness of rights and access to justice. Support for credit channels to women in rural areas and campaigns against domestic violence appear to have been successful. Gender mainstreaming in government has made progress, especially in the lead state agency, although most line ministries have yet to take effective steps in this regard. IA support in the justice sector has faced immense challenges, and the main intervention has had limited results. Macro-economic support and public sector management show fair to poor achievement. The turbulence of political events has set back some good progress in planning and financial

management, and while positive steps occurred in setting up key public institutions, there were also poor results in capacity building, improving services and support for employment. Finally, the Small Grants Facility has operated on the periphery of the main IA programme and while it has appeared to have delivered useful infrastructure improvements, there has been inadequate attention to community capacity building and coordination with local government.

S13. Looking at IA's compliance with the Paris principles of aid effectiveness, evidence from TL shows a satisfactory trend, especially regarding alignment and coordination, but there is room for improvement in terms of the principles of mutual accountability and a focus on performance. In terms of compliance with OECD/DAC principles for working in fragile states, IA again is assessed as fairly good, as it has concentrated on state-building, human rights, engaging with civil society and access to justice; but IA has not been strong in terms of conflict prevention analysis or bringing fragile states thinking into its strategies in TL.

S14. In terms of **Efficiency**, the IA programme in TL represents a high spend per capita basis, at €4.55 per head, compared to most other IA programme countries. Disbursement has been on track until the last two years, when it fell as IA commitments to the macro-economic support programme were suspended. Staff continuity has been good, especially given the remoteness and insecurity of the Timor environment; but there has been limited advisory support from HQ and generally the office has been overstretched. In some areas, especially elections, gender and human rights, the programme has demonstrated value for money.

S15. **Impact** : TL has seen its development path diverted by serious political and social conflict, yet the most recent IMF report indicates that economic performance is rebounding well, with GDP growth up to 8% in 2007, largely driven from rising oil and gas revenues. Recent data on poverty trends are scarce, so although government resources, budgets allocations and even execution rates have risen since 2007, whether these have translated into improvements in the standard of living of TL citizens is unclear. For most MDG indicators there has been little improvement over the period from the 1990s to 2004; and while improvements in literacy and school attendance, and infant and under 5 mortality are evident, there is little improvement in life expectancy, incomes or employment, and gender equality.

S16. Measuring the degree to which TL's progress can be attributed to IA's support is challenging, but IA can take credit for contributing towards improved governance, particularly in public service reform, decentralisation and in human rights and gender equality; while in civil society there have been important contributions to the understanding of human rights, reduction in human rights abuse, women's empowerment and monitoring of justice. Sustainability of development progress depends on continuing political stability. Government ownership has increased, but there is still a need for long-term capacity building.

S17. Some of the **Lessons** derived from this evaluation are that:

1. IA can bring added value as well as enhance its reputation by **focusing on areas of proven expertise**. Where large development partners that have their own priorities are present, IA can play a useful strategic role through **providing neutral, flexible and appropriate advice**.
2. **Multilateral engagement in larger programmes is not necessarily a lighter management option and doesn't reduce the need for strategic engagement**. Using the UN agencies as implementers has the benefit of neutrality, but without close management, implementation can be uneven.

3. The **absence of systematic monitoring and evaluation** of projects and programmes can profoundly affect IA's ability to assess the performance of its interventions (and even lead to false impressions of progress).
4. Within TL's fragile state context, a focus on state-building and civil society strengthening has been valuable and complementary. However **in a new and untested democracy, IA should not focus too heavily on state-centric support** because government systems may not be mature enough to absorb and deliver as anticipated. Where IA operates in a fragile state context, an understanding of the underlying issues contributing to conflict is essential for devising strategies and effective responses. Where contacts with civil society organisations are good, this should allow IA to understand better the factors contributing to conflict.
5. Where **the number of sectors and programme spend grow, but IA's local capacity and backstopping are not changed, the quality of delivery can be affected.**
6. A **small grant facility should strategically reinforce the country programme**, rather than operating at its periphery.

S18. Amongst the **Recommendations** made in the report are the following:

1. IA should not aim to increase its financial commitment in its future programme for TL, given that government resources are likely to grow. Instead the programme should seek greater quality and strategic engagement, through improved analysis, a greater focus on delivery and better monitoring of performance.
2. IA should increase the level of support to and capacity within the country office team. Increased use of Timorese professional expertise would be cost-effective, but technical back-stopping is also required including greater use of HQ advisors and where appropriate consultants. Relevant, additional training of the existing national staff should be provided.
3. Rather than preparing a full CSP this year (to run from 2009 on), given that government plans for their next National Development Plan are only partially known, and the current National Priorities 2008 may well extend into 2009, it may be prudent to adopt an interim strategy until the next NDP is in place. Given IA's reputation for neutrality and effective local engagement, IA could respond to the Government's interest in IA providing support for the consultations for the next NDP.
4. IA should bring focus to its next CSP by identifying 2 to 3 areas rather than 5 or 6 to enable better quality of engagement. It should balance this by spreading risk though continuing to use different partners and funding channels. Possible areas of focus might be: (i) Local Governance (with links to grants, CSOs, NGOs, capacity building); (ii) Human Rights, Justice and Gender Equality and (iii) Employment (long-term focus in private sector or rural development)
5. IA should seek to play a stronger role in the combined approach of EU member states, and endeavour to coordinate both its new strategy and its conflict resolution work with other EU states. IA should be neutral but aware of concerns over the political interests of others and the associated language issues.
6. There needs to be a substantial change in monitoring and evaluation of the programme, which develops results frameworks (joint or stand alone) and then provides the means to routinely report on achievement at outcome as well as output and activity level.
7. In terms of conflict reduction, IA's development programme and the initiatives of the Conflict Reduction Unit of the Department of Foreign Affairs should be harmonized, and the Irish Government also needs to work in concert with others who

are active in the area. IA should undertake a conflict analysis in relation to its current and planned interventions.

8. In multi-lateral engagement, IA should seek a more strategic and analytic role. This involves developing specific objectives in its work with such partners, such as choosing to pursue specific aid effectiveness principles and then monitoring progress in achieving them. The aim is to ensure IA's priorities are addressed and that IA's exposure in terms of funding and poor implementation is managed. IA should be selective in the use of the United Nations as implementer, and choose UN partners to work with based on their record so far and proven capacity in TL.
9. The forthcoming evaluation of the Small Grants Facility in TL should include consideration of the strategic role of small grants, management arrangements and mutual reinforcement between small grants and IA support for decentralisation and civil society. It should also consider possibilities for entering longer term partnerships, leading to more extended assistance and fewer grants, to enhance results and efficiency.
10. IA should develop a civil society strategy as part of its formulation of the new CSP.

1. Introduction and Context

1.1 Introduction

1. Irish Aid (IA) has been engaged in Timor-Leste (TL) since the United Nations (UN) organised the Referendum on Continuing Autonomy with Indonesia, on August 30th, 1999. IA's support has moved from the provision of emergency and humanitarian assistance in the aftermath of the violence surrounding Indonesia's withdrawal to long-term development cooperation. A Transitional Country Strategy was implemented between 2001-2002, with the aim of alleviating the material consequence of the recent conflict and contributing towards the immediate needs of political development and institutional capacity building. In March 2003, TL was designated Irish Aid's seventh Programme Country and first Programme Country in Asia. Over the period 2003-2008, the Irish Aid programme has been guided by two 3-year country strategies: the first from 2003-05 and the second from 2006-08. Total IA support to TL has been €20.7m across the 6 years.

2. The Evaluation and Audit Department of Irish Aid commissioned this evaluation of the Timor Leste country programme with a purpose to "*provide Irish Aid with an evaluation of the two Country Strategy Papers (CSPs) covering the period 2003-2008 which will inform future strategic decision making, with particular reference to the formulation of the next CSP covering the period 2009-2012*". (**Annex 1** Terms of Reference).

3. This report is structured as follows. First, the context of the programme in terms of the political events in TL and the socio-economic conditions are described below. Chapter Two then describes the strategies and interventions of Irish Aid's programme over the period 2003-08. Chapter Three presents the findings of the evaluation. These include the relevance of IA's strategic approach and its programme, how Ireland worked with partners and government, how it approached cross-cutting issues such as gender, and tackled risk. The Chapter also explores how effectively IA delivered its programme, what results were achieved, and how well it operated in the context of the Paris declaration of aid effectiveness principles and those relating to operating within a fragile state setting. The Chapter concludes by looking at broader impact in terms of governance and development outcomes, and sustainability. Chapters Four, Five and Six summarise IA's strengths and weaknesses in its work in TL, and then draw out lessons and recommendations.

1.2 Context¹

4. Timor Leste has experienced an extremely turbulent history. After some 400 years of Portuguese colonial rule, TL was occupied by Indonesia from 1974 to 1999. The occupation faced stiff and popular resistance led by an armed movement, *Falintil*. The occupation was marked by extreme violence during which approximately 200,000 East Timorese are reported to have died or gone missing, just under a third of the then population of 650,000. Following the fall of President Suharto in 1998, Indonesia offered to hold a referendum allowing the territory a choice between autonomous status or an independent state. An overwhelming majority of Timorese voted against continuing autonomy within Indonesia, and thus for their independence. Tragically, the referendum was followed by a well-planned campaign of violence led by armed militia. The violence

¹ See Annex 2 for a timeline of pertinent national and international events as well as major stages in the Irish Aid country programme since 2002, and also a description of the main contextual issues.

left over 1,000 people dead, the majority of the population displaced, and most of the private and public physical infrastructure in ruins.

5. Economically, Timor-Leste is among the poorest countries of the world, with a per capita GNP of around \$343 in 2003 (the fourth lowest in East Asia, only slightly above Papua New Guinea, Laos and Cambodia), and a UN Human Development Index rank of 150th out of 177 countries². Real non-oil output declined precipitously by 35% in 1999, owing to the heavy destruction that year. It rebounded by a significant 15% in both 2000 and 2001, driven primarily by a large influx of expatriates brought in under UN auspices to help with security and economic development. It declined sharply in 2002, and became negative in 2003, as the presence of the expatriate community dwindled.

6. In 2002, with the support of the international community under the United Nations Transitional Administration in East Timor (UNTAET), the country prepared a long-term Vision (termed the Vision 2020) and a five-year National Development Plan³ (Box 1). It was prepared at a time when economic conditions were extremely poor with inflation at 140% in 1999, but when it was also known that proven oil and gas reserves would over time provide a growing and critical resource for the country.

Box 1. National Development Plan (2003-08) and Vision 2020

Prepared in 2002, following a full consultative process and a poverty assessment, the NDP is guided by the national Vision 2020, which aims for a democratic, prosperous and safe society built on sustainable and inclusive development.

The NDP provides a road map for 5 years with two over-riding development goals:

- a) To reduce poverty in all sectors and regions of the nation
- b) To promote economic growth that is equitable and sustainable, improving the health, education, and well being of everyone in East Timor.

The NDP Strategy was to design programs and pursue initiatives that systematically address its main development goals. “The first set of tasks during this early transition stage is to establish government capabilities, enabling legislation, and the institutions required to pursue development priorities.

A second set of priority tasks is for every sector of government to pursue development activities that help reduce poverty. These are very often interdependent with priorities of economic growth, through which the nation’s productive capacity is strengthened to create new jobs and higher levels of earned income, and, in time, a vibrant middle class. As the Plan shows, many economic development plans cannot be implemented without legal foundations and governance that ensures private sector opportunities with a national infrastructure to support growth.

A third set of priority tasks consists of addressing an extensive list of barriers that face every sector and all government agencies. These barriers are monetary, social, cultural, and structural impediments to economic growth and to the nation’s efforts to reduce poverty. Many sector specific objectives are subsequently focused on reducing or eliminating these barriers, so that progressive development programs can be implemented.” (extracted from the Executive Summary, NDP)

7. The NDP is ambitious but envisaged the achievement of its goals as a phased process, with an initial effort on establishing ‘*government capabilities, enabling legislation, and the institutions required to pursue development priorities*’ (NDP, Executive Summary). The Plan also foresaw that prospects were uncertain, at least until oil revenues came on stream: ‘*The short-term phase is also a time of fragile and*

² UNDP Human Development Report, 2007/8. This ranking places Timor Leste at the lower end of the countries categorised with ‘Medium Human Development’, and in terms of IA’s programme countries, below Vietnam (105) and Lesotho (138) but above Uganda (154), Tanzania (159), Malawi (164), Zambia (165), Ethiopia (169), Mozambique (172).

³ East Timor National Development Plan, Planning Commission, Dili, May 2002

uncertain development. It is a period when funds are scarce, there are few industrial opportunities for growth or employment, demand on all government resources far outweighs the ability to supply, and questions of trade, investment, and foreign relations are unresolved. The nation will face its most severe challenges during the early years after independence. The longer-term stage represents a time of promise, when oil and gas revenues may provide the monetary base required for sustained growth, and when the nation can emerge from its early adversities with a strong sense of hope’.

8. The NDP provided the policy framework for the first elected Government under Prime Minister Alkatiri. Planning advanced with the preparation of a number of sector investment plans, and efforts at reconciliation took place through the establishment of the Commission for Truth, Reception and Reconciliation (CAVR).

9. However, deeper problems connected with the security sector (especially police malpractices) and historical tensions between former exiles and those who belonged to the resistance movement, remained largely unaddressed. Political instability has continued post-independence and has been marked by a series of outbreaks of violence, with the most serious in April-May 2006, when army and police groups fought each other and widespread civil unrest caused the resignation of the Prime Minister, and the evacuation of most international personnel. The violence also led to a major humanitarian crisis, with over 100,000 internally displaced persons (IDPs).

10. The 2007 elections were regarded as free and fair and the new government has established a fresh programme of National Priorities for 2008⁴. Political insecurity continues however, as marked most recently by the attempted assassination of President Ramos Horta in February 2008.

“The (2006) crisis compounded weak economic performance over the previous five years. During 2004-05 there had been signs of economic recovery. By mid-2006, economic activity in Dili was almost brought to a stand-still. Coffee production was largely affected. Overall, the non-oil economy shrank in 2006 while consumer prices went up, first from higher transport costs and then in 2007 due to rice shortage. Prices are now around 13 percent higher than in March 2006 while incomes per capita have not increased” (GoTL’s National Development Priorities 2008, p.3).

11. The same report concludes that *“Per capita income in the non-oil economy is about 20% lower in real terms than it was in 2002, implying that poverty is increasing.”* Nevertheless, guided by the NDP, the government, assisted by an IMF macro-economic support programme has shown leadership in prudent macro-economic management, particularly in management of the growing oil and gas revenues. These revenues have seen TL’s budget grow dramatically⁵, with 98% of revenues derived from the petroleum sector in 2007, although budget execution has struggled to keep pace.

12. Poverty surveys in Timor Leste confirm that the level of poverty is among the highest in the world. In 2001, about 40% of the population was classified as poor, and the incidence of poverty was much worse in rural areas (nearly 46%) than in urban locations (about 26%). Poverty was exacerbated by the 1999 violence, and food security was worsened as a result, leading to malnourishment of about half of the child population. A long history of under-investment in public services had led to very poor social indicators. For example, at the time of the NDP almost half of the adult population had never attended school and 46% could not read (NDP, p.53). Due to some improvement in the

⁴ Working Together to Build the Foundations for Peace and Stability and Improve Livelihoods of Timorese Citizens, 2008 National Priorities, Government of Timor-Leste, Timor-Leste and Development Partners’ Meeting (TLDPM) 28-29 March 2008.

⁵ IMF figures report revenues rising from \$337m in 2004/5 to \$395m (05/6), \$733m (06/7) and a projected figure of \$1,032m (07/8). The Petroleum Fund balance at end-December 2007 was US\$2.1 billion.

provision of public services, the combined school enrolment rate has risen from 56 to 66%⁶, but coverage and quality remain poor and are challenged by the additional burden of over 200,000 internally displaced and food insecure people⁷.

13. In conclusion, Irish Aid, as with other development partners, has faced a complex set of challenges in working to stabilise the political and economic conditions in TL. In a post-conflict, newly-independent fragile state such as TL, there is a special need to fully understand the underlying causes of conflict. Recent studies⁸ have argued that many development actors have not fully appreciated the historic and deep-rooted causes behind the country's ongoing instability. Amongst these are the following:

- Disagreements and rivalries among TL's small political elite;
- Weak and politicized governance institutions (especially in the security sector);
- Severe inadequacies in the justice system;
- Widespread absence of reliable information and severely limited formal channels for communication; and
- A disaffected, disillusioned and largely disempowered population.

14. This experience of working in a fragile state in the past five years provides an important learning environment for engaged development partners, including Irish Aid. This evaluation seeks to bring this context to bear in its assessment of how well IA approached and delivered its country programme since 2003.

1.3 Aid to Timor Leste

15. TL has been a heavily aid dependent country during the evaluation period. OECD-DAC Official Development Assistance (ODA) accounting for 26.7% of Gross National Income (GNI) in 2005. In that year, TL had the second highest ODA:GNI ratio in Asia after Afghanistan. A better measure is the non-oil GDP to ODA per capita ratio, given that the state has been poor at translating its oil windfall revenues into improved services. Using this measure, dependency on aid rises to 55-66% over the 2002-05 period (Table 1). Even more remarkably, when the support provided through the UN missions is included, the level of ODA to GDP per capita rises to more than 100%.

Table 1. International Assistance as percentage of Non-Oil GDP (\$)

Year	2002	2003	2004	2005
GDP per capita	368	343	339	350
ODA per capita	225	213	206	192
ODA as % of GDP	66	63	61	55

Source: Review of Development Cooperation in Timor Leste, Scanteam, NORAD, Annex D, 2007.

16. The pattern of ODA by sources for TL is illustrated in Table 3. Ireland is a medium sized donor to TL, ranking 8th largest over the five year period 2002-06. Multilateral aid is limited mainly to grant funding from the World Bank (WB) and Asian Development Bank, owing to the government's policy of avoiding debt. Portugal and Australia are the largest donors, reflecting their strategic interest in the country. If all

⁶ UNDP Human Development Report for Timor Leste, Table 1.1, 2006.

⁷ The World Food Programme fed 243,000 people in 2007, with a monthly average caseload of 70,000 IDPs, 112,000 primary school pupils; 42,400 malnourished children under-five and lactating and pregnant women and 25,500 beneficiaries of food-for-work (UN Timor Leste Transitional Strategy, 2008).

⁸ Report of the Secretary-General on Timor-Leste pursuant to Security Council resolution 1690 (Aug. 2006); The Crisis in Timor-Leste: Causes, Consequences And Options for Conflict Management and Mitigation, Nov. 2006, USAID; Review of Development Cooperation in Timor Leste, Scanteam, NORAD, Oct. 2007.

European Union (EU) Members States' contributions (including those from European Commission) are combined, their total support amounts to 42% of total aid in the period 2002-06. This aid picture excludes the UN missions that have administered security and development programmes under various Security Council agreements.

17. Although multilateral lending institutions have provided a relatively low volume of assistance, due to the decision by the Government of TL (GoTL) not to use loan financing, the role of agencies such as the WB and the International Monetary Fund (IMF) have been critical to formation of the state through their advice, macro-economic assessments, as a catalyst for donor coordination and through the setting up and management of multi-donor trust funds (MDTF). Equally the UN has been central to the establishment of a functioning state initially through direct administration based on Security Council resolutions, and subsequently through the provision of humanitarian and development assistance.

Table 3 Total Overseas Development Assistance (Net) to Timor Leste, 2002-2006 (\$m)

	Year					
Donor	2002	2003	2004	2005	2006	Total
Portugal	76	43	26	35	39	217
Australia	38	29	35	38	46	186
United States	27	23	27	20	21	118
European Commission	21	15	12	10	26	84
Japan	6	9	10	33	22	80
Norway	8	7	9	9	15	47
United Kingdom	11	7	8	1	4	32
Ireland	3	4	5	6	9	27
Sweden	4	5	6	3	2	19
Germany	1	3	3	5	5	18
Canada	3	5	3	3	2	16
New Zealand	1	3	3	3	5	15
Finland	2	2	2	2	2	10
Multilateral	31	27	20	24	35	138
Others	10	8	4	4	3	29
Total All Donors	242	191	174	195	236	1037

Source: OECD-DAC Aid Statistics web site.

1.4 Methodology

18. This country programme evaluation was conducted in three phases. An inception stage reviewed the TOR and in the light of views from meetings in Dublin and relevant literature, revised the initial evaluation methodology proposed in the contract tender. An evaluation matrix was the key tool used to provide a structure for the evaluation team's approach to evidence gathering. This was supplemented by an email questionnaire targeted to individuals that the team would not meet in the field. The second stage comprised a two week field visit to Timor Leste (9-20th June 2008). The four person team divided the work according the main pillars of IA's programme⁹. Over 80 respondents were interviewed and a field trip to Covalima and Ainaro Districts was conducted. The third stage was the analysis and report drafting; team members providing a completed matrix which the team leader then used to draft a synthesised report of findings.

⁹ **Nick Chapman** (Team Leader, Transition Support Programme and Consolidation Support Programme), **John Taylor** (Human Rights, Gender and Justice), **Ines Rothmann** (Public Sector Reform), **Ian Patrick** (Local Governance, Small Scale Grants and Civil Society).

19. The methodology focuses on standard Organisation for Economic Cooperation and Development - Development Assistance Committee (OECD-DAC) evaluation criteria of *relevance, efficiency, effectiveness* and *impact*. The evaluation matrix includes 36 questions covering sub-headings under these areas of evaluation. During the inception stage, key issues underlined for attention by the evaluation team included: the ability of IA to adjust to the volatile situation in TL; how to build conflict resolution initiatives into the development programme; how and where to rationalise the programme given its wide scope; and what lessons and recommendations may be proposed to guide the next CSP, planned from 2009 onwards .

20. IA assisted to the fullest extent in terms of access to documentation, support during the fieldwork and in individual responses to evaluation questions. There are, however, a number of limitations that affected the sourcing of evidence. The main one is the lack of systemic monitoring of the TL programme and its separate interventions. IA is yet to develop a corporate project scoring or assessment tool¹⁰ and the annual reports for TL are mainly descriptive and concentrate on processes and issues, rather than assessing achievements against targets at outcome level. The evaluation team introduced their own scoring to allow a judgement to be reached on overall achievement, based on available evidence, and this is described in Chapter 3.2.2. The second main limitation was in locating interlocutors who were familiar with the IA programme over the whole five year period, and in having effectively only eight working days to conduct interviews in Dili (due to travel time, field visits and weekends). The team were able to overcome this problem to some extent by emailing and telephoning a number of knowledgeable persons who were not present in country.

¹⁰ Such as DFID Project scoring system known as PRISM, or the World Bank's performance rating system.

2. Irish Aid's Programme

21. This section outlines the evolution of Irish Aid's strategies over the evaluation period, and describes the interventions supported and the budget versus actual spend. It also describes the wider donor environment in TL. This sets the scene for our assessment of relevance, efficiency and effectiveness given in Chapter 3.

22. IA established a representative office in Dili in November 2002, and announced TL as its first Asian country programme in March 2003. The genesis of the Irish government's involvement in TL dates back to the early nineties when advocacy groups in Ireland raised concerns over the serious human rights violations under the Indonesian occupation. From this point on, strong public and political support for TL has been sustained through active lobbying and advocacy. From a basis of political support for independence and subsequent humanitarian aid, the IA involvement has evolved to include a development programme since 2003. This evaluation focuses on the development interventions, while political and humanitarian assistance also continued during the period under review.

2.1 Strategies

23. There were two country strategies covering the evaluation period, the first Country Strategy Paper, which we term '*CSP1*', ran from 2003 to 2005, and the second (termed '*CSP2*'), from 2006 to 2008. Following the traumatic events of 2006, IA undertook a review of the *CSP2*¹¹ in October 2006, and the resulting strategic adjustment we have termed '*CSP2A*'.

24. The **CSP1** built on IA's earlier Transitional Country Strategy Paper (TCSP) covering the 2001-02 period, and which aimed to fill critical gaps in the post-conflict situation¹². The TCSP was seen as a platform for an '*incremental expansion*' of the IA programme, with a prudent approach built around rehabilitation and reconstruction, and the development of democratic institutions. Resources over 2000 to 2007 were foreseen to grow from €1m to €2.5m¹³ per year (TCSP p.27).

25. Drafted in 2002 by the IA Emergency and Recovery Section, the *CSP1* had the objective of '*assisting the Government of Timor Leste (GoTL) and civil society to achieve the vision set out in their National Development Plan (NDP) through consolidating the gains made to date in the transition period, ensuring a stable environment for development, and contributing to poverty reduction through the delivery of essential services, institutional capacity building and the strengthening of governance*' (p.5, *CSP1*). There were five 'focal areas' or pillars as set out in Table 5, and these were seen as consolidating the gains made by IA in the previous two years. The main thrust of the *CSP1* was support to state-building (budget support and public sector capacity building), with additional but substantially less support to human rights, justice, local government, gender equality and elections.

26. The **CSP2**, prepared in 2005, also sought to consolidate the existing programme and to support the NDP and the broader underlying longer-term Vision 2020 (Box 1). Indeed the stated *CSP2* objective was to '*support the Government and people of TL to*

¹¹ 'A proposal for an Irish Aid Response to emerging needs in Timor Leste', Irish Aid, October 2006.

¹² Transitional Country Strategy Paper, Bilateral Aid Programme 2001-02, Emergency Rehabilitation Unit, Irish Aid, May 2001.

¹³ Irish Aid planned commitments are referred to in Euro, while IA actual expenditure is generally referred to in US\$, which is the currency used in Timor Leste.

achieve the objectives of the NDP and MDGs'. Four focal areas were identified, which broadly matched the CSP1's first four focal areas. Civil society was added in the document as a distinct programme area, with support for preparing a civil society strategy and funding for the NGO forum. Unlike the CSP1, which had only one Annex on the Terms of Reference for a Local Governance Options study, the CSP2 contained five Annexes, four giving more detail on the first four focal areas, and one Annex containing a Monitoring Framework.

27. The **CSP2A**, which was prepared as a response to the 2006 disturbances, assessed the existing programme and concluded that the *'main pillars of the strategy are still directly relevant to the needs of TL'* but that *'deeper structural causes of the crisis, including a lack of opportunities for youth, high employment and a deficit in governance and economic and development policies'* needed to be addressed¹⁴.

2.2 Interventions

28. Support for TL was structured under five Pillars in the CSP1 and CSP2. The first was the Transition Support Programme (TSP). This was a multi-donor budget support mechanism that emerged from earlier involvement under the TCSP with the Trust Fund for East Timor (TFET) and the Consolidated Fund for East Timor (CFET). The CSP1 sustained this approach by investing €5.5m over 3 years in the TSP, alongside eight other partners. The TSP was designed to address the severe budget deficit prior to the expected flow of oil revenues from the Timor Sea. As a form of budget support, the TSP used a performance matrix with links with the NDP and more specifically, governance, growth and service delivery. Under CSP2, IA committed a further €6m to the Consolidation Support Programme (ConSP) which was a successor to the TSP. After one year, the ConSP was suspended following weak budget execution and the changes in government following the crisis in 2006.

29. For Pillar 2 (Capacity Building for the Public Sector), from 2002-04, IA supported the UNDP Development Post Project and its successor the Institutional Capacity Development Support (ICDS) Project (€0.8m), which aimed to promote capacity building in the public sector by posting long-term advisers to the GoTL. IA also supported the consultation process for drawing up the investment law and training to treasury officials; and supported the Capacity Development Coordination Unit (CDCU) for drawing up the government's medium-term Strategy on Capacity Development (€0.1m). In 2005, under the UN Capacity Development Project for Human Resource Management, IA supported the introduction of a Personnel Management Information System (PMIS) (€0.5m).

30. In the CSP2, between 2006-08, these earlier projects were consolidated into an overarching, United Nations Development Programme (UNDP) Civil Service Reform (CSR) project, which IA has supported at a cost of €2.05m, together with five other bilateral donors and UNDP. In the area of Public Financial Management (PFM), IA also committed €5.5m to the World Bank PFM Capacity Building Programme (PFMCBP), which brought together eight donors in a Multi-Donor Trust Fund (MDTF). Finally, in the area of labour market statistics, since December 2006 and under the CSP2A, IA has supported the Labour Market Information Project (LMIP) (€0.14m) implemented by the International Labour Organisation (ILO), which aims to build the capacity of the Secretariat of State for Vocational Training and Employment (SEFOPE), provide database systems to support the activities of the Division of Employment and Division of Vocational Training and to provide Labour Market Information.

¹⁴ A proposal for an Irish Aid response to emerging needs in Timor-Leste, Irish Aid, October 2006.

31. In Pillar 3, IA's support to Local Governance started with work on a Local Governance Options Study (LGOS) 2003-06 at a cost of €0.9m. Under LGOS, technical assistance for the drafting and publication of the Study was provided through the establishment of an Inter-Ministerial Technical Working Group, which analysed and developed options for local government, submitting policy proposals to the Council of Ministers by Ministry of State Administration and Territorial Management (MSATM). This led to involvement in the Local Governance Support Programme (LGSP) from 2007-11, costing €0.45m so far, which builds upon the LGOS and a Local Development Support Programme (LDSP) that has piloted a range of processes and procedures. LGSP has the primary objective of supporting the establishment of an effective local government system in Timor-Leste, by (i) providing policy-relevant lessons from pilot activities, (ii) by assisting in formulating a comprehensive legal and regulatory framework for local government, and (iii) by supporting implementation of local government reforms.

32. Also under this Pillar 3 is the Small Grants Facility. This Facility offers small-scale support in four target districts (Viqueque, Ainaro, Covalima and Oecussi), and additionally supporting small scale initiatives at national level. The Facility Guidelines allow a wide range of interventions, but the focus has been on small public works and rehabilitation with most grants provided in areas such as school and health post construction and rehabilitation, water supply and sanitation. Since 2003, 145 projects have been implemented at a cost of US\$1,039,043¹⁵.

33. For Pillar 4, IA supported interventions in the areas of human rights, equality and gender, and justice. These areas were consistently maintained during CSP1, 2 and 2A. Under CSP1, human rights (€0.8m) work focused on the '*building of a human rights culture*' largely through support for NGOs monitoring human rights, and for the Commission on Reception, Truth and Reconciliation (CAVR) (investigating human rights abuses during the Indonesian occupation, and attempting to promote reconciliation). Gender mainstreaming (€0.5m) occurred within government programmes, initially with support for the government's Office for the Promotion of Equality (OPE) under the Prime Minister's Office, and support for civil society organisations empowering women, largely via NGOs dealing with micro-credit (Moris Rasik) and gender-based domestic violence (Rede Feto).

34. Under CSP2, within the justice sector, and together with other donors, IA funded the UNDP's Strengthening the Justice System Programme (SJSP). The SJSP's overall aim was to build the justice sector via improved co-ordination, strategic planning, training, assistance in drafting legislation, improving access and building the correctional system. IA decided to devote all its justice funding this programme, after the then Timor Leste Minister for Foreign Affairs, Jose Ramos-Horta, stressed the importance of support for the training of lawyers and assistance with court services in discussions with Irish Minister of State Conor Lenihan in March 2005. In the gender field, IA supported the development of women's committees in IDP camps, the fight against gender-based domestic violence in districts outside Dili, the drafting of legislation on domestic violence, technical support for the Secretary of State for the Promotion of Equality (SEPI), the extension of gender-mainstreaming and the creation of focal points in Ministries, the work of the United Nations Development Fund for Women (UNIFEM) in promoting women's participation in political decision-making, and training women parliamentarians. Support continued for a women's micro-credit programme. In Human Rights, support was provided for NGOs HAK and Forum Tau Matan in monitoring and investigating human rights abuses both in Dili and in the districts. IA also funded the work of Advocats Sans Frontières (€30,000), primarily for its access to law programme, establishing legal clinics in TL's districts.

¹⁵ Expenditure figures in Euros for 2006 and 2007 are not available in the expenditure data from IA Dublin, but local spend in US\$ has been made available.

35. Under CSP2A, support for the UNDP SJSP was brought forward from 2007, enabling €0.8m to be spent in 2006. Funding (€150,000 per annum) was also provided to the Provedor's Office for training in good governance, human rights and anti-corruption.

36. Under Pillar 5, Strengthening Civil Society has concentrated on support to the Forum ONG Timor Leste (FONGTIL), or the East Timor NGO Forum. From 2004-06, IA supported FONGTIL's institutional strengthening and operating costs for a total of US\$60,000. Commencing in late 2006, IA began to provide core support totalling US\$67,000 for FONGTIL's three-year strategic plan, together with six funding INGOs. A small number of individual projects also provided direct support to national and international NGOs. These include: Civil Society Capacity Building Foundation (2007-8) for civic education for civil society leaders in four Districts; Care International (2007-09) Security Focal Point - Security and Training Response to Fragile and Volatile Security Situation; Austcare (2008-09) Community Interactive Peacebuilding in Dili for peacebuilding through 'neighbourhood corners' in communities from which people have been displaced¹⁶.

Table 5 Strategies and Planned Interventions in Timor Leste by Irish Aid 2001-08 with Funding Commitments

Programme Area	TSP 2001-02	CSP1 2003-05	CSP2 2006-08	CSP 2A 2007
1. Macro Economic Support	Support to Trust Funds (TFET, CFET) IR£ ¹ 0.6m	Transition Support Programme €5.5m	Consolidation Support Programme €6m	undisbursed
2. Public Sector Management	Umbrella Technical Assistance Programme IR£1.25m	Capacity Building for Public Sector €1.7m	Public Finance Management Capacity Building €5.5m Public Sector National Capacity Building €2.05m	Continued Continued Labour market Information €0.14m
3. Local Governance / Small Grants	Policy work on decentralisation Small Grants IR£0.45m	Policy work on decentralisation (Options Study) Small Grants €1.7m	Local Governance Support Programme €1.45m Small Grants €0.5m	continued continued
4. Human Rights, Equality, Justice, Elections, Employment	Gender Affairs Unit Commission for Reception, truth and Reconciliation €1.15M Election Support	Office Promotion of Equality (€0.5m) Commission for Reception, truth and Reconciliation Human rights & democratisation €0.8m	Gender Equality €1.3m Justice Sector €1.35m Human Rights €0.26m Elections €0.5m	2007 Justice budget brought forward to 2006 Office of Provedor €0.3m Elections support brought forward to 2006
	Civil Society		Strengthening Civil	Continued

¹⁶ In addition, Irish Aid has supported two Irish NGOs Trocaire and Concern through MAPS. Details are given in Irish Aid Annual Report 2007 Annex 11.

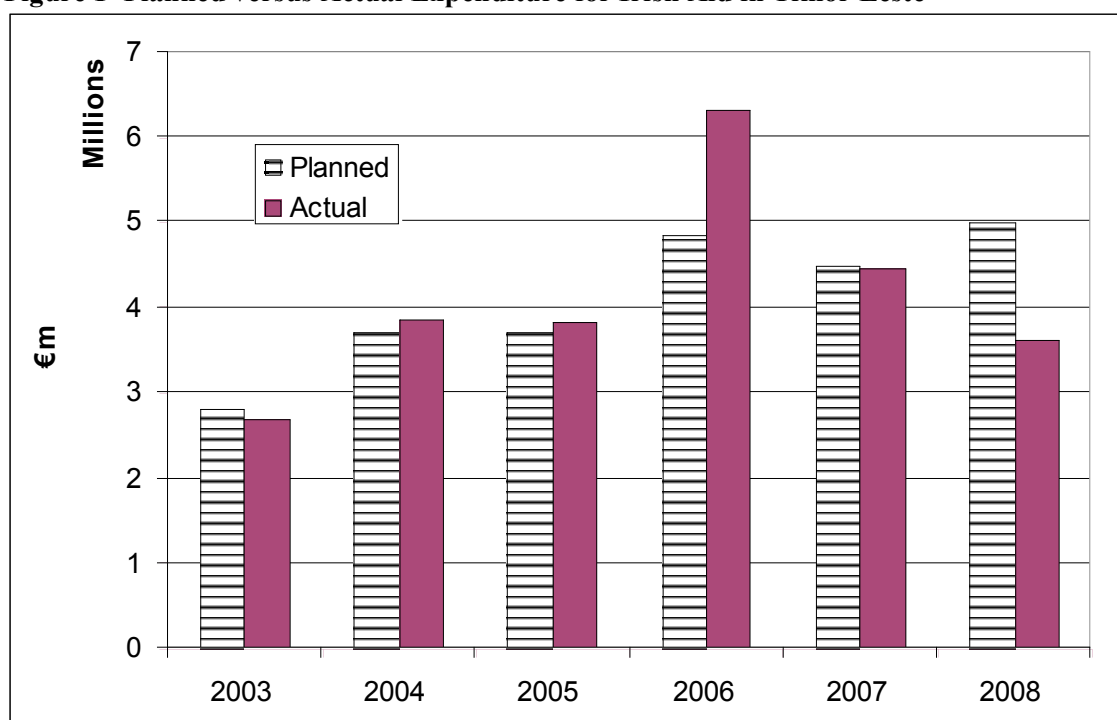
5. Civil Society	Consultative Commission		Society €0.47m	
Total Budget	€7m	€11.1m	€19.38	€0.94m ¹⁷

¹⁷ Irish Pounds

2.3 Spend

37. IA's commitment to TL represents between 2-3% of its total country programmes spend. Actual expenditure compared to budget is shown in Figure 1. The graph illustrates that in 2006 IA increased its resource flow over the original budget in response to that year's crisis. However, in 2007, due to the suspension of the ConSP by the World Bank, IA's disbursements fell sharply below the planned figure. A more detailed picture is given in **Annex 3**.

Figure 1 Planned versus Actual Expenditure for Irish Aid in Timor Leste



N.B. Planned expenditures for 2007 and 2008 were reduced by IA following the decision to suspend the tranches for the ConSP in those years. 2008 actual expenditure shows the latest figures as of July 31.

2.4 IA Programme Management

38. The Irish Aid office, which opened in November 2002, has also been the Irish government's representative office under the Irish Ambassador in Singapore. There has been a small staff complement over the period, with two Irish national (1 country director, 1 administrator) and a local administrator/project officer, plus support staff. Continuity has been good with the first programme manager in post from 2003-06, and the second in post from October 2006 to the present. During the disturbances of 2006, the Irish staff were evacuated for a period of two weeks. The programme is supervised by the Programme Countries II section at IA Headquarters and short support visits have occurred especially in 2006 following the crisis of April-May when the programme review

¹⁷ For 2006-7 only.

took place. In November 2007, a short mid-term review was carried out in-country through a three-day workshop. Various technical backstopping missions have occurred in specific areas, including private sector (2005), local governance (2005, 2006), and public finance (2007).

3. Findings

39. This Chapter is divided into five sections. First an assessment is made of the relevance of IA's strategy in terms of its alignment to national and Irish Aid priorities, the quality of risk assessment, of partnerships, mainstreaming and results focus. Secondly, the efficiency of the programme's delivery is judged in terms of use of resource and staff. Third, the evidence is examined over the effectiveness of IA's programme in delivering the published strategies in terms of outcomes and results level. Fourth, an assessment is made of the quality of aid effectiveness, and IA's adherence to principles of working in fragile states. Finally, the Chapter gauges overall impact of IA's work on TL's development.

3.1 *Relevance*

3.1.1 **How clear and well argued was the strategic analysis?**

40. CSP1 provides a useful summary of the conditions and priorities facing TL in 2002, and through a broad, multi-sectoral approach, outlines the basis for addressing several critical constraints to TL's transition and development needs (such as government capacity, public services and local governance). In terms of pillars, IA had led already on local governance and gender amongst the donor group in the period 2001-02, and two review papers were prepared as a basis for continued support¹⁸. Support for the Transition Support Programme was a sound choice given the existing multi-donor presence, strong management by the World Bank and IA's earlier support to the TFET and CFET. The advantages of providing budget support in conjunction with policy dialogue were set out succinctly, including the benefits of an anchor aid programme to focus on poverty reduction, reducing the administrative burden on government and enabling a joint monitoring process across the whole of government.

41. The depth of analysis elsewhere in the CSP1 is more limited, however, so that the rationale for the resource split across programme areas is not explained – particularly the heavy bias towards government funding (70% of programme budget). The proposal to continue the Small Grants Facility is not based on evidence of impact or of learning from earlier experience, but on the perceived advantages of gaining entry points at district level. The choice to support public sector reform is correct in a broad sense, as it was a priority for a new government with few indigenous qualified personnel¹⁹. But IA's particular rationale for engaging in such a major way (€1.7m) is not well explained. This is a key omission given the presence of the UNTAET after May 2002, when most administrative and technical positions were filled by UN staff and other expatriates, with little evidence of effective capacity building strategies and skill transfer.

42. The CSP2 has a richer analysis than CSP1, with a more detailed rationale for each of the four pillars – though the rationale for the second pillar (public sector management) does not fully explain why IA should join this sector, and the fifth pillar (civil society) has no equivalent analysis to the other pillars. There was no external evaluation of CSP1 on which to judge success and new priorities, although internal analysis, including a stocktaking exercise, was carried out. A Joint Committee for Foreign Affairs report in 2005²⁰ recommended a long-term (10-12 year) involvement in TL and increased

¹⁸ Two reviews on gender and governance are referred to on p.7 of the CSP1, but the documents were not available for the evaluation team to assess their quality.

¹⁹ After the Indonesian administration ended, 7000 Indonesian civil servants left the country leaving a dearth of experienced or skilled personnel for all positions and all sectors of government.

²⁰ Summary of JCFA's draft Review of "Project Timor-Leste", D.Boyle, Mar. 2006

resources. There was a debate during 2005 on whether to expand or consolidate²¹, and an expanded resource envelope was agreed, but essentially the CSP2 aimed to continue with the existing themes and to grow the programme in ‘an organic’ way²². However, two new sub-pillars were introduced: (i) public finance management capacity building (€5.5m) (under public sector management) and (ii) strengthening of the justice sector (€1.35m) (under human rights, justice and equality).

43. CSP2A correctly saw the need to take account of the traumatic events of April 2006, and recognised the need – perhaps belatedly – to attempt to better address some of the underlying causes of TL’s instability. Thus, employment, justice and elections were recognised as key areas. The rationale for choosing these interventions and continuing and expanding others was only partially sound, however. See further discussion in 3.1.4, 3.1.13 and 3.2.3 below.

3.1.2 Were strategies well aligned to Government Priorities?

44. By explicitly underpinning the NDP, IA’s strategies have been well aligned to GoTL policy over the period, and support for state-building through public sector reform and government service delivery has been a dominant theme, certainly in terms of resources committed. The dominance of budget support (50% of CSP1 funding, and 32% of CSP2 funding) recognises the importance of addressing the budget deficit and in adopting the most aligned aid instrument.

45. The NDP focused less on some key areas such as employment, but did focus on service delivery and on state institution building (capacity, decentralisation) as a key platform in a post-conflict newly-independent country with a decimated public service. Through the TSP and its successor the ConSP, policy action matrices were elaborated that aimed to track key intermediate outcomes related to NDP. The goals of both CSPs referred to supporting the NDP vision, and that a well-managed budget support programme is the most appropriate tool for building ownership, while improving service delivery and governance.

3.1.3 Were strategies aligned with or determined by broader Irish Government policy?

46. For CSP1, the main corporate policy guidance was the Report of Irish Aid Review Committee produced in 2002, while for CSP2 the White Paper on Irish Aid (prepared in 2005 but published in early 2006) forms the main policy backdrop. Both stress the need to strengthen the Timor Leste programme, and to build government capacity for improved service delivery. The CSP1 reflects the broader policy emphasis of working on governance, human rights, as well as on partnership and local ownership. The decision to fund the TSP reflects the cautious welcome given to budget support in the 2002 Review, but the need expressed in the Review to ‘ring-fence’ IA budget support contributions to specific reform areas and to assess risk carefully (para 7.20) was less evident in the CSP1 analysis. The 2002 Review argues that in the “*case of a fledging democracy where governance is still weak and human rights are under threat but where a limited commitment to poverty reduction is apparent, there could be .. support for .. building public service capacity and civil society organisations which are pressing for reforms*” and “[...] *small amounts of funding could begin to be channelled through national financial systems.*” (para 7.24). This is a somewhat more cautious approach than the decision under CSP1 to devote 50% of the programme to the TSP.

47. IA’s TL engagement fits well with the priorities articulated in the 2006 White Paper on Irish Aid, which emphasises that working in fragile states comprises investing

²¹ See Memo on Programme Consolidation or Expansion, D.Boyle, Sept. 2005

²² C.Hannon, former Programme Manager, TL

in “structures and mechanisms of government, including policing, capacity building within the public services and justice systems”. The CSPs reflect the requirement to adopt a ‘mix of complementary modalities’ that include budget support, sector programmes and projects. The global IA focus on health and education is not reflected in the TL strategies. Internal debate took place in 2005 on initiating education sector support, but the decision not to widen the portfolio to include other sectors was wise, given that overstretched in-country management resources premeditated against this.

48. The 2006 White Paper and the 2004 Gender Policy view gender mainstreaming as a crucial aspect of any development strategy and this prioritisation is reflected in the CSPs. The White Paper also focuses on the need to monitor human rights, a point similarly adopted in the CSPs through their support for human rights monitoring and for training in the justice sector.

49. Support for decentralisation forms part of IA’s Local Development Policy (2008) which emphasises the need for a local focus to poverty reduction and to provide the poor with greater control over planning and decision making. Although support for small grants is not explicitly covered, the policy does stress the need to build up strong and responsive local institutions as part of an approach to community driven development. In this regard, provision of small grants as delivered under the CSPs would not appear to align well with this new policy. The predominant focus on physical infrastructure, and short term support with limited community capacity building appears at odds with such intent.

50. IA’s 2008 Civil Society Policy builds on the earlier White Paper, and provides a model for an integrated and well nuanced policy which may inform the recommended development of a locally-specific civil society strategy for IA in TL. In TL, the support for FONGTIL, the NGO umbrella body, is consistent with IA’s broader intent of promoting ‘an enabling environment for civil society to organise and engage with government and its own broader constituencies’. Similarly, other objectives in the policy advance the role of civil society in ‘promoting participation and good governance’ and ‘ensuring pro-poor service delivery and pro-poor growth’.

51. Finally, the emphasis placed in the policy papers on ‘rigorous’ monitoring and evaluation (2002 Review, para 2.2) is not reflected well in the first CSP, though greater attention is paid to this area in the second CSP, with a specific Annex devoted to this topic.

3.1.4 Were strategies updated based on the evolving country situation, particularly the events of 2006 and their aftermath?

52. In CSP1 and even more in CSP2, there is a reasonable degree of awareness of the evolving country situation, particularly in the governance, state building, human rights and gender areas. There appears to be less understanding of the evolving country situation in other areas, such as to IA’s post-2004 involvement in the justice sector; where the justification for involvement is pitched at a very general level, relating it to earlier UN documents and to very general recommendations in the 2002 NDP.

53. More generally, IA did not appear from its strategies to have a good understanding of the fundamental causes of conflict. Thus one finds little mention of underlying causes such as weak political leadership, *Kiladi* versus *Firaku* differences as well as more complex multi-ethnic affiliations within Timorese society²³), exiles versus

²³ This distinction is based on historic differences between the western population groups (Kiladi), some of whom were more assimilated with Indonesia and the eastern (Firaku) groups that were more Melanesian and formed the core of the resistance movement. Timor Leste has many (probably 18, some estimate 30) ethno-linguistic groups, with a potential for emergence of divisions on this basis.

resistance, unemployment especially of youth, the problems of a weak security sector (with and between the police and the army) and the essentially short-term approaches of UN implementing agencies in addressing fundamental political and security problems. IA, along with other donors, moved quite rapidly from emergency and humanitarian assistance (pre-2003) to a development assistance mode. The CSP2A did reflect a better understanding of the key causes of conflict, but did not fully appreciate or bring into its analysis some of the most critical fissures in TL society.

54. IA's increase in Public Sector Management (PSM) spending from 15% of total support under CSP1 to 33% in CSP2, and with the suspension of the ConSP, to 70%, was only partly responsive to the changing political landscape. Increasing evidence²⁴ became available that experience with capacity building had been mixed and that the approach pursued had been ineffective. Conflict analyses²⁵ undertaken following the 2006 events stressed that there has been a too heavy focus on the slow process of state-building and a neglect of employment creation and improving living conditions through better service delivery and 'quick wins'.

55. Based on this evidence, the rationale for IA choosing during the CSP2 period to increase its engagement with CSR and enter PFM as a new intervention area appears weak, even given the generally sound practice by IA to support budget support operations with PFM. A slight change in approach to state building could nevertheless be noticed in CSP2A, which highlighted the need to engage more with employment creation, justice and elections (while continuing with the existing programme). This led to support for the Labour Market Information Project (LMIP), which while relevant for building state capacity to manage better and mediate demand and supply of labour, was not an immediate priority in the fight against unemployment given the widespread unavailability of jobs, in particular for the youth²⁶.

3.1.5 Were strategies in line with a focus on state-building?

56. The main focus of the CSPs was state-building, as reflected in broader IA policy, and IA's strategy was very much in line with the strategies put forward by the UN Agencies and by the GoTL. However, IA did seek to counter-balance this focus by seeking opportunities to support NGOs and local communities in areas such as human rights and justice monitoring, gender, and community development. These included Perkumpulan HAK (The Association for Law, Human Rights and Justice) to monitor the human rights impact of development strategies, Tau Matan (supporting youth justice), and funding for the CAVR. The contact with organisations such as Moris Rasik on women's micro-credit and Rede Feto on gender-based violence and work in IDP camps provided IA with the potential for gaining an understanding of the national situation – perhaps more so than some of the other donors.

3.1.6 Was Irish Aid's approach to supporting civil society relevant and focused?

57. In TL significant expectations are directed towards NGOs for service delivery, particularly in the context of a newly formed state, and also to reduce conflict, strengthen social cohesion and engage the more marginalized members of society²⁷.

Such distinctions were one of the main factors behind the 2006 violence. See F. Durand. E. Timor, A Country at the Crossroads of Asia and Pacific, A Geo-Historical Atlas, Silkworm Books, 2006, Ch 8.

²⁴ Review of Development Cooperation in Timor Leste, Scanteam, NORAD, Oct 2007.

²⁵ See footnote 8.

²⁶ Different estimates exist for unemployment, but the UNDP Human Report quotes 30% in urban areas and 40% for youth in Dili, and 20% in rural areas.

²⁷ Fridre Foundation 2006 *The Crisis in Timor-Leste: Restoring National Unity through State Institutions, Culture, and Civil Society*, New York, CICR.

Despite this, the capacity of CSOs and national NGOs remain patchy, highly concentrated in Dili, and relations with government both cooperative and troubled, with concerns over NGOs bypassing the state's leadership role²⁸. Many CSOs struggle for survival; others have limited accountability, transparency or links to the community²⁹. In this context, insight into the role, actual and potential, of CSOs in areas such as service provision and advocacy is essential.

58. IA's approach to civil society was broadly consistent with both national policy (NDP) and the IA's Civil Society Policy. Particularly in the human rights field, IA's support for civil society, via its funding of NGOs and its support for the state agency dealing with complaints from civil society (the Provedor's Office), has been relevant and strategic. In a number of cases during the period, IA support for NGOs was crucial, especially in the gender and human rights areas, including women's empowerment, through micro-credit, and human rights mediation especially at local levels.

59. In other areas, efforts remained unfocused and somewhat opportunistic. International NGO projects supported by IA in Dili in peace-building and security³⁰ appeared well intentioned and useful, but not underpinned or unified by an explicit intent. Support for the NGO umbrella body, FONGTIL took place without sufficient analysis of its role, and the difficulties it faced in management, staffing and retaining a role consistent with its strategic plan. IA support for FONGTIL in undertaking advocacy on issues such as petroleum revenues, a role explicitly supported in the CSP2, was seen as controversial by many NGO members and the FONGTIL board. Such interests argue that FONGTIL should restrict its advocacy efforts to the role of civil society, leaving advocacy on specific sectoral issues to the membership.

60. In conclusion, IA should have developed a strategy on civil society, as was planned in the CSP2 (p.22), and its absence left the programme without a basis for ensuring that the choices made, while in some cases effective and responsive, were underpinned by a coherent civil society approach that might improve their collective impact and alignment.

3.1.7 How systematically did IA assess and plan for external risks?

61. The CSP1 does not contain an assessment of risks nor provide plans on how to minimise them. In contrast, the CSP2 identified the most important risks at strategic and programme level and outlined strategies to mitigate these. However, overall the risk assessment (see p.25: with 2 Lows, 5 Mediums and 1 High Level risk), is too optimistic, given the highly fragile political environment of TL, and the capacity constraints that the country office has faced over the period.

62. At sub-programme level, risk assessment is mixed. In macro-economic support, risks are well identified by a comprehensive policy matrix jointly reviewed by funding partners, and by the use of international fiduciary tools, but the risk level was under-rated at 'moderate' and 'low/negligible' for the TSP³¹ given the challenges faced by weak government implementation capacity and the broader political instability. For the follow-up ConSP, risks were generally rated as 'low/medium'³², quite a surprising judgement given

²⁸ UNDP 2002 Situation Analysis of Civil Society Organisations in East Timor, Dili, UNDP. Patrick, I. 2001 'East Timor Emerging from Conflict: The Role of Local NGOs and International Assistance', *Disasters*, Vol 25 No. 1, pp. 48-66.

²⁹ AusAID 2008 *East Timor Civil Society Strengthening Program: Program Design Document*, (ETCSSP) (Draft), Canberra, AusAID

³⁰ With Austcare for peacebuilding, and CARE supporting the security awareness of both local and international NGOs.

³¹ World Bank Implementation Completion Reports, TSP2 and TSP3

³² Of the 13 risk factors assessed, 4 were Low, 7 Medium and just 2 rated as High (business environment and corruption) (NORAD appraisal of ConSP, Annex A, CSP2 p.A9).

that the ConSP was subsequently suspended after one year of operation due to weak budget implementation and the impact of the 2006 political crisis. Equally in the areas of PFM and CSR, risk ratings were too low. For example, government capacity to implement the programme was rated 'medium', which was optimistic given GoTL's inexperience in managing a programme of this size and the heavy reliance on technical assistance. The risk that "Increased budget does not lead to improvements in service delivery" was rated as 'low' because treasury and procurement improvements were thought likely to solve the problem quickly. This was unrealistic, however, not because pro-poor spending allocations were inadequate (allocations were in line with such targets as shown in 3.2.1) but because of the centralized and weak treasury and procurement functions and low budget execution levels in the past.

63. Risk mitigation strategies included regular monitoring, but these are not comprehensive and do not systematically link to IA programme areas. For example, the 'risk register' used by IA to monitor risk in its annual reports did not identify specific risks in relation to particular areas of support; rather the risks are general ones such as 'changes in the political environment'.

64. The lack of adequate assessment was also serious in relation to the emergence of the 2006 crisis. Limited analysis was done to understand the fissures in TL society, and IA shared the tacit agreement amongst donors that the conflicts leading to the 2006 events could be addressed through improvements in employment, reintegrating IDPs, and improving access to justice. This addresses some of the problems, but much more needs to be done to understand the underlying conflicts – particularly if the Irish Government, through its Conflict Resolution Unit (CRU)³³, is to become involved more deeply in areas of conflict resolution in TL.

65. Finally, a positive aspect of the programme in terms of risk mitigation is the broad range of interventions and partners supported, which spread the risk. In an unpredictable environment such as TL, this allows a development partner to remain engaged and to continue to deliver in the face of turbulent events. Thus, in 2006-07, though the macroeconomic support pillar was suspended and work with some GoTL ministries delayed, IA was able to continue working with other partners and outside Dili through its other pillars.

3.1.8 What mix of aid instruments was intended and how did this change over the period?

66. For a relatively small programme, the mix of instruments was wide, and included budget support, joint-funded programmes with other donors and with government, direct assistance to non-government partners and small grants to communities. This provided a measure of risk mitigation, as noted above, but also increased the complexity and management demands. The predominance of support was planned to be through large joint-funded programmes, such as the PFMCBP (with an overall budget of €30m) and the TSP (overall \$90m).

67. IA support in TL has consistently placed the majority of its resources through co-funding or pooled fund arrangements, working with the main multilateral players active in the respective fields (World Bank for TSP and PFM, and UNDP for CSR and Justice). This approach reflects the ambition to be a well harmonized development partner, and also the practical choices available to an organisation with a limited on the ground presence but a wish to maintain a medium-scale and growing portfolio. Funding through Trust Funds managed by the World Bank and through the use of the UN implementing

³³ The Conflict Resolution Unit was set up following the IA White Paper in the Political Division of the Dept of Foreign Affairs, to undertake selected conflict analysis (including in TL) and to assist the Government and IA to play a more active role in specific conflict or post-conflict situations.

agencies to manage programmes with multiple funders would appear to offer the opportunity for wider engagement but with a reduced, outsourced management responsibility compared to direct project funding or small grants.

68. Over time, the pattern of instruments has changed somewhat, though not necessarily by design. The budget support instrument, the ConSP, was suspended in 2007, mainly due to the 2006 crisis and also because of poor budget execution, and outstanding funds (in the case of IA: €2m) are being held over until the World Bank and the Government can agree on a new basis for release. Still, the bulk of funding has remained through joint programmes managed either by UN organisations (UNDP, UNIFEM, ILO) or by the Ministry of Finance and Planning (PFMCBP), though in the latter case the funds are held in a Trust Fund account managed by the WB.

3.1.9 How did IA approach working with the donor community, the government or non-state actors?

69. The main area of partnership engagement has been through joint funding arrangements. There has been less use of joint analysis or of joint reporting, with some exceptions. In the macroeconomic support area, IA relied on WB, IMF and others such as NORAD for analysis, and there was little direct involvement by IA itself in these exercises, although the intention had been to involve an IA economist in the six monthly reviews (CSP1, p.19). Instead, IA provided a gender specialist for the TSP reviews, and interviews confirm that this was an effective and valued contribution to the review process and reports. There have been useful IA HQ expert or independent consultant support missions for the PFMCBP and the Strengthening of the Justice Sector Programme. In local governance, IA has also predominantly played a funding role, although some limited advisory support has been provided from a HQ-based adviser during occasional country visits.

70. In terms of coordination, IA's presence on the ground, its multi-sectoral engagement and its perceived relatively neutral profile has provided a platform for playing an active role in various donor and GoTL coordination fora. The donor group in TL is relatively small in number but complex and at times driven by differing priorities, with active engagement from Portugal (with cultural and colonial links), Australia (with security and natural resource concerns), European Union Members States, the European Commission, and the USA. In addition, a large UN presence for both security and development purposes has been an influential presence, with over 2,000 personnel, while China, Indonesia and others play a less overt but still active role.

71. IA deliberately sought to build on its pre-independence links with TL, and to provide a balanced and neutral voice between larger actors with more political agendas. IA recognised that the GoTL was overwhelmed by the considerable donor presence and so consciously sought to partner with others to reduce the demands made by the donor community, to be flexible and responsive, and to network between the bigger players. At the same, IA's approach has been more reactive and less strategic than it might have been in, for example, seeking to counter-balance the sometimes strong influences of other major partners³⁴, and reducing the competitive nature and sometimes inefficiencies and bureaucracies of the aid management machinery - particularly as IA was heavily reliant on the key players here: the WB and the various UN agencies.

³⁴ For example, Portugal is the largest donor in Timor Leste, yet , the OECD-DAC Peer Review of Portugal's Development Cooperation Policies and Programmes (2006) highlighted a number of weaknesses in Portugal's compliance with best practice, for example in relation to the untying of its aid, improving transparency, adopting multi-year programming, and fostering sustainability and ownership.

3.1.10 Did IA have a strategy for mainstreaming cross-cutting issues such as gender and good governance?

72. While elements of the IA programme sought to address gender and governance directly (such as in the women's micro-credit programme and the local governance support), and a number of initiatives showed complementarity (such as the support to OPE and SEPI alongside the placing of gender advisers in line ministries), there is no broader strategy for mainstreaming these issues across the IA programme. Thus while '*IA explicitly aimed to deepen engagement in areas of comparative advantage, namely governance and gender*', (CSP2, p.16), there is only modest evidence of a strategic approach to mainstreaming that explains how entry points are selected, what analysis will underpin the approach and how the TL programme would follow the principles in IA's corporate policy in these areas; for example that '*all IA interventions should support progress toward more equal relations between men and women*'.

73. On the other hand, the 'organic' growth of the programme, building on successes and experiences over the period, has meant that IA has built up various entry points in government and non-government arenas for pursuing the two areas of gender and governance. Nevertheless, there were missed opportunities. For example, there is an overall lack of visibility for cross-cutting issues in the Small Grants Facility. The guidelines for the Facility indicate that gender is a priority area for support, but they do not require applicants to specifically analyse or report on this issue. As IA directly supports and manages the Facility, it would suggest that the IA strategy for mainstreaming cross-cutting issues is not as well advanced as it could have been.

3.1.11 Were IA strategies appropriate to the level of resources and capacity anticipated?

74. Although the total size of the programme was relatively modest, the range of interventions and their technical demands were very heavy for the capacity in the country office, especially if it was IA's intention to engage strategically and monitor appropriately its engagement.

75. Equally, the strategies over-anticipated the level of advisory support available (for example that an economist would be available to join TSP reviews). Indeed views were expressed that the preparation of the CSP2 may have suffered from inadequate local ground analysis, as advisers could not be fielded as planned³⁵.

76. The assumption that by placing the majority of its support through budget support and multi-donor trust funds, IA would need less management resources than if it had undertaken directly-funded projects, was not sound based on experience in other IA programme countries (such as Uganda and Mozambique) where joint funding modalities and budget support was already known to require intensive engagement³⁶. In addition, the burden of operating in a more remote country with costly and time-consuming travel, meant that back-stopping / management costs would inevitably be higher.

3.1.12 Were IA's planned interventions results-focused and monitorable?

77. While CSP1 assumed that the main programmes would have mechanisms for monitoring, no broad framework was put in place to assess delivery of the strategy. The TSP for example did have a comprehensive results matrix that sought to track progress over key areas of the NDP including governance, growth and service delivery. In other sub-programmes, results matrices were set up (such as in PSM), which were quite complex

³⁵ Education and economist advisers were not fielded as planned in the 2005 CSP preparation process.

³⁶ See: Uganda Evaluation of the Country Strategy, 2003, p.44; and Mozambique Country Strategy Paper Review, 2006, p.45 by Irish Aid.

and based primarily on process and output indicators rather than outcomes. The design of the LGSP used a UN agency format which specified a very limited range of outcomes, while details focused on attainment of outputs; the development of an M&E framework for the programme was delayed, and was not in place at the time of the evaluation 18 months after programme commencement.

78. Measuring results from the Small Grants Facility was constrained by the unconnected nature of individual grants and their spread over a wider range of technical and geographic areas. Even so, systematic monitoring such as checklists and reporting were not developed by IA, and an anticipated focus on extracting learning from the operation of the Facility was not evident.

79. The Monitoring Framework developed for the CSP2³⁷ shows a positive intention to monitor results in relation to the five strategic pillars. Some of the performance indicators relating to strategic pillar 1 and 2 were relatively SMART³⁸ and could rely on national statistics or frameworks used by programmes such as the TSP or ConSP. For other pillar objectives, though, the indicators were too modest and process related. For example, the three indicators for pillar 3 (on decentralisation and local government) are well focused, but could be more precise and capture outcomes expected after three years of CSP2 implementation. The first indicator relates to the approval of policy and an implementation plan for local government by the Council of Ministers. However, the programme is ultimately concerned with providing support for the preparation of legislation to establish local government: policies and plans are intermediary steps. The second indicator is 'The Local Development Fund (LDF) is operating in three districts', which is pitched at a low level of achievement, given that the programme is now operating in eight districts; also the quality of operation is not encapsulated. A better indicator could have been 'The Local Development Fund (LDF) is operating in at least 80% of target districts disbursing funds in accordance with Ministry of State Administration guidelines'.

80. For pillar 4, there are reasonably sound result indicators in the CSP2 Annex D, particularly on human rights, measuring number of violations and police abuse cases. Others are rather intermediate in nature, such as that of tracking promotion and training of gender awareness and gender analysis being reflected in action plans, rather than on more substantive outcomes such as changes in administrative structures, recruitment or policies.

81. Indicators relating to the operation and effects of the Small Grants Facility are not included in the CSP2 Monitoring Framework, despite the Facility being considered as making a contribution to the area of decentralisation and local government in the CSP documentation.

3.1.13 Were the results of reviews used to reconsider design/ direction of work?

82. In general, there has been a lack of in-depth or independent review of the IA's programme in TL. No independent evaluation was undertaken to judge the outcome of CSP1 (the decision was taken to defer this until the end of CSP2). As noted earlier, an internal stocktaking exercise in 2005 did examine options and led to the direction set out in the CSP2, and IA did commission NORAD to review the experience of the TSP in 2005.

83. The internal review following the 2006 crisis and leading to the adjustments reflected in CSP2A could have been more fundamental, assessing in greater detail the relevance of the IA programme in the light of the emerging understanding of the

³⁷ Annex E, CSP2

³⁸ Specific, Measurable, Attributable, Realistic and Time-bound.

underlying causes of conflict in TL society. IA support to its state building pillars was not reviewed or changed. Given the events of 2006, IA might have considered additional funding to enhance women's participation at the *suco* level (village with a designated chief), to assist women in IDP camps (beyond the funding channelled via Rede Feto), and to increase funding for the work of HAK in dealing with conflicts at local level. The level of involvement of other donors in relation to IA programme funding could also have been addressed more fully in 2006-7, as a basis for a major reconsideration of the direction of work.

84. The mid-term review workshop of the CSP2 in November 2007 examined experience and drew lessons, but did not include consultations with partners or other stakeholders³⁹. The review was positive, and endorsed the work already being undertaken in the area of decentralisation, small grants and civil society with some small adjustments. The wording of the civil society- related objective, for example, was made more specific; a commitment to cooperation with the Irish NGOs Concern and Trocaire reinforced; while the need for the evaluation of the Small Grants Facility was underscored given the earlier failure to learn from this initiative.

85. Even though IA itself has been able to conduct only limited reviews of its programme performance, a number of programmes supported by IA have provided reviews that have helped in redesign work. The experience of the TSP was fully analysed by the World Bank and this was used in the design of the ConSP. Similarly results from progress assessments and evaluations have fed into the design of both the CSR and the PFMCBP⁴⁰. In some cases the results of evaluations and assessments on capacity building in the CSR and PFM reform process only became available at the end of 2007, and could not have informed IA strategic engagement with this sector in preparation of CSP2.

86. The availability and quality of reporting from implementers is uneven. In the area of decentralisation, there is no evidence of formal reviews occurring of either of the two projects supported, LGOS or LGSP. However, in the area of gender, recipients such as Moris Rasik produced detailed impact statements and provide IA with reports from independent agencies⁴¹. Similarly, Rede Feto conducts its own monitoring, reporting back to the IA office. In the Justice area, IA receives regular reports on the SJSP, but there is no sense in which its funding is "results-based" and it does not carry out any meaningful monitoring either of the programme or of its funded components. Such reporting is only of value if IA has the ability to absorb and react to the findings and lessons; an important constraint is the capacity of the IA office to pursue, extract and adjust programme interventions based on the reviews and reports to hand.

3.2 Effectiveness

87. This section examines how well the IA programme delivered the expected outcomes and results, and how well it coped with the volatile events in TL over the five year period assessed in this evaluation. Several constraints affect observation made in this area, as previously discussed. These are the poor quality of IA's reporting in terms of tracking performance (3.1.12); uneven reporting from implementers; and few review activities being conducted involving beneficiary surveys to help capture the direct or indirect results of the programme on target population. The evaluation findings are

³⁹ Mid-Term Review Workshop Report, Irish Aid Offices, Timor Leste, November 2007

⁴⁰ The former was redesigned in 2008 to take into account the lessons learned from past engagement with capacity building and to avoid overlap with other donor support (in particular with AusAID). For the latter, the delay in programme implementation and the change in government following the 2007 elections has prompted a number of reviews, including a Refocusing Note by the WB in April 2008.

⁴¹ See Moris Rasik, Quarterly Monitoring Reports, 2006-8. Moris Rasik is monitored regularly by M-Cril an Indian Microcredit Monitoring and Rating Agency.

somewhat uneven as a result and are based on available documentation from partners and implementers, combined with triangulation from interviews and field visits.

3.2.1 Objectives

88. In this section, the overall achievements of the five pillars of the IA strategies are summarised.

Macro-Economic Support

89. The three TSPs (2002-03-04) and the ConSP (2005-06-07) were intentionally ambitious budget support trust funds that underpinned the NDP and associated core poverty and governance initiatives (NDP, pp.106-120). In terms of building coordinated donor support and enhancing government ownership the TSPs were successful. With an average of \$33m / year, the TSPs accounted for around a third of the national budget and have been regarded as a vital contribution to the economic development of the newly established state of TL. *'The TSP has supported strategic annual planning and high level monitoring with a whole-of-government approach. By taking guidance from the NDP, sector strategies and AAPs, the program has cultivated Government ownership'* (WB Implementation Completion Report, TSP3).

90. In terms of key policy actions and deliverables the TSPs showed mixed performance, with 'satisfactory' ratings at completion but were later rated 'moderately unsatisfactory'⁴² by the Independent Evaluation Group of the WB. Part of the reason for both the early modest success and ultimately weaker results from the TSP was the supportive political context and very weak capacity at the start of the evaluation period. The Fretilin government favoured a centrist approach to public finances and planning, so that the policy matrix approach and a strong central planning style were preferred. But there was less willingness to focus on service delivery or to recognise the role of non-government actors. The policy agenda was too ambitious particularly for a low capacity and inexperienced government. The TSP underpinned a collective state-building focus that gave less attention to devolution, or to budget execution. It may also have contributed to the case for a gradual (and premature) UN withdrawal, under the belief that central government was increasingly effective.

91. The collective donor judgement at the point of design of the ConSP in 2004 was that the series of TSPs had been successful and that as GoTL resources were growing less funds were needed (the ConSP was to provide \$10m/year). An inclusive policy framework was preferred since it would still allow greater aid effectiveness and alignment. The ConSP as a policy management tool was nevertheless ambitious, given the unresolved questions around national capacity to deliver. It was designed on a somewhat false premise that the TSP was a 'success', and that key issues such as job creation, service delivery and private sector growth could still be addressed by a rather top-down central government-led approach. The ConSP was sidelined by the events of 2006, and the lack of support from the subsequent Transition government, by the United Nations Integrated Mission in Timor-Leste (UNMIT) and by the elected new government in 2007. UNMIT preferred to work on a 'Compact' between government, aid partners and civil society, but by early 2008 this initiative had not produced a workable framework for action and was replaced by the National Priorities for 2008 document.

Public Sector Management

92. The overall objective of both CSPs was to build the capacity of the public service, including public financial management, budget execution, accountability and transparency. A public service career and pay structure was to be put in place, with 100% of public

⁴² The Implementation Completion Reports are published, but the Performance Assessment Report by the Independent Evaluation Group in World Bank, is yet to be formally released.

servants reflected in up-to date personnel files. Budget execution was to be >80% of appropriations by FY 2008 and social sector spending in line with targets. Final audited accounts and management letters were to be published in accessible form.

93. Progress against these strategic objectives and the performance indicators has been mixed, with good results for the Labour Market Information Project and the Personnel Management Information System (PMIS), but limited progress with civil service reform and public finance management. IA has contributed to increased transparency and accuracy of civil service personnel data through its support to the PMIS. All public servants have now up-to-date personnel files, which has laid the foundations for human resource management and payroll reform. The public service career and pay structures are currently still under review, however, which may lead again to changes in the PMIS.

94. While for the FY 2006/7, the TL budgetary allocations for the social sectors are consistent with the government-agreed, pro-poor expenditure targets, budget execution has been poor - averaging 60-70% between 2003/4-2005/6. It was particularly low for the FY 2006/7, due to the political crisis at that time, when it reached only 21%. However, according to the Ministry of Finance, execution for the 2007 transition budget and the FY 2008 budget has significantly improved (mainly due to increased financial delegation of procurement authority to line ministries). There are no official data available yet for FY 2008⁴³.

95. Central government entities (representing at least 75% of expenditures) are audited annually, at least covering revenue and expenditure. A wide range of financial audits are performed and generally adhere to international auditing standards. While financial statements are now received by the audit office and their reports are submitted to the legislature on a more timely basis, there is little evidence of response or follow up⁴⁴.

Decentralisation and Local Government

96. The two CSPs focus on building the capacity of local government and improving service delivery with the intent of reducing poverty, especially in rural areas where the majority of the population live. While implementation delays and constraints have been experienced due to civil unrest, elections, a change in policy associated with the new government, and capacity issues at the local level, IA support has overall led to significant achievements. These include: providing the basis for identifying options for local government, providing technical assistance to establish the necessary legal, regulatory and administrative arrangements, and supporting a trial of decentralised governance models in eight districts. IA's support has been influential in increasing the level of government ownership with government taking responsibility for the Local Development Fund (LDF), a core fund used to support and stimulate local level planning in new local governance structures.

97. The strategic objectives specified in the two CSPs do not appear directly to relate to the Small Grants Facility. Rather the Facility has appeared to operate at the margins of the country programme, with a weak linkage to its strategic intent. The SGF lies within the third strategic pillar of the country programme. The CSP1 contains as part of its related third objective '*...to build local institutional capacity to deliver services effectively in remote rural areas...*', while the third objective of the CSP2 refers only to building '*capacity of local government to reduce poverty and provide basic services*'. Arguably, the SGF has not operated in a manner consistent with these objectives; however, it can also be argued that the objectives do not adequately cover its operation.

⁴³ Consolidation Support Programme Supervision Mission – Feb-Mar 2007, and interviews with MOF.

⁴⁴ European Commission/Linpico, Timor-Leste Public Financial Management Performance Report, February 2007.

The Facility has functioned as a local support fund, providing basic and small scale infrastructure, with little emphasis on institutional capacity building. Given its emphasis on infrastructure, and the small scale and diffuse nature of support provided, there is little secondary evidence to suggest impact in the area of building institutional capacity, either in NGOs, at the community level or in government. However, a fuller investigation is merited in the forthcoming evaluation.

Human Rights, Gender and Justice

98. The extent to which the objectives have been achieved in these areas is variable, with somewhat greater success in human rights and gender than in the justice sector.

99. In the human rights field, IA aimed in both CSP1 and CSP2 to strengthen the human rights culture in TL by enhancing the monitoring of human rights, promoting human rights education –notably at the community level- and –most importantly- facilitating the process of documenting past human rights abuses. The outcomes in the CSP2 for human rights funding, in the light of post 2004 work by HAK, Forum Tau Matan, and Avocats Sans Frontières, have been largely met (with the exception of enhanced understanding of human rights by the police in carrying out their duties⁴⁵). Thus, HAK and Forum Tau Matan have developed successful monitoring systems of abuses at the central and district levels, documenting these and reporting them to the courts and police. Potentially explosive conflicts have been mediated in areas outside Dili. Of particular note has been HAK's involvement in mediating conflicts since 2006, which was successful, notably in districts experiencing serious outbreaks of conflict, such as Ermera, Venilale, Quelicai, Viqueque and Baucau. Similarly, knowledge of how to obtain legal redress has been promoted at the district level and below by the mobile law clinics established by Advocats Sans Frontières with IA funding. Funding to CAVR enabled it to complete its crucial report documenting in detail human rights abuses during the Indonesian occupation, and in preparing this report for submission to parliament. Discussion forums organised by the CAVR in both Dili and in the districts have assisted the process of post-1999 reconciliation in TL's villages

100. Gender interventions aimed at improving women's conditions were also relatively successful – Moris Rasik's services include providing loans and savings to both group and individual clients, and operating in rural areas, it had 10,189 borrowers and 10,732 savers as of December 2007, 94% of whom were women. The NGO reports that improving household incomes through participation in trading has both improved women's economic position and status, and enabled them to enhance their family and community status by providing funds for important areas such as children's education. Rede Feto's campaigns against domestic violence appear to have been successful, and a law against gender-based domestic violence is now planned for adoption by parliament.

101. Gender-mainstreaming in government has begun to be promoted more vigorously, as the function has been promoted to Secretary of State level for the Promotion of Equality (SEPI), with a Cabinet level mandate and a strategic plan in place. This follows directly from IA's sustained support to the earlier OPE from 2003 (and the Gender Affairs Unit under UNTAET before that), and a range of targeted assistance to areas such as census analysis of the situation of women and work on women's health issues. Women's political participation has also increased as a result of support through OPE/SEPI: in most of the 400 *sucos* councils, there are now two women council members and in 10 *sucos*, women hold chief positions.

⁴⁵ Support was provided by many donors for this training. Although most members of the TL police force subsequently became aware of human rights issues and their relevance for post-independence Timor Leste, nonetheless, their socialisation into this culture ultimately was undermined by the surfacing of regional, community and politically-based conflicts within the force from 2006 onwards.

102. This positive picture is offset by two recent reports⁴⁶, which indicate that despite the training programmes and the mentoring of staff selected to be gender focal points in target line ministries, there remains an overall lack of understanding of mainstreaming, insufficient expertise and limited use of gender budgeting. The main exception to this seems to be in the Ministry of Agriculture, where progress has been better. Here there is a gender action plan, a gender working group, and a full time gender focal person⁴⁷.

103. The justice sector still faces immense challenges and is a critical factor in TL's governance and conflict resolution. The main support through the UNDP Support for Justice Sector Programme has faced not only a legacy of impunity, difficulties in the use of Portuguese language and legal codes, and a dearth of Timorese judges and court officers, but in addition the burden of handling the aftermath of the 2006 crisis with the special enquiry that followed. The programme has been reformulated twice since then in an attempt to overcome slow progress, weak monitoring and uneven GoTL leadership.

104. Finally support provided for national elections in 2003, 2007 and for local elections in 2004 has been successful, as these were rated as free and fair by observers. This was a major achievement, particularly in the case of the 2007 presidential and parliamentary elections after the disruptive events of 2006.

Strengthening Civil Society

105. IA core support to the NGO forum body, FONGTIL has been the major area of focus under this CSP2 pillar. While FONGTIL performed useful capacity building and networking functions for its members, it also faced many challenges. Based on interviews with member NGOs and other respondents, the latter were identified as weak management performance, perceived drift in its core work to include direct service provision and advocacy functions, and member dissatisfaction. A small number of INGO projects supported by IA appeared, in contrast, to be more successful in areas such as peace-building and security. Given the situation with FONGTIL, however, it would be difficult to identify overall gain in terms of strengthening of civil society.

3.2.2 Results

106. This section discusses how far the objectives and performance indicators for individual IA interventions were achieved. The overall assessment by the mission is summarised in Table 7. The scoring given was developed for the purposes of the evaluation and provides only a general and largely qualitative guide to performance.

⁴⁶ An Assessment of Gender Mainstreaming in the Ministry of Agriculture and Fisheries, December, 2007, Progress Report on Gender Mainstreaming to Line Ministries, March 2008, Progress Report by the Adviser to the (SEPI), June 2008

⁴⁷ Interview with the UNIFEM Gender Specialist, Min. of Agriculture.

Table 7 Overall Judgment of Relevance (R) and Effectiveness (E) by Strategic Phase
(Scores: 1= Good, 2 = Fair, 3 = Poor)

Programme Area	CSP1 (2003-05)		CSP2 (2006-08)		CSP 2A (2007-)	
	R	E	R	E	R	E
1. Macro Economic Support Transition Support Programme Consolidation Support Programme	1	2	1	3	-	-
2. Public Sector Management Public Finance Management Civil Service Reform Employment	1	2	2 2	3 2-3	2	1
3. Local Government Local government Support Small Grants Facility	2 2-3	1 ? ¹	2 2-3	1-2 ?		
4. Human Rights, Justice, Equality Human Rights Equality Justice Elections	1 1	2 1	1 1 1	1-2 2-3 1	1 1	2-3 1
5. Civil Society			2	2		

¹ Insufficient evidence to make a judgement

Macro Economic Support

107. In terms of key policy actions and deliverables, the TSPs show mixed performance. Success was shown in the petroleum fund, health sector planning and delivery and in passing statutes for the Ombudsman Office, the judiciary and public service; but in most other areas of the extensive policy matrix, results were partial or poor, especially in budget execution, the delivery of education, judicial and agricultural services and in private sector development. In the case of the third TSP, 41% of actions had not been completed and another 28% of actions were re-scheduled for the subsequent ConSP, which then was suspended⁴⁸.

108. The TSP has been correctly regarded by the WB as moderately successful in terms of its effective harmonisation and ownership by government. The process was seen by stakeholders as important at a time when the new and fragile government needed coherent support and substantial gap financing. The input of IA was recognised by the WB as valuable in terms of being part of the initial budget support work, that was later joined by others (such as Portugal and ADB), and 'outstanding' in promoting gender mainstreaming and local governance⁴⁹, and these achievements are reflected in the various policy action matrices⁵⁰.

Public Sector Management

⁴⁸ These findings are summarised from World Bank Completion reports, mission aide-memoires and from interviews with WB staff.

⁴⁹ Interview with E. Huybens, former Manager of World Bank Office, TL.

⁵⁰ ConSP Results Matrix Update, 2007.

109. Overall effectiveness of IA earlier support to civil service reform is rated as medium to low by this evaluation. The Institutional Capacity Development Support (ICDS) project has been a flexible mechanism which enabled crucial capacity gaps to be filled in several ministries; and has led to the drawing up of a medium-term strategy on capacity development by the Capacity Development Coordination Unit (CDCU). Yet, the ICDS programme has largely failed to transfer skills and knowledge to Timorese or strengthen the institutional framework in the respective ministries. UN agency programmes have been short-term in nature, and focused more on individual capacity building (advice, training) and less on the institutional framework and behavioural changes. The recruitment of international advisers did not always succeed in identifying candidates with the required skills for knowledge transfer. A preference for advisers fluent in Portuguese was understandable, but it limited the pool of candidates.

110. For the subsequent Civil Service Reform Project, which consolidated earlier projects, progress has been uneven, with most achieved in the PMIS and Temporary Advisory Services Initiative (TASI). Under the Human Resource Management Project, validation of over 12,000 civil service records were achieved, enabling increased transparency and accuracy of civil service personnel data. TASI allowed TA to address short term needs for specialists in areas where national capacity did not exist, but work has tended to be ad hoc and lacked strategic direction. There have been varying degrees of GoTL ownership in CSR, amongst different concerned agencies and successive governments. The CDCU was dissolved following the 2007 elections, and has left a vacuum in coordination of capacity building efforts. GOTL did not consistently provide local counterparts and own financial contributions to programmes. There is now a good understanding of what has not worked in the past with capacity building and the need to revise the current approach. But there is yet no commonly shared vision within government and among donors on how to approach improved capacity building in the future and how to make it more strategic. Equally in order to prioritise the reforms, a baseline assessment of skills and knowledge, as well as of ministerial functions, mandate and systems required .

111. The effectiveness of the Public Financial Management Capacity Building Programme, is judged as low, as the programme incurred significant implementation delay, mainly due to the 2006 crisis but also to complexities in its design, and a weak approach to resolving capacity constraints⁵¹. Progress in implementation has been delayed and uneven between 2006 and 2008, but there are signs that the new government is now more committed: two national budgets (Transitional Budget and Annual Budget 2008) were prepared within four months, and the fiscal parameters of the Petroleum Fund (PF) were maintained. Expenditure on a cash basis has increased from \$71 million in FY04 to \$181 million in FY07, \$108 million in the second half of 2007 and possibly to some \$210-220 million for the extrapolated FY08. Cash expenditure nonetheless continues to be well below the estimated sustainable income arising from the Petroleum Fund each year⁵².

112. There is growing ownership by the new administration. For example, the new Finance Minister quickly showed determination to secure a greater yield from petrol/oil investments through new fund management arrangements. Steps have been taken to staff key petroleum regulatory functions with competent Timorese. To accelerate budget

⁵¹ It is not clear how the programme also intends to resolve the heavy reliance on TA, given that out of the 450 staff in the MOF, between 70-80 TA are envisaged. Moreover, a recent assessment in the Ministry of Finance reported that the majority of line staff had rudimentary maths skills.

⁵² World Bank, PFMCBP Refocussing Discussion Note, April 2008. The “sustainable” spending ceiling is set to preserve the real value of Timor’s petroleum wealth for future generations. The annual “sustainable” spending ceiling is equal to the sum of domestic non-oil revenue and the estimated “sustainable” permanent interest income from the estimated long-term oil wealth (including oil/gas still in the ground). The Petroleum Fund Law defines estimated sustainable income as 3 percent of total petroleum wealth.

execution, efforts have been made to accelerate procurement through improved modalities and a decentralized procurement arrangement for amounts up to \$100,000 has been approved.

113. Finally, the Labour Market Information Project has made good progress in its objectives of training SEFOPE and developing the labour and skills database, and has now a registry of over 18,000 job seekers with a Central and four District Employment Offices. Thanks to the project, 390 unemployed persons have found work. The project has also provided input to policy analysis around unemployment, including the Youth Employment Survey in 2007.

114. Further useful technical details of the issues and progress of the Public Sector Management programme are given in **Annex 4**.

Decentralisation and Local Government

115. While not formally reviewed or evaluated, the LGOS completed in 2003 appears to have made a very useful contribution by providing the necessary background information and analysis of local government in TL, enabling two governments to make critical decisions on decentralisation options. By presenting options, the study was able to serve both an educational function while promoting ownership of decisions made by the government.

116. The subsequent Local Governance Support Programme implemented from 2007 has served as an effective structure through which to deliver technical support for piloting two models of decentralised local government, as well as establishing an appropriate legal and regulatory framework. While implementation delays and constraints have been experienced due to civil unrest, elections, a change in policy associated with the new government, and capacity issues at the local level, overall achievements have still been significant. Decisions by the government to mainstream the provision of grants and spread the initiative to all districts reflect wide acceptance. IA indicators relating to decentralisation in the CSP2 include providing opportunities for community participation in decision making and service delivery. Evidence of the effective operation of local assemblies at the district level satisfy this indicator, although there is need to further reinforce representation of women, and promote civic education, possibly involving NGOs, to strengthen participatory local decision making.

Small Grants Facility

117. Assessment of IA's Small Grants Facility was informed by two evaluations undertaken by other donors of their own small grant programmes and interviews with USAID, AusAID and NZAID⁵³. These assessments highlighted the advantages and disadvantages associated with these schemes. The former include the ability of a donor to link directly to the community level and meet immediate needs, while the latter include relatively high management costs, and the tendency for such initiatives to operate at the margins of country programmes with limited strategic impact.

118. Similarly and as noted earlier, IA's Small Grants Facility had not been well linked to the CSP's strategic objectives. The objectives of the Facility were broad and covered rehabilitation, community building, supporting basic needs and infrastructure, and responding to emerging small scale needs at the district and national levels. This makes it difficult to assess achievement of these objectives, as does the absence of an M&E framework or identification of anticipated outcomes, and a lack of monitoring reports from IA. While there was an intent to draw lessons from the operation of the Facility,

⁵³ Horn, N. et. al., Timor-Leste Small Grants Program: Final Evaluation, Dili, USAID, 2008. NZAID also conducted an external evaluation of its small grants programme which has not been released, while AusAID had undertaken a review internally.

this does not appear to have occurred in practice: the SGF has not been reviewed or evaluated although plans are in place to do this in late 2008.

Figure 3 Health Post Beco Village, Covalima

119. A field trip was undertaken by the evaluation team to Ainaro and Covalima districts to discuss with the district administrations, implementing NGOs and recipient community members the progress of the SGF, and also the decentralisation process. A range of activities was visited in Covalima. All activities examined appeared to be useful in provision of direct support to the community in



areas such as water supply and sanitation, irrigation and school rehabilitation. There were gaps evident, however, in terms of expected gains in the capacity of communities and implementing NGOs. Although it was an explicit intent of individual projects, community in-kind labour contribution was not evident in some cases, and associated arrangements for maintenance of facilities were not in place. Overall, the team considered the style of support to be in line with a more passive rehabilitation approach, and that a more strategic impact needed to be achieved. Steps such as: reducing the number of projects, working in a sustained manner with a limited number of partners, extending the duration of initiatives, and placing greater emphasis on capacity building and community involvement could achieve this intent. The evaluation team also noted an opportunity to develop a more integrated approach to local development by building linkages between the process of decentralisation and the Smalls Grants Facility, since both are supported by Irish Aid.

Human Rights

120. IA's support for the Provedoria (or Ombudsman) for Human Rights and Justice, has been successful in helping to set up this new office in a challenging area⁵⁴. Given that the 2006 crisis occurred immediately after establishment, the office has done well to achieve its main projected outputs in terms of training, appointment of 46 personnel (out of 100 needed), and setting up systems and publicity. Four hundred complaints have been handled in two years, mainly concerning police malpractice (from national, UN agency and Australian cadres). The preparation and handling of cases could be improved, as most cases are not resolved by the Ombudsman but forwarded to the responsible agency. There was some evidence that Ministers in line ministries receiving cases felt that insufficient evidence was provided to pursue the charges properly⁵⁵. The IA CSP2 outcome indicators, in terms of a reduction in number of human rights violations or improved understanding of rights amongst police and the public, have yet to be realised or evaluated. Given the short time the Ombudsman's office has been in operation, this is understandable. IA is the main funder of the human rights section, and continued support will be vital for the office to mature. In an interview, the Provedor himself was positive about IA's record so far, but did suggest that greater mentoring assistance could be given from Irish human rights institutions.

121. Support for HAK has enabled the organisation to expand into new areas, in particular as part of its post-2006 role, mediating in disputes at village level in areas with

⁵⁴ The Provedoria was established by parliament in Sept. 2005, and publicly opened in March 2006, with a remit covering three areas: human rights, good governance and anti-corruption.

⁵⁵ Interview with the Minister of Finance.

potentially difficult conflicts, such as Uatolari and Ermera. With core support from IA, HAK provides *pro bono* legal aid to victims of human rights abuses, both through and outside the judicial system. HAK has also served on the committees charged with vetting all members of the national police service prior to any resumption of duties, and carries out human rights training for the police. In 2008, in addition to the normal human rights monitoring, HAK monitored 130 cases arising from the events around the Presidential assassination attempt in February, 2008.

122. Support for veterans' rights, through the Commission for Cadres of the Resistance (CAQR⁵⁶) represents an important earlier result area that has been strategic in terms of the process of identifying and registering veterans of the armed and civilian resistance. In 2004, IA assisted the Commission in the registration of 36,000 veterans. Implementing the veteran's law and providing recognition and benefits to veterans is seen as central to security sector reform and national reconciliation⁵⁷, but since the Alkatiri government recognition of the issue, progress has been slow.

Equality

123. Support for Moris Rasik has led to increased provision of short-term credit facilities for women. Repayments rates have been over 90%. Lending exclusively targeted poor women until 2005, after which it began to move into less poor households. Its current clients represent approximately 20% of the poverty households in the eight districts in which Moris Rasik operates. Year on year, client savings have doubled (for example in 2007 the average savings of women clients grew from \$45 to \$73). However there is limited evidence of the effects that Moris Rasik loans have on incomes or employment. Loans appear to be spent on setting up small businesses enabling women to move into petty-trading (e.g. in cows, betel nut, fish and fish products and other food stuffs). Perhaps most importantly, funding from IA assisted Moris Rasik to move into new districts, progressively during 2004-8, for example, to Oecussi enclave in 2006, to Atauro island in 2007, and east to Viqueque in 2007.

Table 9. Moris Rasik Credit Programme 2002-2008

	2002	2003	2004	2005	2006	2007	2008
Active Loan Clients	1903	4626	6408	6298	8308	9171	10735
Loan Portfolio \$US '000	106	253	427	528	1207	1492	
IA funds for On lending \$US '000			47.26	36	77.11	60.54	

124. Rede Feto was supported by IA under CSP2 to strengthen the co-ordination of women's organisations in implementing the "Women's Platform of Action" arising from the Second East Timorese Women's Congress in 2004. Various activities have been funded including an international adviser, the 2008 National and Districts Women's Conference, and most recently, for establishing women's management committees in IDP camps. Since 2004, Rede Feto has succeeded in co-ordinating the work of an increasing number of women's NGOs, from four in 2004 to a current 17. Under the Rede Feto umbrella, these NGOs have co-ordinated their advocacy work, co-operating with UNIFEM on the implementation of the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), on the need for the adoption of the law on domestic violence, and on training sessions to popularise CEDAW⁵⁸. Currently, Rede Feto is the main co-ordinating agency for women's NGOs, and it can thus be concluded that it has made a substantial contribution to achieving one of the main aims of CSP2, to improve co-ordination for women's NGOs. One of Rede Feto's additional achievements has been the setting up of an information centre in Dili, documenting the work of its constituent NGOs. It has also empowered women in IDP camps, via the successful

⁵⁶ Comissão para os Assuntos dos Quadros da Resistencia

⁵⁷ Timor-Leste: Security Sector Reform, International Crisis Group, Asia Report 143, Sept 2008

⁵⁸ Both SEPI advisers and UNIFEM's Country Co-ordinator stressed the crucial role of Rede Feto.

establishment of women's committees to manage entry, departure and household activities.

125. IA provided consistent support to the Office for Promotion of Equality (OPE) (\$100,00/yr) covering a range of activities (including radio and bulletins, a short-term adviser for the development of strategic plan, and support to women in local government). Specific technical support took place in providing analysis on gender-related data from the 2004 census, an adviser in women health issues in 2006, and a study on role of women in agriculture. There were no reports available to the mission to judge the outcome of these initiatives.

126. The office of the Secretary of State for the Promotion of Equality was established in mid-2007 under the new administration, with a new mandate to advise all GoTL agencies on mainstreaming of gender. So far, the main results are in terms of setting up the office, developing manuals, staffing (three out of 16 staff appointed to date) and a new strategic plan. IA support for UNIFEM has commenced (and for UNFPA advisers is about to commence), but coordination needs improvement. Line ministry focal points have been appointed but of generally too junior a level; and the Secretary of State for SEPI has obtained a resolution to upgrade their status. Overall, results are preliminary but encouraging. One main concern is the short-term nature of the UN implementing agency support mode, with advisers on one year contracts or less, while a longer, possibly three year programme is needed to raise the profile of gender issues.

Justice

127. Although there has been some progress in the training of Timorese personnel – with 13 judges, 13 prosecutors and 11 public defenders passing through the Legal Training Centre - the recent SJSP mid-term evaluation⁵⁹ concluded that : *'overall progress on the achievement of the programme outcomes has been slow, and, as yet, the programme has not made a significant impact on access to justice in Timor-Leste'*. After four years of implementation, IA funding in the justice area (approximately €1m) has not achieved the expected results, both prior to and following the 2006 crisis:

- The programme has not yet established a strategic planning framework for the sector, or for long term human resource planning;
- access to justice has not improved to any meaningful degree. A recent report⁶⁰ found that 95% of respondents considered the justice system ineffective, with 38% considering it inaccessible;
- promoting legal awareness and providing public information on legal issues has made little progress since 2004;
- the lack of flexibility in the use of language for legislative drafting (where Portuguese remains the official language) has limited opportunities for consultation on draft legislation, and has hindered the acquisition of knowledge and skills;
- and, progress to bring the correctional system in line with international standards has been slow. The 2007 mid-term evaluation noted that there were no separate detention facilities for women and children, and that security remained a serious issue⁶¹.

128. In contrast, IA funding in the non government sector has produced clearer results for modest cost. The €30,000 funding of the work of *Advocats Sans Frontières* for its access to law programme through establishing legal clinics in districts, appears to have

⁵⁹ Independent External Mid Term Evaluation Report, September 2007.

⁶⁰ Perceptions on Justice in Timor Leste –A Report prepared for UNMIT by Rui A. Gomes, UNDP Timor-Leste, Feb 2007- based on a questionnaire of 49 key respondents from academia, NGOs, religious leaders, the media, private lawyers, the business community and inmates.

⁶¹ This situation continues to contribute to a dramatic growth of a sense of impunity within TL's population. The backlog of untried cases is estimated currently by UNDP at 4,700-5,000. The target set in the CSP2 was 1,000, although this figure was set before the 2006 outbreak in violence.

given people confidence locally to report both abuses of human rights and cases of corruption⁶².

Elections

129. IA support for elections can be rated as successful based on the outcomes of the various elections over the period⁶³, although no specific evaluations have been obtained to underscore this judgement. In addition to support in 2007 as noted earlier, IA supported a UNDP project in 2004 that assisted the GoTL to pass laws on *Suco* elections and roles of *Suco* Councils and Chiefs, the nomination and swearing in of the National Electoral Commission and the registration of voters, so that local elections could be successfully carried out in 2004-05.

Strengthening Civil Society

130. IA support for FONGTIL represents the major part of its civil society work. This commenced in 2004 with administrative support, but was consolidated into a three year funding programme from late 2006 in conjunction with INGO donors, aimed at supporting FONGTIL's three year strategic plan. Key outcomes stemmed from FONGTIL's identified role as a facilitator, increasing the capacity of NGO members, and empowering the community, particularly through advocacy. While internal reporting has focused on activities, an external evaluation in 2006⁶⁴ had concerns over the loss of focus on its core facilitation role, including improving the quality of member organisations and acting as a bridge with government and donors. FONGTIL's provision of direct services and undertaking advocacy on national issues was seen as moving away from its core functions. Major achievements were identified in its district outreach work, operation of member training programmes, and provision of IT services.

3.2.3 Managing risks and remaining engaged

131. While IA's strategic risk assessment has been judged as over-optimistic in paragraph 3.1.7, risk management has been more effective. IA's balanced programme with multiple partners and channels successfully mitigated risk, and enabled it to cope with some of the impacts of the 2006 crisis. For example, its microcredit funding with Moris Rasik continued because it had operations outside of Dili, while Rede Feto and HAK had branches in several districts, enabling them to carry on working in areas less affected by violence. In other programmes, such as LGSP, the effect of the conflict was mostly seen in delays in implementation. Similarly, in 2006, the number of small grants supported declined significantly due to the security situation, and an inability to get to the field regularly.

132. By working through the WB and the UN agencies, IA also reduced its technical, financial and reputational risk at least until 2006-07, as these agencies generally managed IA financial contributions and mobilised technical expertise well. However in 2007-08, IA's contribution to the Civil Service Reform programme rose from 20% to 42% of total committed funds - the largest contributing donor. This has increased the exposure of IA. At the same time, there has been criticism of UNDP's management effectiveness in certain programmes, and several commentators noted the agency's lack of focus and weak reporting. In 2007, UNDP's managed 32 projects to a value of \$30m covering governance, HIV/AIDS, justice, civil service reform, human rights, IDPs, energy, employment and elections. As a result there may be some risk to IA as a result of reliance on this agency for several of its major interventions (SJSP, Provedor, CSR, LGSP).

⁶² see Evaluation of the "Providing Access to Justice-Legal Awareness at the Grassroots Level" Project, ASF Final Report by Sally Lowe, December 2007, particularly pp 18-24 on improving access.

⁶³ See the Report of the UN Security Council Mission, November 2007.

⁶⁴ Wigglesworth, A. and de Jesus Soares, A. *Evaluation of Fongtil*, 2006.

133. Some risks pertinent to particular areas of support have been monitored informally, such as government support for decentralisation policy, and the status of cooperation between government and NGOs. However, due to the high workload relative to numbers of IA staff in Dili, formal risk monitoring of the country programme was not undertaken. Thus, for major ongoing programmes such as the PFMCBP, the risks identified in the CSP2 (weak capacity, corruption, poor budget execution) remain critical and have not all been well addressed. For example, the risk registers refer to the CSR and PFMCBP themselves as the means to address these risks, and not to specific measures within them that need to occur if these risks are to be addressed. The risk register for the 2007 Annual Report (p.17) proposed as a risk mitigation strategy that training from HQ on the use of the monitoring frameworks would occur, but there is no evidence that this took place.

134. Aside from a limited deep understanding of the factors causing instability and conflict in TL, described earlier (3.1.7), IA could have kept abreast of other key risks, outside the conflict area, which affected its programme. For example, an emerging risk to the progress of decentralisation is the degree to which lack of fiscal decentralisation may hold back the process, particularly given multiple line ministries, weak budget execution and low financial management capacity at district level.

3.3 Aid Effectiveness

135. This section examines whether the delivery of the programme was in line with Paris principles of aid effectiveness⁶⁵, and also with OECD/DAC principles for engaging in fragile states⁶⁶. It also assesses the extent to which IA has engaged strategically with government and non-government partners. Finally there is an assessment of how well the cross-cutting themes of gender and governance were mainstreamed.

3.3.1 How far IA operated in accordance with the Paris Declaration principles?

136. IA's adherence to the principles of Government ownership and alignment can be seen as moderately successful. IA has been part of budget support processes that at least during 2003-05 used country systems and provided aid predictably and in an untied manner⁶⁷. At the same time, the action policy matrices that IA and other donors jointly used to influence policy were too complex and over-ambitious. The heavy use of TA in some sectors has often been donor-driven with little opportunity for the government to influence selection and assessment. Since 2007, local ownership of the PFMCBP has increased as this programme is now managed by the government directly. Ownership over the CSR reform agenda has been weak over time and fragmented across government; but there are signs of new impetus (with for example the establishment of the Public Service Commission and the Anti Corruption Commission as well as of an Independent Audit Service in 2008). Many of the reforms, however, remain supported by a small constituency represented by a limited number of senior officials coming primarily from the diaspora.

137. Government systems alignment: Budget support is the most aligned form of aid and uses all government systems, however TL's share of this kind of support has decreased over time and ceased in 2006. An IMF Public Expenditure and Financial Accountability Assessment in 2007 estimated that "less than 50% of aid funds to central

⁶⁵ Paris Declaration on Aid Effectiveness, Ownership, Harmonisation, Alignment, results and Mutual Accountability, March 2005.

⁶⁶ Principles For Good International Engagement In Fragile States & Situations, OECD, April 2007

⁶⁷ Regarding the multi donor trust funds, the WB made a generally positive assessment of the TL experience in its global Review on Paris Effectiveness, see Annex 3, 2006.

government are managed through national procedures” leading to a poor score by the IMF.

138. Coordination and harmonisation: Annual Development Partner meetings were held from 1999 to 2006 and again in 2008. IA regularly attended and raised issues related to its priorities⁶⁸. IA has also channelled the majority of its support through multilateral institutions (WB, UNDP, ILO) and thereby promoted coordination and harmonisation. Relationships with those multilaterals are judged on the whole as good with IA regularly attending joint strategic and progress donor meetings. IA engaged in co-ordination, via the Trust Funds and regular donor discussions, although with some exceptions this did not extend to joint assessments and shared strategies⁶⁹.

139. As part of coordination and harmonisation, IA’s relations with the EU deserve special comment. Ireland is one of the five EU Member States with a presence in TL, together with Portugal, Germany, Spain, France and the European Commission (EC). The EU accounts for around 42% of all aid to TL (Table 3). Historically, Ireland has worked more closely with a wider group of aid partners in, for example, the Trust Funds. Given the importance of the collective EU spend, the presence of a large but less well aligned donor⁷⁰, Portugal, in TL, and the appointment of a substantive EC Delegate to TL in 2008, there is a case for a more joined up EU approach. IA is well placed to provide a supportive, moderating role that could balance the influence of these larger partners. Another area requiring greater harmonisation of effort is conflict mitigation work. The CRU is perceived by some EU members as operating somewhat independently in its early assessment work so far (a view also shared by Norway⁷¹).

140. Mutual accountability and focus on performance: The results monitoring frameworks used for the TSP and for the PFM and CSR interventions all focus on assessing government performance only and do not measure donor performance. Generally, as noted in 3.1.13, IA has been weak in systematically assessing its own performance and that of its partners, and the GoTL has had no stake in measuring donor performance in line with the mutual accountability principle.

3.3.2 How far did IA operate in accordance with the OECD/DAC principles of engaging in fragile states?

141. In 2002 IA had a good initial understanding of the main development problems faced by TL, owing largely to its earlier diplomatic involvement in working for the independence of the country and thereafter in its efforts to support the NDP. In line with OECD/DAC principles⁷², from 2002 onwards it has focused on state-building via promoting central and local governance systems, human rights, engaging with civil society, and promoting access to justice. Through its work with NGOs, it also allied state-building with a strengthening of indigenous capacities. **Annex 5** provides a detailed assessment of IA’s adherence to each of the OECD/DAC principles. In our assessment, areas of weaker performance relate to an insufficient priority being given to explicit conflict prevention work. While IA’s work with civil society has been important, the

⁶⁸ For example in the December 2003 donor meeting, IA raised concerns over the lack of gender analysis in government and donor documents, and tabled issues on local governance and more sustainable capacity support (TL Country Programme Annual Report, 2004)

⁶⁹ IA support for a legal specialist as part of the independent mid-term evaluation of the SJSP is an example of IA playing a valuable role in supporting joint reviews and particularly in resolving issues and report drafting, although strictly this does not count as joint assessment work by IA directly.

⁷⁰ See the OECD-DAC Peer review of Portugal’s aid policies and programmes referenced in Footnote 34.

⁷¹ Norway support a former Nobel committee member, Bishop Gunnar Stalsett, in contributing to dialogue on conflict resolution and youth issues.

⁷² OECD, Principles for good international engagement in fragile states & situations, April 2007.

balance has been too state-centric and some of its support for civil society work on conflict prevention, though important, is too recent to discern much effect.

142. Overall, IA has not been strong in terms of conflict prevention analysis or bringing fragile states thinking into its strategies in TL. Together with most other donors, it did not fully appreciate the factors contributing to the outbreak of violence in 2006, and since then it has tended to focus on addressing particular, recurrent manifestations of underlying conflicts, rather than the more fundamental causal factors as outlined in 3.1.4 and Annex 2

3.3.3 Has engagement with Government and with Non-State actors been sufficiently strategic and at the appropriate levels?

143. Government: For a medium-sized donor, engagement with the GoTL has been fairly strategic in the sense of addressing national declared priorities in the NDP, and identifying and obtaining some good results in key state-building areas from public sector reform to human rights and gender equality. Policy dialogue was stronger in the period 2003-05 when budget support was in place and regular donor and GoTL meetings were able to assess the progress of reforms and development of key state institutions. Since 2006, the quality of IA's engagement with government has declined, partly as a result of fewer opportunities for effective dialogue with first the weaker transition government in 2006 and then with the new administration who are establishing their priorities, and also the ending of budget support. IA has also engaged through joint donor programmes that have faced delays and the IA office in Dili also acknowledges that it has become more reactive to events than proactive. Nevertheless, there were concerns expressed by some GoTL actors (for example, SEPI and MSATM) that IA contact has been less frequent than in the past.

144. Civil Society: IA's support for civil society has not been guided by an in-country strategy, the development of which was foreshadowed in CSP2. Overall, interactions with the sector appear to have been somewhat opportunistic and without sufficient attention to the type of results that were expected. Support for the NGO umbrella body FONGTIL is inherently strategic and should provide IA with significant insight regarding civil society issues in IA. However, as discussed in 3.1.6, IA has not made sufficient use of its position, and has not stayed abreast of emerging issues. IA's selection of NGO partners in gender, human rights and access to justice, has been strategic in the sense of identifying and providing sustained support to several of the most effective actors in these fields.

145. For the Small Grants Facility, relations with non-state actors have been developed on the basis of individual projects and have not been strategic. IA has maintained effective relations with the District Liaison Officers of FONGTIL in the target districts in relation to contact with CSOs and local issues, but there has been little vision evident of the type of roles or capacities that IA may support for CSOs. Some NGOs received repeat funding from IA one year to the next but there has been no effort to cultivate longer term relationships, or to respond to NGO capacity needs. Although not an explicit aim of the Small Grants Facility, a more strategic orientation would have yielded more sustainable results.

3.3.4 Cross cutting themes – Gender and Governance

Integration across the programme

146. Promotion of gender equality is a key area for IA involvement in Timor Leste, and both government and non-government funding has been provided since 2003. The provision of a gender adviser to the policy review discussions within the joint donor and government TSP meetings during 2003-05 was perhaps the most positive early success in mainstreaming per se, and planning and budget documents were noted to display a

increasing focus on gender-sensitive planning⁷³. As noted above, whilst the capacity of the OPE and its subsequent SEPI has been developed, gender mainstreaming across government has been less successful, and the impact of the gender focal points (except in agriculture) has been limited so far. While the concern for gender issues in LGSP may not be specifically due to IA, LGSP has maintained an explicit focus on promoting the inclusion of women. This particularly applied to participation of women in district assemblies and sub-district committees involved in the local planning process.

147. Although addressing gender is a general justification for funding programmes in human rights and justice, assessments of the outcome of these interventions have not been undertaken. Consequently, although IA has expertise, commitment and ongoing involvement in projects improving women's status and conditions (and is known for this with other donors), gender equality has been less well integrated across its programme, with the result that gender issues are not consistently promoted beyond 'gender projects' in the narrow sense.

148. In the SGF, while gender and social exclusion were mentioned in guidelines, the handling of cross-cutting issues has been weak in implementation and recipient organisations have little formal requirement to consider these areas. Issues such as mitigating possible deleterious environmental effects of infrastructure projects, were not necessarily addressed, and concerns with environmental management of water and irrigation projects were identified by the evaluation team in the field⁷⁴ (Figure 3). A further concern noted by the evaluation team was the low level of coverage of remote populations in the selection of projects supported, although the IA project database did not contain information to allow this to be thoroughly analysed.

Disaggregation of results

149. No direct disaggregation of results was done by IA in its progress reports but gender analysis is shown by some projects such as LMIP and LGSP. In LMIP, for example, data show the higher proportion of unemployed women of higher average age (when they are less burdened by child-rearing responsibilities), and the predominance of male-oriented jobs such as construction (40% of jobs)⁷⁵. In LGSP documents, data were disaggregated on the basis of gender participation in local assemblies and committees at the district and sub-district levels. The figures show that during the years 2004-7, female participation was around 10% less than that for males in most forums and was declining at the sub-district level. Such results promoted increased programme efforts in capacity building of women members of assemblies to promote participation.

150. For the SGF, the guidelines stated that projects supporting women, especially widows, youth, children, and elderly and disabled person were to be given priority. However, organisations supported were not required to include data on numbers of

Figure 3 Water point with poor drainage, Beco Village, Suai District



⁷³ Implementation Completion Report Third Transition Support Program, World Bank, June 2007

⁷⁴ in Suai district at the Baruakin Irrigation project and Beco Water Supply, where there were signs of poor water disposal and canal maintenance in newly completed works

⁷⁵ Labour Market Information Project, SEFOPE/ILO, June 2008

beneficiaries or groups, while reports require only description of the nature of participation of women and other groups and not quantitative data.

3.4 Efficiency

151. This section examines how well the IA programme has operated in terms of use of the committed funds, and how the programme has been managed given staffing and the realities on the ground.

152. Compared to other IA programme countries, the TL programme represents a high spend per capita at €4.55 per head⁷⁶. This high ratio is not because of excessive management or programme overheads, which are similar to other programmes (for both Timor Leste and Mozambique, in-country support costs represent around 8% of spend⁷⁷). The large resource allocation seems more related to the high political commitment given to the programme, rather than to any resource allocation model or value for money analysis.

153. **Disbursement** has been on track until the last two years (but not spending in all sectors). **Annex 3** shows the commitment versus actual spend by sub-programme area. The biggest deviation has been the suspension of the Consolidation Support Programme in 2007. IA disbursed €2m in 2006 but this has not been on-disbursed by the WB, while the balance of €4m allocated for 2007 and 2008 remains undisbursed by IA due to suspension of the programme. In the case of the PFMCBP, IA money has been disbursed to the WB (€3m for the years 2006 and 2007), but these funds have not been spent so far, as this programme has met delays and financing has been primarily from WB IDA funds. This has undermined the cost-effectiveness of IA funds as these funds could have been put to more effective use in other intervention areas. In addition, the withholding of IA funds has led to the accumulation of interest payments, an issue that needs to be explored with the World Bank.

154. **Staff** continuity has been very good by both the local and international staff, an important achievement given the remoteness from HQ and the vicissitudes of life in the TL environment. Partners in government and the aid community were positive in their view of the commitment and understanding of the development specialists who have managed the programme. Their knowledge and commitment to gender equality and to governance was singled out for special praise by various actors, especially in the early period when IA initiated support in these areas. The Timorese project officer has been with the programme since the beginning and provides commendable value in managing the Small Grants Facility as well as bringing local knowledge and programme history. His role, however, has not been as developed as it might have been, since very little training has been provided and almost no improvement in service terms has occurred over the period.

155. It is evident from past reports and from observation that throughout the evaluation period, the country office has been overstretched. This is perhaps not surprising given the range of sectors and partners with which IA has worked, but as a result the programme has in our view been less able to engage strategically and to influence partners or government, and to assess programme performance in a full and regular way. It is surprising that the office did not seek, for modest additional expense, to recruit one or two additional programme officers (locally or regionally sourced) to enrich IA's capacity to engage, monitor and report. The office is however planning to address this issue by appointing two staff on local terms in the next few months.

⁷⁶ Lesotho is comparable, while other countries range from €0.27 (Vietnam) to €2.35 (Zambia)

⁷⁷ CSP1 support costs were 8% (see CSP1, p24), while in Mozambique the figure was 8.5% over 01-05 (Mozambique CSP Review, 2006, p.42).

156. **Backstopping.** There has been limited technical / advisory capacity in country to advise on technical issues. In the past three years, the IA Dili office has received only one technical mission⁷⁸, although there have been programme review missions (such as in October 2006) and high level political visits (the Irish Minister for Foreign Affairs in February 2008). But some areas where IA provides considerable funding (such as public sector capacity building, justice and gender) have not had sufficient technical support, and this has undermined IA strategic engagement in these sectors. For example, LGSP partners note that IA involvement since 2003 has been good but suggest that there is scope for Ireland to increase its technical involvement and liaison roles and that IA advisors could *'play a larger role in the final stage of the policy/legislation process and all the very important steps that is to come with the implementation and future subsidiary legislation'*⁷⁹.

157. In terms of seeking greater efficiency, other options could have been considered for operating the SGF rather than managing it in house, such as outsourcing (as practiced by USAID), or a block grant approach, since this Facility requires considerable administrative support for a relatively small spend, taking up an estimated 50% of the time of one of the staff members, and 10% of the other two respectively. It is difficult to justify such a time allocation, given constraints on the overall management of the programme and gaps in activities with much larger budgets, particularly in relation to analysis, on-going dialogue with partners, and risk assessment.

158. In some areas the programme can demonstrate **value for money**. Three examples can be cited: funding for the women's micro-credit programme, Moris Rasik has been relatively small, totalling \$221,000 from 2004-07, however, the NGO has enabled access by relatively poorer and more vulnerable households, particularly in districts outside Dili, and allowed the organisation to survive the 2006 crisis more successfully than other NGOs. Similarly, HAK has been extremely successful in dealing with local conflicts since 2006, exceeding expectations, and based on a relatively small amount of funding (on average, €50,000 per annum). IA's support for local and national elections would also appear to have good effect for a timely and relatively small spend (€150,000 in 2004 and €500,000 in 2006)

3.5 Impact

3.5.1 Overall Development Progress

159. The National Development Plan, on which Irish Aid hinged its overall programme, had two main goals:

- a) To reduce poverty in all sectors and regions of the nation, and
- b) To promote economic growth that is equitable and sustainable, improving the health, education, and well being of everyone in East Timor.

160. The volatile events of the past five years have hindered or set back development progress in some areas, while there has been improvement in others. The IMF in February 2007 stated that up to 2006, TL had made *'good progress in establishing a stable and healthy economy. Real non-oil GDP rose in 2004-05 ... and macroeconomic stability was achieved through the early adoption of prudent fiscal and monetary policies. However, progress toward the country's National Development Plan (NDP) objectives and Millennium Development Goals (MDGs) was limited'*.

161. Selected NDP economic indicators were:

- GDP growth was set to reach 7% by 2007

⁷⁸ May/June, 2007 from the IA Development Specialist in Public Financial Management, to support the ConSP and the PFMBCP.

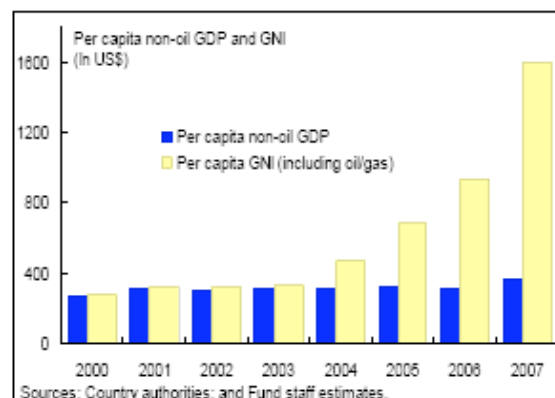
⁷⁹ Chief Technical Adviser, LGSP.

- Inflation would be controlled, while domestic revenues would grow to \$26.7m by 2006/7, and non-oil revenues would increase to over 20% of total revenues.
- The proportion of the labour force engaged in private sector to grow from 6.1% to 14.9%, with 40,000 new jobs created in that sector

162. In terms of results, real non-oil GDP was negative in 2006, but is estimated to have recovered to 8% in 2007 based on the latest IMF consultation report (June 2008)⁸⁰. The IMF estimates that overall per capita GDP has risen sharply, while non-oil GDP per capita has shown a slight increase in 2007 (Figure 5). Inflation (Annex 6, Figure 2) has risen to 9% driven by higher transport costs and supply disruptions. Government expenditure has risen and has more than offset a gradual decline in donor spending: donors contributed an average of 47% of total public expenditure as a percentage of non-oil GDP over 2000-05, but this fell to 33% for 2006/07, while domestic revenue and petroleum transfers rose from 21% to 50% and may reach 73% in FY 2008.

Figure 5 Per capita GDP non-oil and including oil/gas

163. Data on poverty trends are scarce, so while since 2007, government resources, budgets allocations and even execution rates have risen, whether these have translated into improvements in the standard of living of TL citizens is unclear. At face value, the still visible evidence of destroyed infrastructure in towns across the country indicates the depth of physical repair still needed. The lack of productive jobs is a critical problem:



‘Only about 400 formal jobs per year were created in recent years versus over 15,000 annual entrants to the labour market, and youth unemployment in Dili is estimated to have risen to 40 % following the crisis. The majority of the population depends on subsistence agriculture, and large segments face seasonal food shortages. According to a recent report by FAO/WFP, up to 220,000 Timorese were projected to be in need of food assistance during the lean months of October 2007 to March 2008’. (World Bank East Asia Update, April 2008).

164. Available evidence does suggest that for most MDG indicators there has been little improvement over the period since the 1990s to 2004 and that in absolute terms Timor Leste remains one of the poorest countries in the world. For the MDG indicators that are available (**Annex 6**) improvements in literacy, school attendance, and infant and under 5 mortality are evident, but there is no marked improvement in life expectancy, incomes or employment, or gender equality.

165. The potential for future development on the other hand is high, given the oil and gas reserves, the success of the petroleum fund⁸¹, the sustained support from the donor community, low debt and gradual improvement in the fundamental building blocks of the state.

⁸⁰ Staff Report for Article IV Consultation, IMF, June 2008.

⁸¹ Based on a successful Norwegian model, GoTL has developed a savings policy and Petroleum Fund Act providing a framework for sustainable management of petroleum revenues over the long term. The Fund balance at end-March 2008 stood at US\$2.6 billion. Based on estimated sustainable income calculations, \$294 million was targeted to be withdrawn from the Fund to finance the 2008 budget, equivalent to 85 percent of the budget. This figure is expected to be revised upward to \$388 million as part of the 2008 mid-year budget review. Future income flows should rise as the Bayu Undan and Sunrise fields come on stream, and as world prices rise (Petroleum Sector Revenue Note, World Bank, April 2008)

3.5.2 IA's contribution

166. Within this picture, measuring the degree to which recent successes and failures can be attributed to IA's support is challenging because of IA's medium size in aid terms, and because the majority of that support has been through joint-funded interventions, rather than stand alone projects where attribution may be clearer. Our broad conclusion is that IA can take credit for contributing towards the successful establishment of a number of key state building elements, particularly in the machinery of public services and planning, in decentralisation and in human rights and gender equality. In civil society there have been important contributions to improved understanding of human rights, some reduction in human rights abuse, reduction in local conflict, greater women's empowerment and in access to and monitoring of justice. IA has also contributed to the maintenance of the nation's key NGO coordination body. IA considered but chose not to address specific social sectors, such as education, agriculture or health, where arguably more tangible benefits might have been seen. Indeed in the health sector through other donor support as well as the budget support this has reportedly been the case.

167. But this judgement must be qualified by the political and socio-economic turbulence experienced in Timor Leste, especially the 2006 crisis that threw off course the solid progress on economic management and state strengthening over 2003-05. In addition, several major interventions that have been redesigned since 2006 (such as in justice and public finance) are relatively recent and it is too early to judge their impact.

3.5.3 Conflict reduction

168. IA's record in terms of adherence to principles of fragile state engagement is fairly good, as noted earlier (3.3.2), and there is evidence that some aspects of IA's work has helped reduce the potential for conflict, especially in areas related to human rights, equality and civil society⁸². This judgement is qualified by our view that a better understanding of the causes of conflict in TL would have allowed IA to address these causes more appropriately and earlier. For example, employment and private sector growth, which have been seen as important drivers to reduce the propensity for conflict⁸³, has been given less attention: Timor Leste's business sector remains weak and dependent on the presence of the UN and TA presence, and the country's business attractiveness remains poor⁸⁴.

169. Agriculture as a key non-oil sector and employer could arguably have received greater support (although the WB, Japan, USAID, AusAID and especially Germany⁸⁵ have been active in this sector). Technical expertise was severely reduced after the Indonesian withdrawal, and GoTL commitment was also low with only 2.1% of the budget allocated to the sector. However, with growing global food prices and local food shortages (see WB quote in 3.5.1), there is substantial national interest in the sector (the GoTL's budget commitment has doubled), while prospects for youth employment on a longer-term basis in agriculture counter-balance the short-term attention currently being given to public works employment in the GoTL's 2008 National Priorities. The EC has committed €8.5m to the sector, while GTZ have invited IA to co-fund a new proposal, and though IA has no strong expertise in the sector, there may be case for support here, as it could complement IA's experience in local governance and some of its small grants that have supported the sector.

⁸² A list of interventions is given in 'Support for Conflict Resolution-related Involvements', IA, May 2008.

⁸³ See Conflict Assessment: East Timor, by MSI for USAID, May 2004.

⁸⁴ Timor Leste is ranked 168th out of 178 countries in the WB's global Doing Business Survey (2007).

⁸⁵ Germany's support through GTZ's has expanded from food security and training of extension staff in Baucau in 2003 to four districts in 2006 under a broader €8m rural development programme with policy support work.

3.5.4 Governance

170. In a number of programme areas, IA can claim to have supported effective outcomes in improved governance, particularly in its joint support for improving the regulatory and legal machinery of government, and in leading on local governance and supporting the Provedor's human rights office. The most recent progress report on the GoTL's 2008 National Priorities under Priority 6 (Clean and Effective Government) provides evidence of progress in setting up anti-corruption, supreme audit and independent civil service initiatives, amongst others.

171. For local governance, the GoTL has been supported in developing procedures, processes and systems for public planning, financial management, and tendering and procurement for decentralised local government. A timetable has been prepared leading to the projected passage of local government legislation late in 2008. At the same time, local governance does not feature as one of the 2008 National Priorities, the view of the current government being that this is a longer term priority.

172. Funding for the Provedor's Office since 2006 has enabled a number of steps to be taken in dealing with corruption. Most of 400 complaints handled so far are alleged human rights abuses, but some are concerned with allegations of corruption within government. The Provedor has also devised programmes for radio on how to report corruption, and on how corruption cases can be brought to court.

173. The strengthening of governance and accountability through stronger civil society institutions is evident in IA's support for FONGTIL, HAK and Forum Tau Matan. This has enabled cases of corruption to be brought to the Provedor's office, and to monitor the ways in which these are dealt with by the Provedor. On the other hand, the SJSP has contributed little to developing a culture of accountability through improving access to justice, and the backlog of court cases and weak capacity within the system is only slowly being addressed.

3.5.5 Sustainability

174. For most areas of state capacity building, the long term nature of the process is understandable given the extended colonial history and the accompanying lack of experience of Timorese in planning and managing governance initiatives. The process is likely to require long term technical assistance and the development of broader approaches to capacity building than have been delivered hitherto. On the other hand, government ownership is increasing as a result of growing revenues and as evidenced by the publication of the 2008 National Priorities, around which the government has asked donors to join six working groups to support the nationally-led process, and into which the balance of ConSP funds are expected to flow.

175. Over the period, parallel systems have been developed through extensive use of TA first under the UN administration and later under various PSM programmes. For public finance management reform, attempts are being made to link the Australian and the WB-led programmes so as to avoid parallel donor-led systems. Under civil service reform, various past initiatives have now been combined under the UNDP CSR project, but there is still an immense challenge to improve the approach to capacity building so that not just skills, but systems are built and knowledge is transferred. In local governance, IA is supporting the only one major initiative focusing on decentralisation and it is fully integrated with government functions, so there is no question of parallel systems.

176. The GoTL's recent decision to extend the new decentralised system to the remaining five districts and also to take responsibility for provision of the Local Development Fund, which is used to support priorities identified in new local planning processes, illustrates the government's commitment to this area.

177. In the area of women's empowerment, Moris Rasik has established a sustainable organisation, with sufficient funding from institutions such as the Grameen Bank and three commercial banks, and run largely by Timorese women. Rede Feto and HAK are viable organisations, at both the central and district levels, but still require donor funding to undertake their extensive work in dealing with conflicts. As yet, the Provedor's Office is neither organisationally nor financially sustainable, still relying on international advisers and donor funding. CAVR is now run largely by Timorese, but also remains reliant on donor funding. Our assessment, however, is that these institutions are now so entrenched that – without considerable effort - it would be very difficult to reverse the progress they have made. This is not the case with the programme for developing the justice system: here TA support is costly and little capacity has been built thus far.

4. Strengths and Weaknesses

178. Strengths

- IA's **commitment and expertise to gender equality and mainstreaming** has been a consistent strength throughout the period. IA staff have been recognised as adding value in this area, and the programme has delivered successfully at central and local levels and with government and non-government actors.
- IA's support for **human rights** has been a strength, particularly in tackling a sensitive area in a balanced way, with aid to government and NGO actors in the field.
- IA's commitment to and interest in the **decentralisation** agenda in TL over the period of the two CSPs has allowed it to establish an influential role with the government. Few other donors were interested in the area, or willing to make a long term commitment. Consequently, IA has advanced both an important national development priority and its own visibility and image in the country.
- Through the Small Grants Facility and other NGO support, IA has reflected a **strong commitment to provide direct benefits to the community**, and also to maintain a channel through which it may learn directly regarding development conditions experienced by Timorese.
- IA's **support for civil society**, although a small area of programme operation, has served as a limited counterbalance to an otherwise predominant focus on state support during the two CSPs. This work recognised that there are limitations to the role of the state; and important roles for civil society organisations in Timor Leste, such as promoting accountability from the state, and addressing issues such as peace-building, civic education and direct service provision for isolated communities.
- IA is recognised as a **neutral development partner** that can play a useful role in an aid environment where there are large players with strong aid agendas linked to colonial / cultural ties or to regional security concerns. Its flexibility and responsiveness are valued by all actors.
- IA is seen as a donor that works in a **well harmonized and aligned** manner using multilateral institutions.

179. Weaknesses

- Historically, IA established a strong and valued role with various GoTL Ministries, including Ministries of State Administration and Territorial Management, and with Finance. Due to overall pressures of work and the changing nature of the administration, the **level of engagement from IA has reduced**. IA needs to be able to maintain a consistent level of involvement, and reinforce its role as an agency that has expertise and value amongst the donor community.
- The **Small Grants Facility has not been adjusted to the changing context** in TL. Following the end of Indonesian rule there was a pressing need for immediate rehabilitation of infrastructure. In recent times, particularly in view of the rise of conflict at the community level, there is an equally strong need to build community capacities, including in planning and strengthening local organisations. The provision of support for infrastructure without sufficient

attention to these areas has possibly reinforced dependencies, and undermined community self-management.

- The **operation of the Small Grants Facility has also been undertaken inefficiently**, taking up a high proportion of staff time, possibly to the detriment of other important areas in the country programme. It has also suffered from operated **with weak management systems** in areas such as appraisal and monitoring..
- The work in the civil society area suffered from **lack of a civil society strategy** and from lack of on-going analysis of the strengths and weaknesses of organisations supported, including the use of assistance provided.
- As with other donors, IA did **not develop a sufficiently full understanding of the causes of conflict and then adjust its programme to meet these causes** effectively. Despite its relatively long history of experience in TL and the strong political commitment to seeing TL develop, IA has not translated this into a programme that effectively addresses such needs.
- There has been a **lack of programme focus**; IA has not sufficiently cashed in on its perceived comparative advantage in gender and local governance, while it has supported other areas (such as in PSM) that demand technical competencies that it would be difficult for a small country team to meet.
- IA has been **weak in monitoring and evaluating** the performance of its programme and has been over-reliant on other donors for its performance assessment. There has been a lack of external reviews and IA's reporting has tended to focus on processes and activities rather than on how far strategies are delivering against anticipated outcomes.

5. Lessons

180. The following lessons arise from the evaluation:

IA can bring **added value as well as enhance its reputation** by continuously focusing on areas of proven expertise – including the improvement of women’s conditions, human rights and local governance.

Where large and politically-driven development partners are present, IA can play a useful strategic role, and enhance its reputation through **providing neutral, flexible and appropriate advice**.

Multilateral engagement in larger programmes is not necessarily a lighter management option and doesn’t reduce the need for strategic engagement. Using the UN agencies as implementers has the benefit of neutrality, but without close management, implementation can be uneven, and due to the funding constraints of such agencies a focus on longer-term outcomes can be lost.

The **absence of systematic monitoring and evaluation** of projects and programmes can profoundly affect IA’s ability to assess the performance of its interventions. (and lead to false impressions of progress)

Within Timor Leste’s fragile state context, IA’s focus on **support for both state-building and civil society strengthening has provided a valuable and complementary approach**, particularly in human rights and gender.

However in a fragile untested democracy, the programme **should not focus too heavily on state-centric support** (with over 80% of spend) because government systems may not be mature enough to absorb and deliver as anticipated.

The **strength and continuity of IA’s ongoing political commitment** to independence and nation-building enabled IA to build a strong reputation with the Timor Leste government and donors.

In a fragile / post-conflict setting, IA can **reduce risk by** complementing support for government and agency programmes with support for civil society, by using different funding channels and by working through larger multi-donor programmes where the risks are shared.

Where IA operates in a fragile state context, **a detailed understanding of the underlying issues contributing to repeated outbreaks of conflict is essential** both for the formulation of appropriate strategies and interventions, and for devising effective responses to particular incidences of conflict. In Timor Leste, IA could have undertaken such an assessment earlier, and could have used its contacts with civil society organisations to understand better the factors contributing to conflict prior to 2006.

Where pillars and spend grow, but local capacity and backstopping are not changed, the quality of delivery can be affected. Maintaining sufficient staff capacity in the country office to liaise and manage the programme effectively, and matching the overall size of the programme to staff capacity to manage it, remain essential. Where HQ backstopping is constrained by distance and availability of advisers, good support can still be provided through engaging regional or local specialists.

Supporting civil society is a complex area that needs to be accompanied by sufficient analysis and a defined strategy, particularly in a post-conflict environment, to ensure that initiatives are positive and purposeful. Both positive and negative roles of civil society in development need to be identified, and risks actively mitigated.

Operation of a **small grant facility needs to be undertaken in a manner that strategically reinforces the country programme**, rather than operating at its periphery without sufficient integration. Consideration of alternative means and arrangements for support should be undertaken as the country moves from conflict to post-conflict and recovery conditions. In the latter contexts, more emphasis on community and organisational capacity building is likely to be required, with consideration given to partnerships and more extended support to reinforce this end.

6. Recommendations

181. Based on the findings and lessons of this TL country programme evaluation, the following recommendations can be made:

1. **IA should not aim to increase its financial commitment in its future programme for TL**, given that other donor and government resources are likely to grow. Instead the programme should **seek greater quality and strategic engagement**, through improved analysis, a greater focus on delivery and better monitoring of performance.
2. To achieve the above recommendation, IA should **increase the level of support to and capacity within the country office team**. Increased use of Timorese professional expertise would be the most cost-effective solution, plus additional training of the existing national staff member. But technical back-stopping should also include greater use of IA HQ advisors and where appropriate other consultant specialists with relevant experience, particular from within the region.
3. Rather than preparing a full CSP this year (to run from 2009 on), given that government plans for their next NDP are only partially known, and the current National Priorities 2008 may well extend into 2009, **it may be prudent to adopt an interim strategy** until the next NDP is in place.
4. Given IA's reputation for neutrality and effective local engagement, the programme could respond to the GoTL's interest in IA providing support for the forthcoming **consultations for the next NDP**.
5. IA should **bring focus to its next CSP** – identifying 2 to 3 areas rather than 5 or 6 – so as to enable a better quality of engagement. It should at the same time spread risk by continuing to use different partners and channels. A narrower focus would be in line with recent EC and Nordic policies on increasing sector focus⁸⁶. Possible areas of focus might be: (i) Local Governance (with links to grants, CSOs, NGOs, capacity building); (ii) Human Rights, Justice and Gender Equality and (iii) Employment (long-term focus in private sector or rural development)
6. For the formulation of strategies in the forthcoming CSP (2009 onwards), it is essential that IA work with other donors and the UN agencies to **undertake more detailed and thorough assessments of existing and potential areas of conflict** within TL institutions, between these institutions, and between social groups and regions. This is particularly crucial given the Irish Government's stated aim to play a role in addressing the needs of conflict resolution in Timor Leste.
7. IA should seek to **play a stronger role in the combined approach of EU member states**, and endeavour to coordinate its new strategy with other EU states, as well as its conflict resolution work. At the same time while greater EU alignment is sound in principle there is a need to review the agendas of other Member States to align together. IA could consider working on a EU Joint

⁸⁶ For example, see the EU Code of Conduct on Complementarity and Division of Labour in Development Policy, 2007; <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0072:FIN:EN:PDF>. The Code of Conduct defines 11 guiding principles that directly address fragmentation: for instance, limiting any single donor's engagement in a country to three sectors, redeploying resources from other sectors, establishing lead donors for each sector in a target country, and identifying comparative advantages by reviewing feedback from partners.

Strategy but must bear in mind concerns over alignment with the political interests of others and the associated language issues. IA should be neutral here.

8. There needs to be a **substantial change in monitoring and evaluation of the programme**, that develops results frameworks (joint or stand alone) and then provides the means to routinely report on achievement at outcome as well as output and activity level.
9. On **employment**: IA should balance the labour market project with **support for longer-term job creation** – consider working with GTZ in the under-resourced yet critical rural development sector. This would link IA's focus on local governance, decentralization and poverty – and draw on Ireland's experience of rural growth promotion.
10. On **justice**, although a high priority sector, it is also high risk, crowded and involves high maintenance. IA should continue working with the Provedor, which has performed well and needs continued support, and consider reducing support for the UNDP Justice project.
11. IA should reduce involvement in **public sector reform** (CSR and PFM) as it has not shown a comparative advantage from a technical perspective, the sector is crowded, and IA has become exposed as a lead funder, and there are major government capacity issues. IA should focus on distinct areas where it has a proven reputation, such as continuing to work on **gender equality** through SEPI and NGOs such as Moris Rasik and Rede Feto, on **human rights** with the Provedor and NGOs such as HAK.
12. **Decentralisation** will require building considerable awareness at the community level and capacity for local planning, consultation and participation. NGOs as well as the IA Small Grants Facility could play a significant role in IA's target districts to reinforce such intent, and a cooperative programme in this area coordinated with the Ministry of State Administration and Territorial Management could be explored.
13. In terms of **Conflict reduction**, there should be harmonisation and integration between the development programme and the planned initiatives by the CRU, and also closer working with others who are active in the area. The aim would be to integrate conflict reduction fully within the development programme. IA should therefore work with others to undertake a **conflict analysis** (see Recommendation 6) in order to equip the ongoing and future programme to address conflict both directly and indirectly, and ensure all development initiatives are conflict sensitive.
14. In **multi-lateral engagement**, IA should aim for a more strategic and analytic role by developing specific objectives for its work with these such partners, such as choosing to pursue specific aid effectiveness principles and then monitoring progress in achieving them. The aim is to ensure IA's priorities are addressed and its exposure in terms of funding and risk of poor implementation is managed. IA should be selective in the use of UNDP as implementer, and choose UN partners to work with based on their record so far and proven capacity.
15. IA should ensure that its **planned evaluation of the Small Grants Facility** is completed in time for the results to be available to those preparing the next CSP. The evaluation should include consideration of the strategic role of small grants, the post-conflict context, management arrangements, possible reinforcement between small grants and IA's support for decentralisation and civil society, and possibilities for using partnerships, more extended assistance, and fewer grants to enhance results and efficiency. The evaluation might also be tasked to undertake a more comprehensive analysis based on a complete inventory of past grants, with investigation from files of beneficiary numbers by type, coverage and remoteness, sustainability, cost per head, level of community contribution etc.

16. IA should develop a **civil society strategy** as part of its formulation for the new CSP. Box 2 contains detailed suggestions.

Box 2. Recommendations for a civil society strategy

The strategy should take account of broader issues and learning from both IA's international experience , and from other donors and INGOs working supporting civil society in a fragile state environment where issues of community conflict and internal dislocation are present. It should :

- Place IA's work in the context of the evolution and needs of civil society in Timor Leste particularly since 1999, and related trends in donor and INGO support and capacity building.
- Provide an informed analysis to guide IA's work in a highly complex sector with multiple actors and agenda.
- Consider how IA's support work can be positioned to make a purposeful and strategic contribution, avoiding unrelated or opportunistic funding.
- Specific areas to be considered include the role of NGOs and NGO coordination points, geographic and sectoral aspects of NGO work, role of government and donors, organisational capacities and leadership, and capacity building approaches.
- Consider potential for reinforcement between IA's support for civil society and decentralisation, through areas such as civic education, and support for local planning including promoting women's participation.
- Consider the characteristics of civil society and NGOs in IA's four target districts (Viqueque, Ainaro, Covalima and Oecussi), taking into account appropriate ways to build capacity in this context.

Annex 1 – Terms of Reference

Draft Terms of Reference for a Joint Evaluation of Ireland's Timor Leste Country Strategy, 2004 – 2006

1. Background

Timor-Leste, the former East Timor, achieved formal independence in May 2002 following over 400 years as a Portuguese colony, a 25 year struggle against Indonesian occupation, and two years of UN administration. It is the least developed country in Asia and faces enormous development challenges (high poverty; rapid population growth; widespread unemployment; weak public sector; low levels of service delivery in health and education; and a weak justice system).

Timor-Leste emerged from Indonesian rule in 1999 with its infrastructure in ruins and its population traumatised. With the support of the international community, considerable progress has been made in building the political and administrative framework of the new nation. However, Timor-Leste suffered a political, security and social crisis in April 2006, a crisis that has led to over 100,000 internally displaced persons. The causes and consequences of this upheaval remain unresolved and the crisis cannot be considered as over. Timor Leste remains a fragile state, with a volatile security situation, a stagnant economy and large numbers of displaced persons.

In January 2006, an agreement was signed between Australia and Timor-Leste sharing revenues from oil and gas fields in the Timor Sea on a 50:50 basis and parking maritime boundary negotiations for 50 years. The agreement will assure a steady source of income for Timor-Leste, which is highly dependent on foreign aid. However, the problem of lack of capacity in government to formulate policy, execute budgets and deliver services will seriously lessen the potential impact of increased oil revenues on the overall welfare of the population.

Irish Aid has been engaged in Timor-Leste since the UN Independence Referendum of November 1999. This engagement moved from the provision of emergency and humanitarian assistance in the aftermath of the violence surrounding Indonesia withdrawal to long-term development cooperation. A Transitional Country Strategy was implemented for the period 2001-2002. The aim during the transition period was to alleviate the material consequence of the recent conflict and contribute towards the immediate needs of political development and institutional capacity building.

In March 2003, Timor-Leste (TL) was designated Irish Aid's seventh Programme Country and first Programme Country in Asia. The overall objective of the Irish Aid CSP (2003-05) was to "assist the Government and civil society to achieve the vision set out in their National Development Plan through consolidating the gains made in the transition period, ensuring a stable environment for development, and contributing to poverty reduction through the delivery of essential services, institutional capacity building and the strengthening of governance". The current CSP (2006-2008) builds on the experience gained during the implementation of the 2003-2005 CSP and was intended to respond to the then current state of development in Timor-Leste. The CSP

is aligned with the Timor-Leste National Development Plan (2003-2007) that has as its goal *“To support the Government and people of Timor-Leste to achieve the objectives of the National Development Plan and Millennium Development Goals”*

Total IA support to TL has been €20,693,000 for the period 2003-2007. The key components of the current Irish Aid programme are:

Support for the Consolidation Support Programme,
Public Sector Management,
Local Government Development,
The Promotion of Human Rights, Justice and Gender Equality;
Civil Society support

Consolidation Support Programme

The Consolidation Support Programme (ConSP) is the successor to the Transition Support Programme, which Irish Aid also supported. Donor funds are channelled through a World Bank trust fund in support of the National Development Plan. The ConSP emphasizes the three pillars of the National Development Plan - service delivery for poverty reduction; good governance and job creation. The Consolidation and Transition Support Programmes were primarily established to address Timor-Leste's budget deficit in its first years of independence. While the need for the ConSP fund (presently approx \$10 million per annum) has changed with the increase in the value of oil revenues and the lack of capacity to execute a budget, the need for the policy dialogue and support for capacity development remains.

Public Sector Management

Institutional capacity building has been a focus of the programme to date. While there has been considerable progress in building the institutions of government, weak institutional capacity is still a major problem and presents a major developmental challenge. Budget execution is poor, resulting in low levels of service delivery in critical sectors and constraining the ability to the government to undertake development projects and accelerate job creation. Irish Aid supports capacity building by funding the Planning and Financial Management Capacity Building Programme (PFMCBP), a multi-donor programme operating through a World Bank trust fund. Irish Aid also supports a UNDP programme aimed at capacity building in managing and developing the public service.

Local Government and Development

Local Government has long been a key component of Irish Aid's support for Timor-Leste. The establishment of a local government system is central to promoting good governance, and to ensuring more effective, efficient and accountable service delivery. Timor-Leste's new government (sworn in August 2007) is in the process of finalising its policy on decentralisation and local government. Irish Aid is supporting this process through a UNDP/UNCDF “Local Governance Support Programme” to which it is the main donor. In addition, Irish Aid supports community development projects in four target districts through the Small Grants Facility administered by the Embassy. This is

implemented mainly by small CBOs, in liaison with the relevant local government offices.

Human Rights, Justice and Gender Equality

Irish Aid supports the monitoring and promotion of human rights through direct support to NGOs involved in human rights education, and also through national institutions such as the Provedor's Office for Human Rights and Justice, which combines the roles of human rights commission, ombudsman and anti-corruption agency.

The 2006 crisis graphically exposed the weakness of the Justice Sector. It faces enormous challenges and the judiciary is especially weak. Irish Aid supports the UNDP programme, "Strengthening the Justice System in Timor-Leste" whose objectives include greater efficiency in processing court cases, the implementation of a training programme for justice sector personnel and increasing the access to Justice. A recent independent review of the programme concluded that it has made a significant contribution to the Justice system, though access to justice still remains limited. There are also issues surrounding the use of Portuguese as the judicial language (most Timorese, especially in rural areas, speak only Tetum).

Achieving gender equality remains a particular challenge in Timor-Leste. For a number of years Irish Aid has taken a leading role in this area, in particular by supporting the Office for the Promotion of Equality in the Prime Minister's Office and its successor, the Secretary of State for the Promotion of Equality. In addition, Irish Aid supports a Gender Advisors in the Ministry of Agriculture and Fisheries, and has undertaken to support Gender Advisors in the Ministries of Education, Health and Justice.

Civil Society

The NGO Forum is an umbrella organisation which plays a significant role in building capacity, coordinating and representing civil society. Irish Aid, along with four other donors supports the Forum to enable it to build up the capacities of its member organisations. In addition, Irish Aid supports the community dialogue promotion/ conflict resolution work engaged in by selected civil society organisations.

2. Purpose of the Evaluation

The purpose of the evaluation is to provide Irish Aid with an evaluation of the two CSPs covering the period 2003-2008 which will inform future strategic decision making, with particular reference to the formulation of the next CSP covering the period 2009-2012.

3. Scope of the Evaluation

The evaluation will primarily assess the strategic direction and focus of the programme keeping very much in mind the context within which previous programmes were designed and implemented and the current reality on the ground. In particular the evaluation needs to recognise the dramatic change in the situation that occurred in the aftermath of finalisation of the 2006-2008 CSP (prepared in 2005). This changed reality must inform the overall evaluation process.

The evaluation should assess the programme in Timor Leste against the following criteria, while at all times keeping in mind the context in which the programme up to now has been implemented:

- The **relevance** of programme interventions given the Goal of the CSP, the governance and institutional setting, the political, security and social environment and Timor Leste's human resource availability;

Key questions include:

- To what extent does the programme conform to the developmental challenges and priorities of Timor-Leste and to the needs of target groups
- Have the CSPs addressed clearly identified issues relevant to poverty reduction and development in a coherent manner.
- Has the CSP design been sufficiently flexible to react to changes in the local environment and in particular to the events of 2006 and their aftermath?
- Has the programme been sufficiently focused on poverty reduction and targeted at the most disadvantaged, including women.
- Is there sufficient coherence, interlinking, and synergy (e.g. exchange of information, replication of good practice, sharing of information) across the programme and between its component parts as well as complementarity within the sectors identified?
- The **appropriateness** of the country programme objectives and the logic behind them.

Key questions will include:

- Has the choice of sectors been appropriate given the political and development contexts within which the Programme is implemented?
- Have the CSPs been appropriate in terms of available resources and capacity in TL?
- Is the balance between support for Government institutions and Civil Society appropriate?
- Has the programme been designed in a collaborative manner with National and Local authorities and in alignment with government policies?
- The **efficiency** with which programme plans are translated into activities, including issues of human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments of support.

Key questions include:

- How has the programme been implemented in a collaborative manner and in alignment with national policies?
- Is the choice of financial instruments/modalities of support appropriate in terms of ensuring efficiency?
- Has the programme been efficiently managed given existing staffing and on the ground realities

- Has the CSP fostered better coordination between the TL partners so as to ensure greater efficiency of programme delivery?
- Has engagement with Timor Leste Government departments been sufficiently strategic and at the appropriate levels?
- The **effectiveness** of the overall programme in achieving intermediate development outcomes and the systems for measuring and monitoring success;

Key questions include:

- Has programme design and implementation enhanced the overall effectiveness of the programme
- How effective has the programme been in terms of achieving stated objectives taking into consideration the crisis that developed during implementation and the fragile nature of the state in the aftermath of the crisis.
- Were monitoring and evaluation systems adequate to monitor ongoing programme efficiency and effectiveness and to inform continuing programme relevance?

The evaluation will also need to consider a number of **cross cutting issues** including:

- What are the key challenges and emerging opportunities to be addressed on alignment, aid effectiveness, and harmonisation?
- To what extent has the CSP been compliant with the indicators of the Paris declaration?
- Has the mainstreaming of cross-cutting issues been dealt with effectively and could it be improved in a new CSP?

While the primary focus of the evaluation is not on the impact of the programme it is expected that where evidence of programme impact is available (positive or negative) that this will be analysed.

Annex 2 – Timeline

Time	Influences and inputs from the development context in Timor Leste	Influences and inputs from International	Influences and Inputs from Irish Aid
Pre- 2002	Rejected autonomy within Indonesian Republic, August 31 st 1999. Constitutional election won by FRETILIN; UN support to this government as a transitional administration. Regulation 2001/13 on Budget and Financial Management	Indonesian Withdrawal 1999 Country managed by UNTAET 1999-2002	Irish involvement since 1991 with peacekeeping; IA office opened 2000;
2002	Independence May 2002, under President Gusmao Fretilin Govt under PM Alkatiri NDP 2002-2007 – MDGs Dec – Riots over police shooting of students Portuguese and Tetum installed as official government language Commission for Truth, Reception and Reconciliation (CAVR) established	UNMISET May 2002 for 1 year First DP meeting (May) WB Public Expenditure and Accountability Note	
2003	TL joins non aligned movement	UNMISET extended 1 year	March 2003 Timor becomes first IA Programme Country in Asia March - Carol Hannon Head of Mission
2004	Flooding March President Gusmao meets Indonesian President Sukarnoputri – May	UNMISET extended 1 year UN peacekeepers reduce from 3000 to 1800 troops	

	Parliament passes Civil Service Act, June 2004 Organic Law for the Office of the Provedor for Human Rights and Justice, May 2004 National Census conducted Boundary accord with Indonesia signed July	Transition Support Programme 1 WB Public Expenditure Review and Country Procurement Assessment Report	
1 st Quarter 2005	15 Sector Investment Programmes launched Truth and Friendship Commission established (in co-operation with the Indonesian Government) Local elections held Jan-Sept	Paris Declaration Transition Support Programme 2	
2 nd Quarter 2005	Demonstration against government for 19 days by Catholic Church	UNOTIL established for 1 year (political mission) Closure of Australian military presence	Pre-CSP Process CSP Discussion Paper May 2005
3 rd Quarter 2005	FY 2005/06 Oil & gas revenues reached \$351m (89% of total revenues)		Governance Advisor Sept 2005
4 th Quarter 2005	Commission for Reception, Truth and Reconciliation (CAVR) report submitted	DAC work on fragile states	October CSP Exercise; December Draft CSP
1 st Quarter 2006	January Military and Political crisis starts TL and Australia sign sharing agreement for oil and gas	JCFA report Transition Support Programme 3 WB President visits TL	March PAEG approved New CSP 2006-2008
2 nd Quarter 2006	Crisis escalates. June: PM forced to resign by demonstrators Over 20 dead, 150,00 plus refugees from unrest	Political and humanitarian assistance in response to crisis Last DP meeting (April) 145 delegates	Evacuation of IA staff

		Australians send 350 troops, plus troops from other nations GOTL publishes 17 Sector Investment Plans	
3 rd Quarter 2006	July – Jose Ramos Horta appointed PM IDP camps 72,000 persons	Report of Secretary General on the crisis; UN initiatives to establish a 'Compact' between government, UN, bilaterals and civil society. UNMIT set up Report of the Secretary-General on Timor-Leste pursuant to Security Council resolution 1690 (2006)	CSP review mission Irish Aid White Paper Chuck Lathrop – Head of IA mission
4 th Quarter 2006		UNAID/AUSAID report 'causes of crisis'; France opens development cooperation office; UK closes embassy in TL; UN Commission of Enquiry Report published; ICG Report on crisis published	Minister of State response - £1.4m new funding.
1 st Quarter 2007	On-going unrest in Dili neighbourhoods Rice riots accompanied by attacks on government buildings etc Beginning of Presidential Election campaigns	UN Institutional Capacity Development Programme (ICDP) Assessment 2002-2006 Consolidation Support Programme Mission Report Public Expenditure & Financial Accountability Report (PEFA) EC election mission	

2 nd Quarter 2007	<p>Second parliamentary and presidential election organised by Timorese.</p> <p>President Jose Ramos-Horta inaugurated</p> <p>Swearing in of 26 Judges, prosecutors and public defenders</p> <p>17 SIPs</p>	<p>Support for TL parliamentary and presidential elections</p> <p>Norway Review⁸⁷ highlights what is working and what is not;</p> <p>Spanish Development Cooperation opens office</p> <p>11 sector working groups set up</p>	
3 rd Quarter 2007	<p>New government formed by AMP – after month of negotiations. Xanana Gusmao appointed PM of new Alliance Government, a coalition of parties</p> <p>Unrest and burnings in various localities. Fretilin returns to parliament after early threat of non-cooperation.</p> <p>Government presents 5 year plan and 5 month transitional budget to parliament (Aug-Dec).</p>	<p>Re-emergence of possible Millennium Challenge Account involvement in TL</p>	<p>Decision by IA to return 2007 contribution to ConSP;</p> <p>IA involvement in justice programme;</p>
4 th Quarter 2007	<p>Widespread power blackouts in Dili, leading to increase of security incidents</p> <p>Widespread fighting between martial arts groups, gangs</p> <p>Government meeting to decide on action re Major Reinado</p>	<p>On-going development of humanitarian and vulnerability policy</p> <p>Visit by EC President</p> <p>Visit by UN Security Council Delegation</p> <p>Visit by UN Secretary General</p>	<p>IA Strategic Plan</p> <p>Conflict Resolution Unit established in IA</p> <p>Mid-Term Review of IA Programme Nov 07</p>
1 st half 2008	<p>Feb Assassination attempt on President Horta, Reinado killed</p> <p>GOTL 2008 National Priorities published</p> <p>Council of Ministers approves establishment of Anti-Corruption Commission, Civil Service Commission and Independent State Audit Institutions</p>	<p>Mini- Development Partners Meeting</p>	<p>Feb IA Minister Visit</p> <p>Conflict Resolution Unit visits TL</p>

⁸⁷ Review of Development Cooperation in Timor Leste, Scanteam Oslo, September 2007. Henceforth referred to as the Norway Report.

TIMOR LESTE SINCE INDEPENDENCE: THE MAIN ISSUES⁸⁸

Since achieving its independence in May, 2002, the new nation of Timor Leste has had to address a number of key problem areas.

The territory is poor and resource-constrained. Poverty is widespread. Timor Leste scores low on the United Nations Human Development (UNDP) Human Development Index. Currently (2006) it is ranked 141 of 171 countries. It is the poorest country in Asia. The main features of this poverty are as follows:

- High levels of income poverty, with approximately 40% of the population living below the poverty line –set currently at \$US 0.55 per capita per day.
- Adverse educational conditions: In 2004 (the last year for which we have reasonably reliable data) the adult literacy rate was 56.3% for men and 43.9% for women. Ranging across the country, between 10 and 30% of primary school children are not attending school. Fewer than half the children entering primary school complete six years of education. Secondary school attendance is similarly limited, with only 30% completing, and very few adults attend literacy classes (mostly organised by Non-Governmental Organisations).
- Health standards remain low. Life expectancy (2004) is 54 years for men, 56.6 years for women. Most of the population remains highly vulnerable to respiratory and diarrhoeal diseases, in addition to malaria, dengue fever, tuberculosis and leprosy (the latter having spreading particularly during the Indonesian occupation). People suffer from poor health to a large extent because they cannot easily access health services in rural areas, due to poor roads, transport and communications.
- Water supplies and sanitation are also problematic: half the population does not have access to safe drinking water and 60% do not have adequate sanitation.
- Health conditions are affected by lack of food. Many rural households experience food shortages between November and February each year. Currently, approximately 64% of the population experience food insecurity.
- Infrastructure provision is seriously limited. Most roads remain poorly maintained, and secondary and feeder roads are inadequate to meet most people's transport needs. Electricity supplies reach only 10% of rural households.
- Unemployment remains high, and particularly amongst the youth in the urban areas of Dili and Baucau, where currently it stands at 43%. This is a serious problem given the age composition of the population, a substantial proportion of who are below the age of 21.

To address these problems, Timor Leste will have to rely heavily on revenue from offshore oil and gas deposits, currently being worked and explored by Australian companies. Timor Leste has concluded an agreement with the Australian Government to receive a share of this revenue, but this will not seriously come on-stream until 2008. Once this occurs, Timor Leste's growth will become heavily dependent on this wealth, since it has few other resources. Its agriculture struggles to cultivate crops to subsistence level, its coffee cultivation results in very limited exports, its fisheries are underdeveloped, and its planned

⁸⁸ Drafted by John Taylor, TL Evaluation Team.

tourist development has been bedevilled by a perceived lack of security. The service economy in Dili benefited from the UN presence in 1999-2004, but this has been downsized considerably, and now generates only limited employment. Realising that the nation's development will only begin to take-off via oil wealth, donor governments and agencies have been generous in providing aid, prior to and in the years following independence. Indeed, in some years since its independence, the country has received more aid per capita than most other states in the developing world. Currently, it is firmly aid dependent, and receives very little inward investment.

The Government since independence has been criticised for its perceived lack of commitment in improving the livelihoods of its population. Whilst it is undoubtedly the case that successful aid disbursement has been adversely affected by a lack of capacity and trained personnel, there is also little doubt that the government could have directed more of its projects specifically to poverty reduction, and that more of its oil wealth could have been used for this, rather than investing so much in trust funds for future use. Additionally, there has been evidence of growing corruption in aid disbursement, with leakages of funds and poor poverty targeting. Strategies to attract inward investment have been poorly formulated, and no serious alternatives have been put forward to generate investment internally.

To add to these economic problems, the government is perceived as being increasingly distant from its voters. When Fretilin received such a high proportion of the vote in the 2001 elections, it did so by stressing the importance of participation and transparency. However, institutions established to further these two aims have achieved little, and have declined in importance. During the periods of serious rioting in 2002 and 2006, one of the major complaints was the lack of consultation by the Fretilin Government and its ministers.

The lack of success in improving livelihoods, limited consultation, and growing corruption are the main issues cited by East Timorese in criticising both their government and the UN – as the enabling institutional framework for independence and early national development. However, there are additional concerns.

It is difficult to find an East Timorese family that did not lose members during the Indonesian occupation. All were profoundly affected by the prevalence of human rights abuses, forced resettlement, imprisonment and disappearances. Despite the establishment of the Committee for Reception, Truth and Reconciliation (modelled on the South African experience), many East Timorese have a profound sense that justice has been denied –in that those who were responsible for the atrocities have not been brought to trial or been punished in any way for their crimes. They understand that Timor Leste has to coexist with Indonesia, but consider that the government has gone too far in placating the Indonesian Government. This grievance –often unstated- often underlies their views of the current government.

From the above, it is clear that there is an ongoing basis for protest in Timor Leste. The growing unpopularity of some members of the Fretilin government was made apparent in riots in 2002, and this surfaced again in the 2006 riots. However, the 2006 rioting also revealed a number of emerging fissures in East Timorese society, raising further concerns for its national development

For many years there has always been a degree of tension between those inside the country who fought in the independence movement against the Indonesians military and the *diaspora* East Timorese who organised or supported the diplomatic movement for East Timor's independence. When the Fretilin government was formed, the vast majority of its members came from the *diaspora*, with only minimal representation from the younger generation of East Timorese who had spearheaded the protests against the Indonesian occupation in the 1990s. The decision by the government to make Portuguese the official language of Timor Leste further alienated the younger generation, who are Indonesian speakers. (At most, a mere 7% of Timor Leste's population speaks Portuguese).

The events of April-June 2006 revealed another fissure –based on Timor Leste’s regions. The initial impetus for the protests came from within the Armed Forces, with troops complaining that those originating from the east of the country were receiving preferential treatment to those coming from the west. As the protests spread, inhabitants of Dili began to organise themselves in regional groupings, for self-protection. Whilst most of the protest was directed against the government, regionally based conflicts also began to emerge, particularly in the capital, Dili, with groups from one region attacking the homes of those from other regions. As a result of these conflicts, approximately 150,000 people were displaced, moving to the safety of camps located near Dili airport, policed by UN, Australian and Portuguese troops. Dealing with these emerging regionally based conflicts and ensuring a safe return of people to their Dili homes remains a major governmental and UN task.

As a result of the 2006 protests, President Mari Alkatiri and two of his ministers were forced to resign. A caretaker administration was formed, headed by the Foreign Minister Joe Ramos-Horta. Fretilin retained much of its dominance in this caretaker government. In April and May 2007 presidential elections were held, with Ramos-Horta facing a Fretilin candidate, Francisco Guterres (Lu-olo), in a run-off in mid-May. Parliamentary elections were then held in August, with Fretilin competing for votes with several parties, but most notably a new party created by Xanana Gusmao, who stepped down from the presidency with the aim of becoming Prime Minister in a new administration. As a result of the elections, the present Fretilin dominated government lost its parliamentary majority, and Xanana Gusmao’s party, came to power in alliance with other smaller parties. This heralds a promised change in the direction of Timor Leste’s Government since both Horta and Gusmao have stressed their commitment to greater transparency and participation. However, the outcome remains problematic, with the defeated Fretilin resentful of its loss of power and the voting being split along the lines of the fissures outlined above*.

* These recent issues are examined further in accompanying articles by Peter Carey, “Third Tide Of Blood”, The World Today, April 2007

Annex 4 – Detailed Assessment of Public Sector Reforms supported by Irish Aid

A. Earlier support to civil service reform

Overall effectiveness of IA earlier support to civil service reform is rated as medium to low.

1. IA provided support to two major UNDP programmes: the Capacity Development Project for Human Resource Management in the Civil Service (HRM Project) and the Institutional Capacity Development Support project (ICDS project – the successor of the initial Support to Development Posts project (2002-2004). The former aimed at establishing a PMIS and strengthen key actors like the Public Administration Training Academy (INAP) and NDPS. The latter aimed at managing the development posts that were funded from the voluntary contributions of donors. The main counterpart of the ICDS project is the Capacity Development Coordination Unit (CDCU), attached to the Prime Minister's Office. Since 2005, the UNDP managed ICDS project. As part of the ICDS project, IA supported in particular the CDCU in drawing up a medium-term capacity development strategy.

2. Experiences with the ICDS project and its predecessor were evaluated in 2007, but no evaluation has taken place of the HRM project. The effectiveness of the latter is judged as good (by the mission). Although the 2006 events had an impact on programme implementation, by the end of Q1 2008 data entry and validation of over 12,000 civil service records were achieved (see for more details below) with linkages to the payroll system and roll out to the line ministries to be achieved by the end of Q 3 2008.

3. As regards the ICDS project and capacity building in more general, a number of evaluations have highlighted the following lessons learned⁸⁹:

4. The ICDS programme has been a flexible mechanism which enabled crucial capacity gaps to be filled in the Justice sector, the National Parliament, the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Planning and Finance, to name a few, until strategic support programmes for these sectors were put in place. The development of the 'three pillars' model of capacity development has led to the drawing up of a Medium-term Strategy on Capacity Development by CDCU. Irish Aid supported the consultation process around the strategy. Although the strategy was subsequently not adopted by the Council of Ministers it has informed other capacity development programmes like in the WB PFMCBP.

5. Yet, while the ICDS programme enabled the filling of essential capacity gaps in the public sector it has failed to transfer skills and knowledge to Timorese and strengthen sustainably the institutional framework:

- UN and UNDP programmes have been short-term in nature, restricted by the need to fill capacity gaps but also by the 1-2 year planning frameworks, which has impeded their integration with the medium-term national planning frameworks (e.g. SIPs).
- The main rationale of the "TA model" was to support national counterparts for a limited duration and on an ad-hoc basis. The focus was primarily on individual capacity building

⁸⁹ UN Security Council: Report of the Secretary General on Timor Leste pursuant to resolution 1690 (2006); UNDP, Institutional Capacity Development in the State Institutions of Timor Leste: Summary of Lessons Learned 2002-2006, 2007; World Bank/ Laura Bailey, Internal Review of Capacity Building Experience in World Bank administered projects in Timor Leste, revised February 2007; and Norad/Scanteam, Review of Development Cooperation in Timor Leste, November 2007, AusAid, Technical Assistance and Capacity Building, 7 June 2007; Ausaid, Timor Leste & AusAid – Bilateral Programme Review Draft Report, May 2008.

(advice, training) and less so on the institutional framework (systems and processes) and behavioural changes.

- There was limited national ownership over the capacity building support efforts. Although CDCU was seen as major focal point for capacity building coordination the GOTL did not provide financial contributions to the support programmes or took financial responsibility for the TA by making budgetary provisions for these functions.
- Capacity building efforts have emphasised the introduction of sophisticated systems which have only broadened the capacity gap further.
- The procedures for recruitment of international advisers, although transparent, did not always succeed in identifying candidates with the required skills set and the ability to transfer skills and knowledge to their national counterparts. A preference for advisers fluent in Portuguese was understandable, but it limited the pool of candidates.

B. Civil Service Reform Project (2006-2008) ⁹⁰

Programme Facts

1. The CSR project is led by UNDP and is pooling donor support from UNDP and other bilateral donors (Australia, Finland Ireland, United States, New Zealand and Norway). The project started in July 2006 and is expected to be finalised in 2010.
2. The program objective is to “support the development of strategic capacities required to enhance management of the civil service and to increase national ownership of the capacity development process and the management of advisory support in line with well-defined needs”.
3. It consolidates earlier support efforts of UNDP in the sector by integrating previous programmes such as the Capacity Development Project for Human Resource Management in the Civil Service (HRM Project), the Institutional Capacity Development Support project (ICDS – the successor of the initial Support to Development Posts project (2002-2004) and the Development Advisory Services (DAS) project into one larger programme.
4. The original 2006 programme costs amounted to roughly USD 15 mln, of which only 3 mln were committed. IA contribution in 2006 was USD 600.000, thereby ranging among the smaller to mid-sized donors. Upon programme redesign in 2008, IA committed USD 1.7 mln raising its share to over 40% and becoming the largest donor in the pool. UNDP contribution rose from 100.000 committed in 2006 to a little less than USD 1 mln in 2008. Total budget expenditure for 2007 was USD 2,6 mln⁹¹.
5. The redesigned programme consists of 4 components: (1) Personnel Information Management Systems (PMIS), (2) Enhancing the strategic management of the civil service (3) Management and Monitoring of TA through the Temporary Advisory Services Initiative (TASI), and (4) Capacity development through targeted training and development of civil servants to increase the core capacities of the state institutions

Evaluation of programme effectiveness⁹²

Progress across programme components have been uneven, with most achieved in component 1 (PMIS) and component 3 (TASI). Programme effectiveness has been compromised by a number of factors:

⁹⁰ UNDP, Annual Report CSR 2007, April 2008; UNDP, Project Report Q1 2008. UNDP, Project Design Document CSR, 2006. UNDP, Project Design Document CSR, 2008.

⁹¹ UNDP Project Design Document 2006. UNDP Project Design Document 2008. UNDP, Annual Progress Report 2007, April 2008.

⁹² UNDP, Annual Progress Report 2007, April 2008.

1. There has been varying degrees of GOTL ownership and commitment to CSR in general. The previous main counterpart – the Capacity Development Coordination Unit under the Prime Minister’s Office – was dissolved, and has left a vacuum in coordination of the various capacity building efforts. Currently new coordination arrangements are being reviewed with the MOF and the yet to be established Civil Service Commission. Moreover, the limited availability of adequate counterpart resources has restricted the impact of various capacity building initiatives by the project.
2. Among donors there is a good understanding of what has not worked in the past with capacity building and the need to revise current approach. However, there is not yet a commonly shared vision within the government and among the donors how the approach to capacity building should look like in the future and how to make it more strategic. The project redesign in 2008 was a first step in this direction. It incorporated a revised focus from only building individual capacity through heavy reliance on TA towards focusing increasingly on the building the institutional framework (e.g. information systems like the PMIS; or the regulatory framework by supporting the GOTL in drawing up sub-ordinate legislation for the Civil Service Act) and making the use of TA more demand driven.
3. Ongoing capacity building efforts have not been built on any capacity needs and baseline assessment of skills and knowledge but also of ministerial functions, mandate and systems. This has made it difficult to measure actual progress achieved.
4. Civil service reform is an area which has increasingly attracted attention by other major donors, which will require close monitoring and coordination of activities. UNDP avoided overlap with the (AUD\$76 million) programme by focusing the UNDP project on specific strategic interventions, directly linked to priorities identified by the Government and in discussions with donor project partners. There has been informal coordination meetings with other donors, but the PSM Sector Working Groups have not been established yet. Perhaps the 2008 Priorities WGs cover this now (Clean and Effective Government)?
5. There was staff discontinuity in the technical advisory / programme management position within UNDP which limited the project’s ability to fully implement the programme. For example, during 2007 the project was unable to secure a long-term Chief Technical Advisor (CTA) and capacity development advisors. By early 2008 the CTA was recruited but no recruitment has yet been successful for the capacity development advisor.
6. At activity level, the following progress is recorded:
 - Component 1 (+): The programme completed the design and development phase of PMIS located within NDPS, which included the data entry and validation of over 12,000 civil service records. This is understood to cover close to all permanent and most of the temporary staff. This development marks a critical step in enabling increased transparency, accountability and accuracy of civil service personnel data. Negotiations have started with the Ministry of Finance to ensure that future payroll processing is based on this data through cross-checking of records to eliminate ‘ghost’ records in the payroll system. Full connectivity to the all line ministries is expected in Q 3 2008.
 - Component 3 (+): The project also supported the placement of 26 advisors in Government agencies throughout 2007 under the TASI Fund. The project responded in a timely manner and many of these advisory roles have addressed short term needs for specialists in areas where national capacity does not exist. Work has tended to be ad hoc and often lacked strategic direction which has undermined effectiveness, but has been critical for the day-to-day functioning of Government.
 - Component 2 (-): Little progress was achieved in supporting the line ministries in developing Ministerial Capacity Development Plans. This is the direct result of varying degrees of government ownership to CSR, the restructuring of government following last year’s elections and the inability of UNDP to recruit suitable TA.

- Component 4 (-): Little progress so far. Preparations are underway for a mission to assess translation and interpretation skills needs across the civil service, parliament and legal sectors. This is anticipated to take place in June/July 2008.

C. PFM CBP ⁹³

Programme Facts

1. The World Bank Public Financial Management Capacity Building Programme (PFMCBP) led by the World Bank is pooling donor support of the World Bank in form of an IDA grant, seven bilateral donors (Australia, New Zealand, European Commission, Ireland, Norway, Portugal, and UK) and government contribution. The Multi-donor Trust Fund Arrangement started in April 2006 and will be closing in July 2011.
2. The programme objective refers to sustainably strengthened planning, budgeting, public expenditure management and revenue administration for growth and poverty reduction, with emphasis on efficiency, effectiveness, accountability, integrity, service culture, and transparency.
3. The programme costs are expected to amount to roughly USD 37 million, of which USD 27 million have been already committed by the pool members. By the end of the first quarter of 2008, a total of USD 2.6 million were spent comprising consultant services (USD 1.9 mln), training (USD 0.3 mln), and goods (USD 0.4 mln). This represents about 7% spending of total budgeted costs of the 5 year programme. The total programme costs up to date have been fully financed by the World Bank IDA grant, which amounts to 40% of the total USD 7 mln IDA grant. Contributions by the bilateral donors were disbursed to the MDTF but have not been spent so far, causing an accumulation of interest rates on those funds.
4. The PFM CBP consists of 5 programme components: (1) Public Expenditure Management, (2) Revenue Administration and Macroeconomic Management, (3) Programme-wide Activities, incl Professional leadership, Work Ethic, Basic Training, and Performance Assessment and Accountability and Transparency, (4) Support for Improvement in Governance and Management (SIGMA), and (5) Programme management.

Evaluation of programme effectiveness

1. Overall programme effectiveness is judged as low as the programme has encountered a significant implementation delay, which can be attributed to three major factors: (1) the 2006 crisis, (2) weaknesses in the project design, and (3) limited institutional capacity for programme implementation. Is there any WB review capturing this?
2. First, the 2006 crisis led to a highly fragile political environment in which the president and two of his ministers were forced to resign and the subsequent caretaker administration managed affairs until the presidential elections in May 2007. This turmoil created uncertainty which seriously affected both daily public administration activities and the political will to implement reforms.
3. Second, there are many important caveats in the design features of the programme which have been impeding smooth implementation since the start.

On the positive side, the programme clearly reflects a shared vision among participating donors to promote PFM reforms through a coordinated support effort. The programme was prepared by participation of the major donors such as the World Bank (lead), DFID and AusAid and

⁹³ World Bank, Project Design Document PFMCBP, 2006. World Bank, PFMCBP Refocussing Discussion Note, April 2008.

previous PFM reform efforts in particular by Australia are planned to be fully integrated into the new programme. There is increasing ownership over the programme i.e. since elections in 2007 but also because the programme is now managed directly by the Government. It should be noted however that the PFM CBP, although formally in line with the government SIPs, is not based on a medium-term GOTL PFM reform vision. For the first time, PFM reforms have tried to be tackled from an integrated point of view and by using the “Platform Approach” it is intended to support mutually complementary and reinforcing changes in skills, systems and behaviour. The programme has also incorporated lessons learned from earlier capacity building efforts. Recognizing that the traditional approach to capacity building – with heavy focus on training courses for national staff combined with technical assistance from international advisers - is not effective in institution building without a complementary focus on the systems and processes within which people operate and the integrity and sense of purpose that they bring to the job, the programme has adopted a three-pillar approach to capacity building around. This approach is based on weaknesses identified in three areas: (1) knowledge and skills, (2) systems and processes, and (3) behaviour and incentives.

But, there are a number of weaknesses in the design of the programme, which have been recognised and which government and donors are now in the process of analysing more thoroughly. The Refocusing Discussion Note (10 April 2008) is a crucial first step in adapting the current programme design to ensure more effective and efficient delivery on programme objectives. The weaknesses comprise:

- The programme is overly optimistic and complex, which in the light of extreme low public sector capacity is unlikely to match individual and institutional absorption capacity. International experience suggest that getting the basics right first is key in weak governance environments.
- There is no clear prioritisation and sequencing within and across components which makes choices explicit based on the applied platform approach.
- There is no clear and focussed implementation strategy of how the programme intends to put the 3 pillar approach into practice. Although the programme recognises that capacity building takes time to take root for the critical mass and change for improved service delivery need to be balanced while at the same time protecting continuity of existing operations, the programme has not yet articulated how this will be achieved and how change will be managed. For example, it is not clear how the programme intends to resolve the heavy reliance on Technical Assistance, if out of the 450 staff in the MOF about 70-80 TA are envisaged to implement the PFM CBP. Moreover, the current programme design is focussing largely on the first pillar (skills and knowledge) but more diagnosis is needed how to provide adequate incentives to change and on the causes of poor performance.
- It is unclear to what extent the programme design has sufficiently and appropriately analysed and taken into account political economy factors (beyond the 2006 events) and institutional capacity constraints, and how these impact “technical” reform areas.
- As the World Bank-managed PFM CBP builds on the early experiences of the AusAid PFM reform programme, the transition needs to be carefully managed. The AusAid Programme has been extended to end of December 2008 to smooth this transition, but given the progress so far this becomes even more so urgent.
- The PFM CBP programme activities focus strongly on the MOF, but the constituency for reform needs to be successively widened.

5. Third, the programme management capacity to implement the programme has been constrained. On the one hand, technical expertise to manage the programme at the side of the World Bank became only available recently at the beginning of 2008. On the other hand, the administrative, logistical and technical capacity within the programme implementation office to

recruit and manage the enormous pool of TA and each of the programme components is incomplete.

6. Progress in implementation has been delayed and uneven (as explained above) between 2006 and 2008, but there are signs that the new government made several specific PFM commitments that are now being acted upon.

- At programme management level, five out of nine Project Implementation Office (PIO) members were recruited by the end of March 2008, with full staffing expected in Q3 2008. The PIO dealt with procuring international TA for the PFM CBP, where 14 current advisers were posted under the PFM CBP, 4 current advisers funded by PFM CBP and 3 newly recruited TA by the programme. The PIO has managed to standardise the application and contracting procedures including their terms and conditions. It was also involved in the activities to refocus the project, in light of the changes that occurred in the Government.

- At activity level, across the components, training and advisory inputs were provided on Component A.1. (Budget Formulation), A. 2 (FMIS & Asset Management), B.1. (Tax Administration and Petroleum Revenue Management), B.2 (Customs) and Macro-economic Management (B.3.). No activities took place in component C (Programme wide activities).

- At output level, this has helped the MOF to ensure the preparation of two national budgets (Transitional Budget and Annual Budget 2008) within four months. Despite weak line ministry planning, the 2008 budget was reasonably aligned with the GoTL national program. The fiscal parameters of the Sustainable Income level of the Petroleum Fund (PF) were maintained. Expenditure on cash-basis has increased from \$71 million in FY04 to \$181 million in FY07, \$108 million in the second-half of 2007 and possibly to some \$210-220 million for the extrapolated FY08. Cash expenditure continues to be well below Estimated Sustainable Income each year.⁹⁴

• Moreover, the new government made several specific PFM commitments that are now being acted upon. For example, the new Minister quickly showed determination to secure a greater yield from petrol/oil investments through new fund management arrangements. Steps have been taken to staff key petroleum regulatory functions with competent Timorese staff equipped with knowledge of the sector. To accelerate budget execution efforts were made to accelerate budget procurement through use of restricted-participation quotation and tendering modalities. A decentralized procurement arrangement up to the threshold of US\$100,000 was approved. Efforts have been made to address potential leakages and improve transparency in public finance, through commissioned audits of procurement, small grants and the revenue service.^{95 96}

D. Labour Market Information Project⁹⁷

Programme Facts

1. Irish aid has funded the LMI project from December 2006 to June 2008 including a one-time no-cost extension of the programme covering the first two quarter of 2008. The LMI is implemented by the ILO based in the Secretariat of State for Vocational Training and Employment (SEFOPE). It builds further on the current five year Skills Training for Gainful Employment Programme (STAGE) project of the ILO which runs to 2009. The main objectives of the LMI Project are to build the capacity of the SEFOPE, provide database systems to support the activities of the Division of Employment and Division of Vocational Training and to provide

⁹⁴ World Bank, PFM CBP Refocussing Discussion Note, April 2008.

⁹⁵ Deloitte, January 2008. Three reports comprising the Review of Key Activities. Contract No. GOTL 81197.

⁹⁶ World Bank, PFM CBP Refocussing Discussion Note, April 2008.

⁹⁷ Irish Aid, Timor Leste Labour Market Information Systems Project, Phase I Extension, March 2008.

Labour Market Information to the Government of Timor-Leste and other stakeholders as required. As of 31 December 2007, a total of US\$ 178,117 has been spent.

Evaluation of Programme Effectiveness

1. Overall programme effectiveness is judged good with sound progress in all three programme components. The project provided institutional strengthening to SEFOPE and helped to design and implement a computerised database system (SIMU) which registers and matches job offers and demand, and provides training seekers with training opportunities. SIMU has now a detailed registry of more than 18,000 job seekers and was implemented in four District Employment Offices. Thanks to the project 390 registered in SIMU found a job with the assistance of the District Employment Centres of SEFOPE. The project has also provided input to policy analysis around unemployment, among which the Youth Employment Survey in 2007.

Component 1: The project managed to release updated key labour market indicators, develop linkages with national institutions relevant for the production of labour market data, and provided assistance for the analysis of Youth Employment data.

Component 2: It further established the LMI service as an autonomous Department of the SEFOPE assisting in the selection and recruitment of national staff, defining technical specifications of the required IT equipment and ensuring appropriate installation and maintenance, and providing continuous capacity building to the staff of the established Labour Market Information Department and to the users of the SIMU in general.

Component 3: the LMI project provided fundamental support to the SEFOPE Divisions of Employment and of Vocational Training developing computer systems as required by their different initiatives and making available updated information on the results of the employment and training programmes carried out and on the profile of the respective beneficiaries.

A number of challenges remain. To point out a few:

- The 2007 elections led to a restructuring of the former Ministry of Labour and Community Reinsertion (MLCR) into 2 distinct ministries: the Ministry of Social Solidarity and SEFOPE (the main counterpart for the LMI project). Hence SEFOPE is still a quite young institutions and further capacity building will be needed to sustain the results achieved until today.
- SIMU provides important information on unemployment and related training needs, but in reality the number of job seekers included in the database is still quite low compared to total number of unemployed (estimated at 20% in urban areas and 43% in Dili) some estimates say 15,000 youth join labour force each year. This may undermine the representativeness and effectiveness with which policy analysis can be informed. Most of the analysis is based on the 2004 census and not on a national labour survey. The former, the project admits, does not provide sufficiently detailed, comprehensive and accurate data on Timor Leste labour force.
- There are regular connectivity problems with the District Employment office and SEFOPE in Dili, undermining the functioning of those at district level.

Annex 5 – Irish Aid’s adherence to the engagement principles in fragile states in its Timor-Leste programme

Table 1. OECD/DAC principles

Principles ⁹⁸	Successfully addressed in IA portfolio?
Basics	
Take context as the starting point	<p>Partially. No explicit standalone or joint conflict analysis was undertaken by IA. A strong and comprehensive analysis of <i>local governance</i> and government was funded by Irish Aid, which formed the basis of understanding and action. There was no capacity needs assessment underlying the public sector management support, undermining the understanding of constraints to capacity building and hence. Lessons were learned from earlier public finance management support to inform the design of the PFMCBP but there was no <i>political economy</i> analysis of the budget process. Gender mainstreaming and human rights issues were well analysed but IA along with others did not have a detailed understanding of the conflict issues contributing to the 2006 crisis and the post 2006 position of IA was largely reactive. Little analysis was undertaken of the <i>civil society</i> dimension and need and effects of <i>community level assistance</i> (through small grants).</p>
Do no harm	<p>Partially. IA interventions have not deliberately created societal divisions and worsened corruption and abuse. IA has provided support to 4 districts thereby countering the relatively strong focus of development cooperation on Dili. Arguably with the strong focus of supporting state-building, donors - including IA - have more likely supported the Fretilin party than the broader political spectrum. IA’s support for capacity building at the district level led to the strengthening of Fretilin support in many areas from 2002-5, thereby also reinforcing their dominance at the central level. More widely, the UN decision to allow the constitutional administration to become the post independence government and then hold elections, meant that Fretilin was able to use its hold on power to exercise a powerful impact on electoral outcomes. The support for the Provedor has led to corruption beginning to be addressed more effectively. On the other hand, there may be some incipient divisiveness if the cases cited are inadequately prepared (this was noted by some ministers and secretaries of state)</p>
Focus on state-building as the central objective	<p>Good IA has focused significantly on state-building through its support for trust funds and PSM as well as its support to the decentralization, justice sector and human rights, thereby promoting greater state legitimacy and accountability. Capacity gaps have effectively been filled but skill transfer to local counterparts has been weak, and in combination with weak budget execution has undermined service delivery to the poor. Support for NGOs (in human rights and gender) though on a lesser scale has complemented support for state building by enabling NGOs to monitor the implementation of government policies and their impact on civil society. FONGTIL has also played a significant role in advocacy on national issues, so IA support has provided <i>de facto</i> support to this area. Some support has been provided to service delivery through NGOs . The overall emphasis on state building was consistent with the principle, but not</p>

⁹⁸ OECD, Principles for good international engagement in fragile states & situations, April 2007.

	fully appropriate to Timor Leste where state capacity was weak and absorptive capacity also weak. Arguably, a stronger counterbalance through support for civil society was necessary.
Prioritise prevention	Weak. IA intervention portfolio has been too broad and fragmented considering its size with partial linkages across intervention. A very minor new focus in the civil society work on conflict reduction would have a small effect on prevention.
Recognise the links between political, security and development objectives	Weak. Only recently has IA introduced its Conflict Resolution Unit (following commitments made in the 2006 White Paper) and chosen TL as a pilot country for the Unit. Before this the links were more implicit than explicit, as they were for most donors in TL. It wasn't until 2005 that some partners addressed conflict and undertook some deeper strategic analysis (Norway, USA).
Promote non-discrimination as a basis for inclusive and stable societies	Fair IA has consistently prioritised gender equality in TL. Delivery has been fair with improvements in the leading state office for promotion of equality, and in work with civil society but performance in other areas such as the small grants facility in gender, and also in targeting of marginalised people has not been effective due to weak management systems.
Practicalities	
Align with local priorities in different ways in different contexts	Good. IA support has been aligned with government priorities through the NDP and has devoted a significant part of its portfolio to budget support, which is the most aligned form of aid. Decentralisation and the role of civil society is also strongly endorsed in national priorities and plans. IA's support for NGOs in both human rights and gender has focused on addressing priorities at the sub-district level.
Agree on practical coordination mechanisms between international actors	Good. IA has coordinated its intervention with other donors well. IA has played a positive role in the TSP missions on gender issues, and has provided valued inputs in other jointly funded programmes such as the Strengthening the Justice Sector programme. The Small Grants Donors Network has been an effective coordination mechanism between donors and NGOs. Similarly in human rights and gender, there has been a reasonable level of co-ordination with other donors. IA support for FONGTIL in concert with a number of INGOs has been poorly coordinated in terms identifying common goals, monitoring and identifying remedial action for organisations in difficulty.
Act fast ... but stay engaged long enough to give success a chance	Good. It has been involved in TL since its independence, and has publicly declared its long-term commitment to provide support. IA has been responsive to changing support needs in areas such as human rights, local governance and gender . In other areas while IA has stayed engaged, it did not always sufficiently adjust its programme based on the changing needs of TL. For example, the profile and needs of civil society have changed, but IA has not kept abreast. In addition, needs for different types of community support have changed, from more direct assistance to more capacity building orientated support.
Avoid pockets of exclusion	Good. IA strategy in gender and human rights to a certain extent addressed the needs of excluded and potentially excluded groups –politically, the “second generation”; economically, households in relatively poorer areas; articulating the grievances of those who had suffered injustices during the Indonesia occupation (via IA support for CAVR). Equally the focus on local governance and small grants in four districts has counterbalanced the predominance of aid efforts in the capital.

In addition, other donors increasingly recognise that in fragile states it is important to promote good enough governance, calling for an increased selectivity and realism in the plans for reform that donors propose.

Table 2. DFID criteria for judging good enough governance in fragile states.⁹⁹

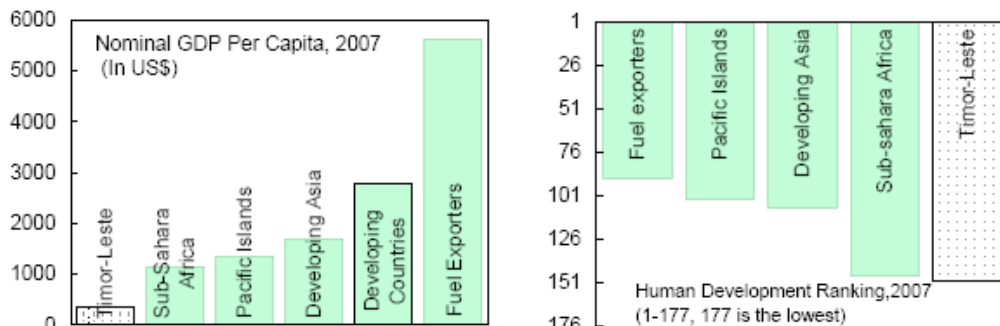
Criterion	Successfully addressed in IA governance portfolio?
Selectivity focusing only on the main causes of instability and the main capacities of the state	No. Too wide focus with mixed performance across the portfolio. State capacity was a focus, but not a sufficient grasp or strategic approach to the causes of instability.
Achieving visible results in the short term, however modest, to build momentum for future reform	Partial. In some areas of state building through filling essential capacity gaps, but mixed programme effectiveness in improving service delivery. Some visible results with NGOs (on human rights and gender).
Avoiding the most politically or socially controversial issues	Good. There is no evidence that IA went into areas which were initially politically contentious.
Avoiding reforms that are too ambitious for the implementation capacity of the country	No. Evidence is that most projects were too ambitious in design given the tremendous capacity gaps within the public sector.
Ensuring that reform does not erode what capacity already exists	No. Although capacity has not been eroded, IA has not found an effective strategy to building PSM/PFM capacity within government. Evidence from human rights and gender, and from the Provedor's Office indicates that changes supported by IA funding enhanced organisations' capacities for meeting their objectives
Strengthening accountability and legitimacy of government wherever possible.	Yes. Major element in IA portfolio i.e. through gender equality, human rights and local governance, and likewise through justice and PFM support.

⁹⁹ DFID, Why we need to work more effectively in fragile states, p.20, 2005.

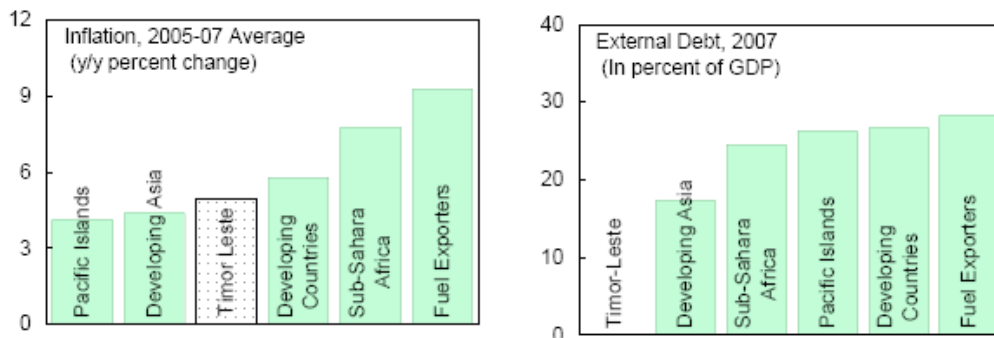
Annex 6 – Assessment of Timor-Leste Economic Performance and MDG Status¹⁰⁰

Figure 1. Regional and Global Comparisons

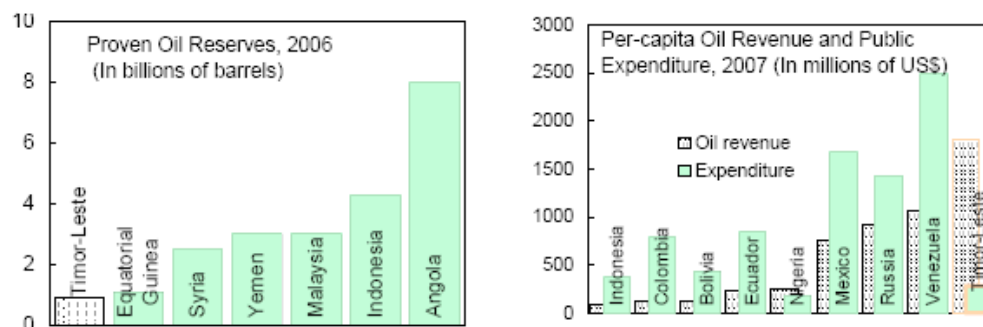
Six years after independence, standards of living in Timor Leste remain low compared to those in other developing regions in the world...



...despite good macroeconomic management, reflected in low inflation and the absence of external public debt.



However, large per-capita oil reserves provide policy makers with significant opportunities to strengthen growth prospects, while maintaining a stable macroeconomic environment.^{2/}



Sources: Authorities; UN, *Human Development Indicators, 2007/08*; IMF, *World Economic Outlook* and *FAD-DEME* databases; PennWell Corporation, *Oil & Gas Journal*, December, 2006; and Fund staff estimates.

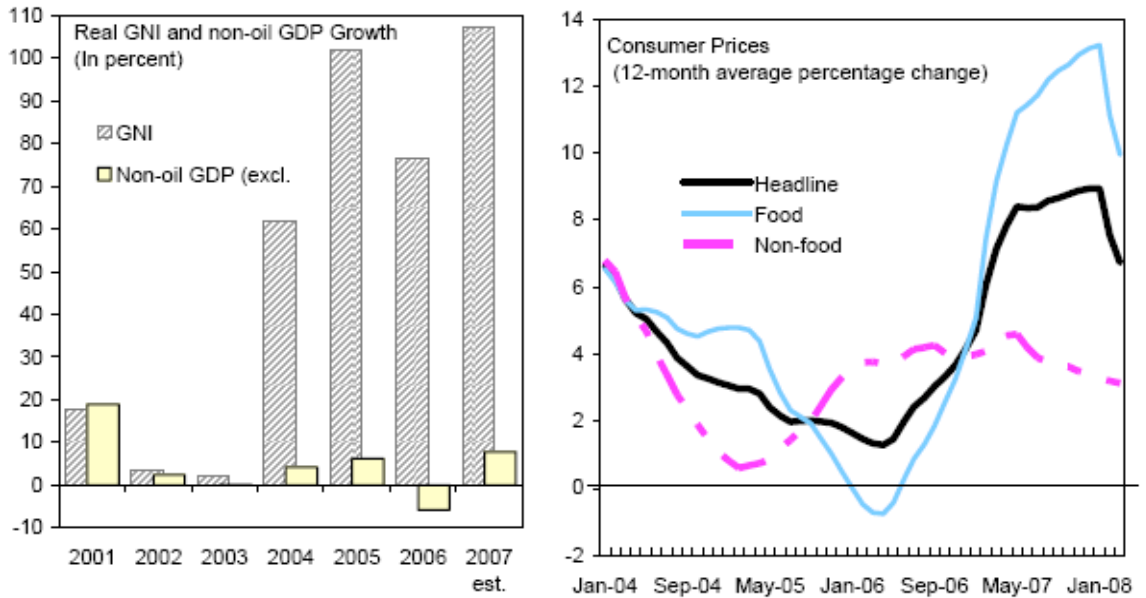
1/ For Timor-Leste, calculations in non-oil GDP.

2/ Bayu Undan field only. When production starts in the Greater Sunrise field, total reserves will increase significantly.

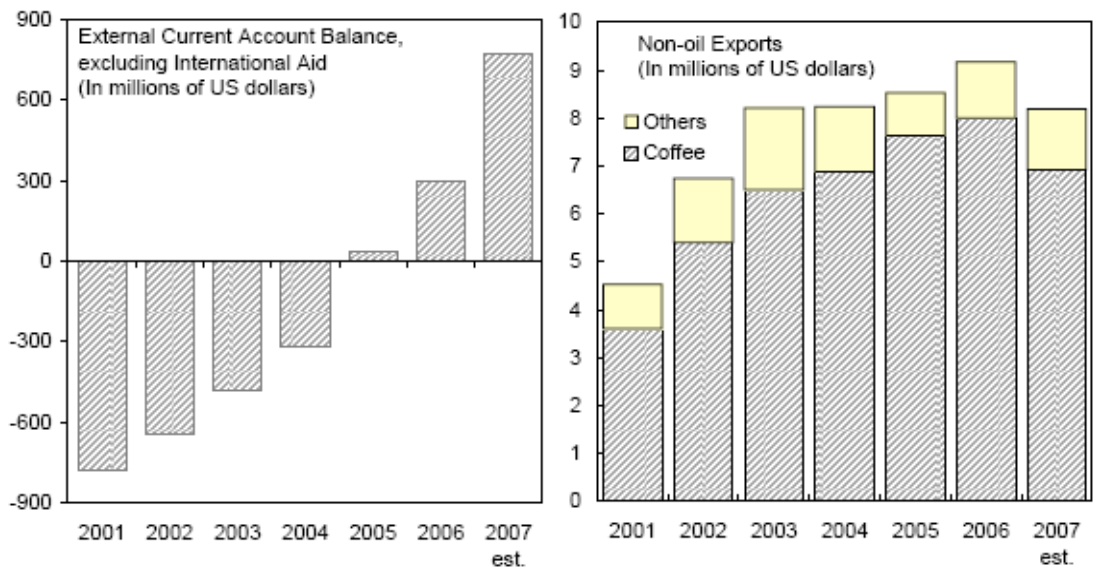
¹⁰⁰ Democratic Republic of Timor-Leste: 2006 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion, IMF, June 2008.

Figure 2. Recent Macro Economic Developments

Civil unrest halted the nascent recovery in non-oil GDP in 2006 and has subdued the recovery. Rising global food prices have pushed up inflation.



Growing oil/gas revenue has boosted national income and the current account surplus. From a relatively small base, non-oil exports have continued to grow.



Sources: Timor-Leste authorities; and Fund staff estimates and projections.

Figure 3. Timor Leste Progress towards MDGs¹⁰¹

	1990	1994	1997	2000	2003	2004	2005
Goal 1: Eradicate extreme poverty and hunger							
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day							
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger							
Prevalence of underweight in children (under five years of age)	..	..	..	..	46	46	..
Prevalence of undernourishment (% of population)	..	..	9	..	8	8	..
Goal 2: Achieve universal primary education							
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling							
Net primary enrollment ratio (% of relevant age group)	..	..	..	..	..	..	..
Goal 3: Promote gender equality and empower women							
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015							
Proportion of seats held by women in national parliament (%)	..	..	..	..	26	26	25.3
Share of women employed in the nonagricultural sector (%)	19	..	..	..	..	..	..
Goal 4: Reduce child mortality							
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate							
Immunization, measles (% of children ages 12-23 months)	..	..	..	..	55	55	55
Infant mortality rate (per 1,000 live births)	130	..	..	80	..	64	64
Under 5 mortality rate (per 1,000)	172	..	..	102	..	80	80
Goal 5: Improve maternal health							
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio							
Births attended by skilled health staff (% of total)	..	..	25.8	..	18	18	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	660	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases							
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS							
Contraceptive prevalence rate (% of women ages 15-49)	..	..	..	..	10	10	..
Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases							
Tuberculosis cases detected under DOTS (%)	..	..	..	..	49.7	45.8	45.8
Incidence of tuberculosis (per 100,000 people)	555.5	..	..	..	..	555.5	555.5
Goal 7: Ensure environmental sustainability							
Target 9: Integrate the principles of sustainable development into country policies and program and reverse the loss of environmental resources							
Forest area (% of total land area)	65	..	..	57	..	..	54
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation							
Access to an improved water source (% of population)	..	..	..	..	..	..	58
Access to improved sanitation (% of population)	..	..	..	..	..	..	36
Target 11: Have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers							
Access to secure tenure (% of population)	..	..	..	..	..	..	..
Goal 8: Develop a global partnership for development							
Target 12: Various							
Aid per capita (current US\$)	0.1	0.3	0.6	297.1	176.8	165.2	165.2
Other							
Fertility rate, total (births per woman)	..	..	..	..	7.8	..	..
GNI per capita, Atlas method (current US\$)	..	..	..	..	420	550	750
GNI, Atlas method (current US\$) (billions)	..	..	..	..	0.4	0.5	0.7
Gross capital formation (% of GDP)	..	..	..	41.3	31.3	28.4	32
Life expectancy at birth, total (years)	..	..	..	..	..	..	..
Population, total (millions)	0.7	0.8	0.8	0.8	0.9	0.9	1.0

Source: World Development Indicators database, November 2006

Note: figures in italics refer to periods other than those specified; ".." indicates that data are not available.

¹⁰¹ See footnote 1 for source

UNDP Human Development Report for Timor Leste (2006)– selected Tables

Table 1.1 – Human development index 1993-2004

	1993	1996	1997	1999	2001	2004
Life expectancy at birth (years) ¹	52.2	53.9	54.4	56.0	56.7	55.5
Adult literacy rate (% age 15 and above)	35.6	40.4	40.6	40.4	43.0	50.1
Combined primary, secondary and tertiary gross enrolment ratio (%) ²	53	56	57	59	56.1	66.0
GDP per capita (nominal \$) ^{3,4}	374	429	442	331	466	366
Life expectancy index	0.453	0.482	0.459	0.517	0.528	0.508
Education index	0.413	0.454	0.248	0.466	0.474	0.554
GDP index	0.220	0.243	0.399	0.200	0.257	0.217
Human development index (HDI) ⁴	0.362	0.393	0.399	0.394	0.420	0.426

Notes: 1. Life expectancy at birth in 2004 was calculated by extrapolating the past trends of life expectancy from various data sources, including the 2004 Census. See 'Note on Statistics' for more explanation on methods of measuring mortality and life expectancy; 2. Combined gross enrolment ratio was estimated from data on the number of enrolled students in primary, secondary and tertiary education in 2004/2005 from MECYS, divided by the number of school-age population according to the respective educational level from the results of the 2004 Census; 3. GDP per capita nominal is obtained by dividing the total GDP with the number of population in the respective years. GDP data is from IMF Country Report; 4. Using the estimation of GDP per capita in PPP \$ – amounting at \$905 in 1993, \$1,038 in 1996, \$1,618 in 1997, \$ 1,054 in 1999, \$967 in 2001 and \$782 in 2004, the resulting HDI values are reasonably higher than the above figures: 0.408 in 1993, 0.442 in 1996, 0.471 in 1997, 0.459 in 1999, 0.460 in 2001 and 0.475 in 2004. See Box 1.4 on 'Purchasing Power Parity – Issues and Implications' and 'Notes on Statistics' for more explanation for the calculation of PPP for Timor-Leste.

Sources: East Timor NHDR 2002; Multiple Indicator Cluster Survey (MICS) Timor-Leste 2002; UN Population Division; UNDP; UNESCO Institute for Statistics; UNDP (2002) East Timor Human Development Report 2002; National Statistics Directorate (2005) The 2004 Census of Population and Housing Timor-Leste; Information from Ministry of Education, Culture, Youth and Sports (MECYS); The Government of Timor-Leste (2002) 'National Development Plan'; IMF (June 2005) 'Country Report No. 05/250 on Democratic Republic of Timor-Leste: Statistical Appendix'.

Table 1.2 – Comparison of Timor-Leste's HDI with clusters of countries

	Timor-Leste 2004	East Asia Pacific 2003	South Asia 2003	Least developed countries 2003	Developing countries 2003	High income OECD 2003
Life expectancy at birth (years)	55.5	70.5	63.4	52.2	66.0	78.9
Adult literacy rate (age 15 and over, %)	50.1	90.4	58.9	54.2	76.6	..
Combined primary, secondary and tertiary gross enrolment (%)	66	69	56	45	63	95
GDP per capita (PPP US \$) ¹	732	5,100	2,897	1,328	4,359	30,181
Life expectancy index	0.508	0.76	0.64	0.45	0.67	0.90
Education index	0.554	0.83	0.58	0.50	0.72	0.98
GDP index	0.217	0.71	0.67	0.60	0.70	0.86
Human development index	0.426	0.768	0.628	0.518	0.694	0.911

Note: The Human Development for Timor-Leste 2004 has been estimated based on the latest data from Census 2004.

Table 1.4 – Human poverty index

	1996	1999	2001	2004
Probability at birth of not surviving to age 40 (% of cohort) ¹	41.1	35.6	32.2	27.3
Adult illiteracy rate (age 15 and above, %)	59.6	59.6	57.0	49.9
Unweighted average of deprivation in a decent standard of living	49	46	48	49.5
Population not using improved water sources (%) ²	47	47	52	43.8
Under-weight children under age 5 (%) ²	51	45	45	43
Human Poverty Index	51.0	49.0	48.9	44.6
Population below national poverty line (%)	41.5	42.4	41.1	..

Notes: 1. Probability at birth of not surviving to age 40 in 2004 was based on the extrapolation of previous estimates from various data sources, including the 2004 Census of Population and Housing. See 'Notes on Statistics' for more explanation on methods of measuring mortality indicators and life expectancy; 2. Using estimates from the result of the MICS for the situation in 2002, as these are the latest data available on both indicators of deprivation in decent living standards. Thus, the rates are presumably unchanged in 2004; .. : data are not available.
Source : UNDP (2002b) ; The 2004 Census of Population and Housing; UNICEF (2003) ; East Timor Household Survey 2001.

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