



Submission No 79

Inquiry into Australia's Relationship with Timor-Leste

Name: AusAID – Answers to Questions on Notice

Joint Standing Committee on Foreign Affairs, Defence and Trade
Foreign Affairs Sub-Committee

**Foreign Affairs Sub-Committee
Inquiry into ‘Australia’s Relations with Timor-Leste’
Additional Questions – AusAID**

Questions on Notice from the 21 May 2013 public hearing

Question No. 1 (Senator Stephens)

“What I am thinking about is the use in some countries of ‘tiga’, which is kind of like money on your phone, because there are no banking facilities. Does that operate in East Timor?”

No.

Question No. 2 (Senator Moore)

“So, if any information comes through, I want the impact on the East Timorese programs from last week’s budget. Can we get details of that as well, please?”

The 2013-14 Budget has increased Australia’s overseas development assistance (ODA) to Timor-Leste to \$125.7 million. In 2012-13, Australia’s ODA to Timor-Leste was \$119.5 million.

Question No. 3 (Senator Moore)

“Can you give us any information on how East Timor is going on the MDGs, because we have had some information over the years about individual goals, but I could not find anything on their web site to see how they were going and where the key difficulties were?”

Millennium Development Goal	Status	Challenges
Eradicate Extreme Poverty: Halve the proportion of people living on less than \$1.25 a day; and halve the proportion of people who suffer from hunger.	Off Track	The proportion of Timor-Leste’s population living on less than \$1.25 remains high at 37 per cent.
Achieve Universal Primary Education: Children everywhere to complete primary school.	Off Track	Primary school enrolment rates have increased significantly in recent years to 93 per cent, but it is not universal.
Promote Gender Equality and Empower Women: Eliminate gender disparity in all levels of education.	Off Track	While an equal number of boys and girls are enrolled in primary school, the proportion of girls falls away markedly from junior high-school, with only around two in ten girls going on to graduate.
Reduce Child Mortality: Reduce by two thirds the under 5 mortality rate.	Achieved	The under 5 mortality rate fell from 169 to 55 deaths per 1000 births between 1990 to 2011 (67 per cent) – the largest percentage decline in the world over that time.
Improve Maternal Health: Reduce by three quarters the maternal mortality ratio; and achieve universal access to reproductive health.	Off Track	The maternal mortality ratio remains high at between 408 – 706 per 100,000 live births. One in three married women has an unmet need for family planning.

<p>Combat HIV/AIDS, Malaria and Other Diseases: Have halted and begun to reverse HIV/AIDS; and have halted and begun to reverse the incidence of malaria and other major diseases.</p>	<p>On Track</p>	<p>The prevalence of HIV in Timor-Leste is 0.18 – well below epidemic proportions (defined by the WHO as more than one per cent of the population).</p>
<p>Ensure Environmental Sustainability: Halve the proportion of people without sustainable access to safe drinking water and basic sanitation.</p>	<p>On Track</p>	<p>The proportion of urban Timorese with access to safe water sources and improved sanitation is high at 91 and 81 per cent respectively. These rates, however, contrast with 57 and 25 per cent for Timorese living in rural areas.</p>

Question No. 4 (Senator Moore)

“Can you let us know whether East Timor has submitted their ICPD review document, which is going through at the moment, because that picks up on a lot of the questions that Dr Stone was asking? I would be interested to see what they as a nation put forward, particularly as one of their politicians was on one of the review groups on the whole ICPD agenda”

The International Conference on Population Development is an initiative of the United Nations Population Fund (UNFPA). UNFPA has been working with the Government of Timor-Leste on the ICPD review, with the Ministry of Finance as their focal point. The Government of Timor-Leste has not shared its input to the ICPD with AusAID.

Question No. 5 (Senator Moore)

“Do you have any stats on unmarried women?”

No. Timor-Leste’s Government does not collect data on the unmet need for family planning among unmarried women.

Question No. 6 (Dr Stone MP)

“Can you tell us when we stopped our actual food aid – that is, bags of milk, powder, or whatever we were delivering? I would be very interested in the data, and whether that was precipitated by the Timor-Leste government, or as a result of a decision of ours based on it being very expensive.”

Australia last provided in-kind commodities, as food aid, in December 2005. This followed a decision by the Government to untie Australia’s aid.

Written Questions submitted following the public hearing of 21 May 2013

General

Question No. 7

What proportion of Australia's aid goes to Timor-Leste rural communities and to Oecussi?

The majority of AusAID's development assistance to Timor-Leste is focussed on rural communities.

In 2012-13, around 5 per cent of AusAID's programs were spent on development activities in Oecussi district. This proportion is anticipated to increase from 2014 and beyond as the second phase of the Roads for Development Program gains momentum. Oecussi is a target district of the roads program.

Question No. 8

During the hearing you drew attention to other countries delivering aid programs in Timor-Leste

➤ How do the nature of these programs compare with that of Australia?

Australia is the largest international donor to Timor-Leste. In 2011, Australian aid accounted for 37 per cent of global overseas development assistance (ODA) to the country. The US was the second largest donor accounting for 13.2 per cent of ODA to Timor-Leste. Portugal was ranked third (9.9 per cent). Other donors include (in order): Japan (9.6 per cent); European Union (9.4 per cent); Norway (2.9 per cent); Germany (2.9 per cent) New Zealand (2.8 per cent); Republic of Korea (2.5 per cent) and Spain (2 per cent).

US aid is focused on governance, economic growth, health and education. Portugal's aid to Timor-Leste is concentrated on education, with a particular focus on Portuguese language development.

➤ Do you liaise with these donor countries to prevent duplication? If yes, would you provide details?

Yes. In line with the principles of the 'New Deal' for engaging with fragile and conflict affected states, Timor-Leste is responsible for coordinating international donor efforts. It does so through the Office of Aid Effectiveness, which is embedded in Timor-Leste's Ministry of Finance and is charged with overseeing development assistance. It holds an annual International Donors Conference where donors meet in Dili to exchange information on respective programs and to outline future plans. Informal coordination meetings also take place throughout the year by Embassy officials.

The Office of Aid Effectiveness also hosts an internet-based Aid Transparency Portal containing information on development projects occurring in Timor-Leste. AusAID publishes updated information on project expenditure quarterly on the Aid Transparency Portal, underscoring our commitment to transparency and accountability.

Question No. 9

On page 9 of the submission, you refer to Australia's agreement to support the priorities contained in Timor-Leste's Strategic Development Plan 2011–2030 and that Australia has agreed to 'meet improved service delivery targets in health, education, agriculture, water and sanitation and governance.'

➤ **Would you discuss the type of targets that have been agreed to?**

Under the 2011 Strategic Planning Agreement for Development, Australia agreed to pursue the following targets:

Sector	Timeframe	Target
Agriculture	End of 2012	<ul style="list-style-type: none">• An additional 49,000 farmers will be using higher-yielding seed varieties as a result of Seeds of Life.
Water, Sanitation and Hygiene	End of 2012	<ul style="list-style-type: none">• 90,000 additional rural people will gain access to safe, reliable and sustainable water supply (both Governments of Australia and Timor-Leste provided water systems);• 20 additional schools will gain access to safe, reliable and sustainable water supply;• 50% of new systems fully functioning after one year (an increase from 30% in 2007); and• 35,000 additional people with access to basic sanitation.
Roads	End of 2015	<ul style="list-style-type: none">• All rural roads will have been rehabilitated by locally based contractors to a minimum standard;• Rural Roads Master Plan will be developed that will set out a program for the rehabilitation of rural roads over its five year period; and• Road condition monitoring surveys will have been carried out each year on all improved roads to determine maintenance needs.
Education and Training	End of 2015	<ul style="list-style-type: none">• At least one half of all Timorese children, boys and girls alike, between three and five years old will be enrolled in and receiving quality pre-school education;• Quality basic education will be available for 93% of Timorese children;• A paradigm shift in the quality and relevance of secondary education will have occurred, allowing students to acquire the practical skills to enter employment or to learn the core scientific-humanistic knowledge needed to continue their studies in higher education; and• A Technical and Vocational Education and Training Plan will have been developed.
Health	End of 2015	<ul style="list-style-type: none">• Villages with a population between 1,500 and 2,000 located in very remote areas will be serviced by Health Posts delivering a comprehensive package of services;

		<ul style="list-style-type: none"> • 70% of pregnant women will receive antenatal care at least four times • 65% of women will have an assisted delivery; • 90% of children will be immunized against polio, measles, tuberculosis, diphtheria and hepatitis B; • There will be increased awareness of HIV/AIDS, tuberculosis and malaria and other vector-borne diseases; and • 90% of Ministry of Health buildings will have access to electricity, water and basic sanitation.
Security	End of 2015	<ul style="list-style-type: none"> • Security sector reconstruction and reform will have delivered the human resources and institutional framework necessary to provide effective operational capacity across key areas, including crime prevention and investigation, public safety and border control.
Public Sector Management and Good Governance	End of 2015	<ul style="list-style-type: none"> • A comprehensive system and culture of performance management will be instituted across the Timor-Leste civil service; • An executive development program for all senior managers will be in place; • A culture and practice of workforce planning in the civil service; and • Establishment of a Financial Management Training Centre.

➤ **What level of autonomy has Australia in the delivery of assistance? In what manner, and to whom, assistance is delivered?**

The Australian Government retains full discretion over the delivery of its overseas development aid to Timor-Leste and elsewhere. In accordance with global best practice and the principles of the Paris declaration, the Accra Agreements and the New Deal, AusAID consults closely with partner Governments to determine development priorities and targets, subject to overall agreement by the Australian Government.

Question No. 10

On page 10 of the Transcript, Mr Brazier advised that in June the AusAID Director-General will visit Dili 'to conduct a top-level review of progress under our programs with the national political leadership of Timor-Leste.'

➤ **Would you provide an update on the outcomes and any decisions arising from this meeting?**

The inaugural Australia – Timor-Leste Partnership Talks were held in Dili on 13 June 2013, chaired by AusAID Director-General, Peter Baxter, and the Timorese Finance Minister, H.E Emilia Pires. Timor-Leste’s Ministers for Education, Public Works, State Administration, Transport and Communications, Social Solidarity and Justice also participated.

The Talks reviewed progress against the development targets established in 2011 (see Question 9) and outlined new targets for 2014. The minutes of the Talks are yet to be formally endorsed by the Government of Timor-Leste. Once approved, AusAID will publish the updated targets on its website.

Surgical services support

Question No. 11

You note on page 12 that since 2001, Australia has provided the Royal Australasian College of Surgeons (RACS) with around \$12 million to deliver general and specialist surgical services throughout Timor-Leste. (You provide details of its achievements.) You add that AusAID is now designing a new health program due to begin in 2014.

The submission from the RACS (Sub. 30, p. 1) advises that funding for its specialist visiting teams under the Program of Assistance in Secondary Services will cease from July 2014. The submission adds:

At this stage, the Timorese workforce's capacity in the speciality areas still requires considerable development and it is highly unlikely that it will be sufficiently able to deliver autonomous delivery of services in these clinical specialities post-July 2014.

➤ **In designing your new health program have you consulted the RACS?**

Yes. The strategy to phase out funding for short-term specialist RACS visits to Timor-Leste from 2014 was made as part of the design of Phase II of the Australia Timor-Leste Program of Assistance in Surgical Services (2012 - 2016). RACS was consulted closely in its design.

➤ **What is the number of Timorese medical specialists working in the country?**

According to the Timor-Leste Ministry of Health there are: 566 medical practitioners, 14 medical specialists, 1355 nurses, 449 midwives, and 448 allied health professionals. These figures do not include health care professionals working in the non-government sector.

➤ **Are the 21 qualified Timorese nurse anaesthetists, one ophthalmologist, one anaesthetist, and two general surgeons currently trained under the aid program, sufficient to meet the future specialist needs of Timor-Leste?**

The demand for primary health services in Timor-Leste far exceeds that of specialist services. This is why AusAID's health efforts continue to focus on strengthening the capacity of the Government of Timor-Leste to deliver front line health services to hundreds of thousands of Timorese who need it most. AusAID is also funding NGOs who are working with the Timorese Health Ministry to deliver services to patients, particularly in rural areas.

In terms of specialist assistance, in 2012 AusAID commenced support to the first-ever postgraduate medical course in Timor-Leste in general surgery, obstetrics, paediatrics, anaesthesia and internal medicine. Twelve doctors are currently enrolled in the course, with plans to double enrolment

numbers in the future. Timorese specialists are also receiving clinical mentoring and supervision by AusAID-funded RACS specialists who are posted to Timor-Leste on long-term assignments.

- **Are you confident that by 2014, the Timorese workforce will be capable of taking over the work of the RACS speciality visiting teams?**

AusAID is confident that joint efforts to increase the availability of health specialists will improve the delivery of quality health services in the future. Australia has worked closely with the Government of Timor-Leste since 2002 to identify and train a nucleus of Timorese specialists able to take on increasing responsibility for specialist services. We have augmented this approach by engaging RACS to deliver surgical services where required.

As Timor-Leste takes on greater responsibility for delivery of health care, it is prudent to commence a phased reduction of short-term fly-in support. This is in the interest of sustainability and it has the support of the Timorese Government.

Health

Question No. 12

You comment on page 12 of your submission that only 57 per cent of people in rural areas have access to safe water and only 25 per cent have access to improved sanitation facilities.

- **What criteria do you use in deciding which communities should receive support?**

The Government of Timor-Leste is responsible for all infrastructure investment decisions in Timor-Leste, including rural water systems. AusAID works in close partnership with the Timorese Government to deliver rural water supply systems in accordance with Timor-Leste's priorities.

- **Is the situation improving? If yes, how long will it be before all the population has adequate water and sanitation facilities?**

Yes. The figures quoted in page 12 of AusAID's submission are from the 2010 Timor-Leste National Population Census. Since the Census was conducted, AusAID has provided access to clean water for an additional 78,000 people living in rural areas through improved water supply as well as enabling an additional 67,000 rural Timorese with access to a toilet. At the same time, AusAID has also contributed funding to Timorese Government-managed service delivery programs that have resulted in an additional 146,000 people gaining access to safe drinking water.

Timor-Leste's Strategic Development Plan establishes 2030 as the planned year when all rural communities will have access to water and sanitation.

Question No. 13

On page 17 of the Transcript, Dr Stone raised the issue of stunting as a major problem for children and adults in Timor-Leste.

- **Would you provide statistics on the level of stunting in the population?**

According to the Timor-Leste Demographic Health Survey (DHS) 2009-10, stunting occurs in 58% of children under 5. For adults, the DHS showed that 15% of women are of short stature and 27% of women have low body-mass-index scores. The DHS did not capture data on stunting in men.

- **Is there evidence that the level of stunting is improving? If yes, would you provide details?**

Reliable data on nutrition has not been published since the Demographic Health Survey (DHS) 2009-10 making it difficult to determine if stunting has improved in recent years. AusAID is supporting a national nutrition survey in late 2013 that will further build on the evidence base relating to knowledge on nutrition in Timor-Leste. The next iteration of the DHS is expected to be published by Timor-Leste in 2014, with AusAID support.

Question No. 14

Would you provide a brief on the Timor-Vita food program?

The Timor-Vita Project is implemented by the World Food Programme (WFP) in Timor-Leste to supplement nutrition for pregnant women and children. Timor-Vita is a locally produced fortified blended food which is provided to all children aged 6–23 months, and at-risk pregnant and lactating women and children aged 24–59 months at Government-run monthly health clinics. In 2011, AusAID contributed \$2.9 million to the Timor-Vita project to boost production and help distribute the food to vulnerable communities through to May 2013. The Timor-Leste Government is also a significant contributor to Timor Vita, providing over US\$2 million towards production. In 2011, over 48,000 beneficiaries consumed Timor-Vita.

Education

Question No. 15

On page 24 of the Transcript, the Ambassador for Timor-Leste commented that about 70 per cent of schools do not have tables and chairs and that unwanted furniture was being collected in Australia for use in Timor-Leste. During its visit to South Africa, a delegation of Committee members was briefed by the CEO of Lapdesk—a company which has provided some 600 000 lapdesks to 18 countries in Africa (AusAID funding had enabled some 22 000 desks to be provided to disadvantaged schoolchildren in Mozambique, South Africa, and Zimbabwe). (JSCFADT Report, *Inquiry into Australia's relationship with the countries of Africa*, June 2011, p. 58.)

- **Is there an opportunity for a similar program in Timor-Leste either through direct importing of lapdesks or through licensing the technology?**

AusAID is working closely with the Timorese Government to improve the conditions of schools. Since 2008, AusAID has helped deliver 9000 school desks and chairs to schools across the country and has built or refurbished over 2100 classrooms. Importing lapdesks into Timor-Leste has not been raised as a priority by the Government of Timor-Leste.

Technical and vocational education and training

Question No. 16

You note on page 15 of the submission that for the first time, Timorese are now graduating from training institutions with certified qualifications in areas such as construction, tourism and hospitality, and agriculture.

- **Would you provide details of the numbers of graduates qualifying in each of the training areas?**

In 2012, 143 students have graduated from accredited tourism and hospitality courses and 35 from registered training institutes that delivered construction and related training (carpentry, electricians, masonry, machinery). As of December 2012, there were 1,156 trainees still enrolled in accredited training courses.

- **How many of these graduates are able to find employment in their chosen trade?**

Data on graduates engaging in employment is not yet available. Under AusAID's Training and Employment Support Program (2012-13), a Labour Force Survey and tracer studies will be conducted to provide better clarity on the links between training and employment.

Agriculture

Question No. 17

You acknowledge on page 17 of the submission that storage of crops, facilitating market access and rice irrigation are also critical factors in Timor-Leste.

- **Are there opportunities for improving water storage and introducing small scale hydropower plants in Timor-Leste?**

There is scope for improving water storage, including through the development of small water ponds, terracing, reforestation, family-based forestry, low tillage agriculture, mini-check dams and water traps.

Opportunities for the introduction of small scale hydro-electricity projects in Timor-Leste appear limited. Considerations include:

- very little rainfall in the dry season
- difficulties in water storage due to porous soils
- high sedimentation rates mean that water storages could rapidly become unusable if watersheds are not protected
- an absence of technical capacity within Timor-Leste to maintain hydro systems
- distance of transporting electricity to main population centres would be problematic.

Roads

Question No. 18

You advise on page 18 that up to 80 per cent of the 3000 km rural road network is in poor condition and that since 2006 AusAID has invested \$10.8 million to rehabilitate and maintain rural roads with a forecast further investment of \$23 million out to 2016.

- **How does this amount compare with what is needed to bring Timor-Leste's roads up to a reasonable standard?**

Timor-Leste's Ministry of Public Works estimates that approximately USD400 million (in 2013 prices) would be required.

National Program for Village Development

Question No. 19

CARE Australia comments that AusAID has not consulted widely with the civil society on the program, but that evidence suggests consultation and indeed integration with civil society would significantly strengthen the program. (Sub. 58, p. 6.)

- **Would you respond?**

The National Program for Village Development (NPVD) is not an AusAID program. It is a Government of Timor-Leste owned, managed and funded program. Following a request from Prime Minister Gusmão, AusAID is supporting the Timorese Government with implementation.

The Government of Timor-Leste has consulted widely with Civil Society Organisations (CSOs) in the development of the program, with assistance from AusAID. In March and April 2012, nationwide consultations were held with development partners and local CSOs in Dili and throughout Timor-Leste's 13 districts. International NGOs were invited to attend these meetings.

AusAID has also met with several national and international CSOs, including CARE Australia, to discuss the NPVD. We continue to encourage all CSOs to engage directly with the Timorese Government to shape the development of the program.

Question No. 20

On page 12 of the Transcript, Mr Brazier commented that a key issue for AusAID was 'to ensure that marginalised members of the community—women, the disabled and the elderly—have an adequate say in identification of the priorities for the use of those village grants.'

- **Would you provide examples of how this aspirational goal is being put into effect?**

The NPVD is a Government of Timor-Leste program. AusAID has helped develop a 'Gender and Social Inclusion Strategy' for the program that will ensure that women and men from different backgrounds can: contribute to community decisions; play an active role in managing community grants; benefit from NPVD infrastructure; and access job opportunities created by the Program.

The Gender and Social Inclusion Strategy requires that women are equally represented on:

- the Community Planning and Accountability Committee, which is responsible for ensuring that PNDS processes and principles (such as transparency and inclusion) are adhered to;
- the Community Project Implementation Team, which is responsible for designing budgeting and implementing projects; and
- the Community Operations and Maintenance Team, which is responsible for planning and budgeting for ongoing project operations and maintenance costs for infrastructure.

The NPVD also aims to ensure at least 40 per cent of facilitators (Timorese civil servants who assist communities to implement the program) are women.

Infrastructure built under the NPVD must be accessible to people with disabilities. Engineering facilitators will check designs prior to construction and ‘spot checks’ will be undertaken in villages to verify compliance with this requirement.

Question No. 21

On page 12 of the Transcript, Mr Brazier advises that AusAID is drawing on the best practice of a similar program in Indonesia.

- **Would you provide a brief on the Indonesian program?**

PNPM (Program Nasional Pemberdayaan Masyarakat or National Program for Community Empowerment) is the Government of Indonesia’s flagship poverty reduction program. The program gives grants to communities for high priority community projects. The program focuses on the poor, including vulnerable groups such as households led by women, and has increased their voice and role in community projects. Participating communities are involved at all stages of planning and implementation. The national program, which builds on ten years of community development projects in Indonesia, is working in 75,000 – 80,000 villages across Indonesia and benefits 34–35 million people annually. It is estimated that PNPM provides approximately 9–10 paid working days each to some 3 million villagers, around 70 per cent of whom were classified as being very poor by their own communities.

PNPM has demonstrated that community driven development is a cost effective and sustainable way for governments in developing countries to directly reach their people. Infrastructure constructed by communities under PNPM is 30 to 56 per cent cheaper than projects executed by contractors and 94 per cent of projects are still fully functional after four years.

AusAID has provided \$314 million (2009-2015) to support the Government of Indonesia to implement PNPM. Indonesia funds the bulk of the program contributing significantly more than \$1 billion annually to its implementation. As a result, PNPM now has nationwide coverage.

- **Would you provide examples of how the program being run in Timor-Leste draws on the best practice of the Indonesian program?**

The National Program for Village Development (NPVD) is modelled closely on the Indonesian equivalent, the National Program for Community Empowerment (PNPM). AusAID supported

Timorese officials to undertake a study tour of Indonesia in 2011 to examine and learn from the PNPM program.

International experts involved in the implementation of the PNPM have supported the design and development of NPVD. Additionally, several AusAID-funded personnel working with the Government of Timor-Leste on NPVD have previously worked on PNPM.

AusAID has also undertaken comprehensive analysis of best practice in Indonesia and elsewhere to inform AusAID's support to the NPVD. This found that:

- community facilitators are critical to the success of CDD programs. Investment in quality training and support to facilitators is vital.
- regular information sharing and mechanisms for community members to raise concerns and resolve conflicts related to CDD programs are critical for accountability.
- community groups and civil society organisations can play an important role in the ongoing monitoring and evaluation of CDD programs.

The Government of Timor-Leste is integrating these lessons into the design of NPVD with assistance from AusAID.

Question No. 22

The submission from CARE Australia comments that the World Bank has recently undertaken two reviews of the results of community driven development programs. CARE Australia adds that a World Bank staff member criticised such programs:

[O]n the negative end, perhaps the most alarming conclusion that both reports share is around the lack of much, if any, positive impact of CDD and participatory programs on social capital, cohesion, and empowerment. This is clearly ironic, given that the major premise behind using a CDD approach is its ability to empower and foster greater trust, agency, and collective action ... (Sub. 58, p. 6.)

➤ **How do you respond?**

International evidence shows that Community Driven Development (CDD) programs are highly effective at achieving increased social and economic benefits:

- A 2012 World Bank evaluation found that its CDD programs improved household living standards and welfare, and increased access to, and use of, services. For example, Indonesia's PNPM program has supported:
 - the building or reconstruction of around 53,000 kilometres of roads, 11,000 bridges, 18,000 clean water supply systems, 10,000 sanitation units, 13,000 kilometres of irrigation channels, 1,700 rural village electrification units, 6,900 health posts and 11,000 schools.
- improvements to health and education in 3,000 villages across eight provinces, resulting in a 10 per cent decrease in childhood malnutrition levels.

CDD programs are most effective where barriers exist to prevent governments and donors from reaching poor people directly, particularly in countries affected by conflict. In Afghanistan, for example, the National Solidarity Project has reached 70 per cent of Afghanistan's villages, improving small scale infrastructure such as water systems and roads.

- **How are you ensuring that the National Program for Village Development results in improved social capital, cohesion and empowerment?**

The National Program for Village Development (NPVD) is a Timorese Government owned, managed and funded community development program. While AusAID is supporting implementation of the program through technical advice and assistance, responsibility for ensuring the delivery outcomes, including improved social capital, cohesion and empowerment, is a matter for the Timorese Government.

AusAID is assisting the Government of Timor-Leste to promote social capital, cohesion and empowerment. We have helped establish a complaints management process to ensure that disputes at the village level are minimised, and effectively managed when they do arise. We are also assisting the Government of Timor-Leste to work with Timorese NGOs to better understand potential causes of conflict in communities, so that the Government of Timor-Leste can promote social cohesion through NPVD where opportunities arise.

AusAID NGO-Cooperation Program in Timor-Leste

Question No. 23

You note on page 25 of the submission that AusAID funding to Australian NGOs working in Timor-Leste has increased significantly and is supporting 16 NGOs to carry out 40 programs.

- **Would you discuss your NGO accreditation process?**

The AusAID NGO Cooperation Program (ANCP) supports accredited Australian NGOs to implement development programs that complement Australia's aid program. Accreditation is a rigorous 'front-end' risk management tool that assesses NGOs' governance, program management capacity, partner management, links with and support from the Australian public, and risk management, including fraud risk.

Australian NGOs that meet certain eligibility criteria can submit an application to AusAID for accreditation: the NGO must demonstrate support from the Australian community as measured by its Recognised Development Expenditure, averaged over 3 years; it must have applicable Deductible Gift Recipient status; and it must be a signatory to the Australian Council for International Development Code of Conduct.

Following a desk assessment and organisational review process, a team of reviewers provides a final report to the Committee for Development Cooperation which makes a final recommendation on whether to accredit or reaccredit an NGO.

- **Does AusAID have a role in determining which NGO projects are supported?**

Yes. ANCP NGOs are required to submit annual project proposals to AusAID for review and approval, prior to AusAID funds being committed.

- **Does AusAID have a say in how the project is run by the NGO?**

AusAID ensures the effectiveness of Australian NGOs participating in the ANCP in the following ways:

- a rigorous accreditation process;
- strong monitoring and evaluation mechanisms; and
- regular auditing.

As part of the annual ANCP funding cycle, all accredited NGOs must provide regular financial and progress reports to AusAID acquitting their funding. NGOs also provide statistical and qualitative information about the progress of their projects. The integrity of this information is confirmed by AusAID's audit section.

- **What is the proportion of AusAID-supported NGO programs being run in the rural areas (as opposed to urban areas) where presumably the need is greatest?**

Of the 37 ANCP-funded projects in Timor-Leste in 2011-12, 99% of beneficiaries were from rural areas.

- **Have you considered extending this program to fund local NGOs?**

Only Australian NGOs are eligible to access funding under the ANCP. There are currently no plans to change the eligibility criteria. Local NGOs are able to access funding if they partner with an ANCP funded NGO.

Support to Timorese civil society

Question No. 24

On page 26 of the submission, you provide details of the East Timor Community Assistance Scheme and note that in 2012, 30 grants were awarded, valued at over \$950,000. You add that there will be a review of such support to be completed in late 2013. It will focus specifically on efficiency, sustainability and effectiveness.

The Friends of Suai (Sub. 12, p. 4) have commented that the Scheme 'has a \$1 million fund that is not strategically targeted and receives large numbers of applicants. Only 8% get funded which is a waste of effort for both [civil society organisations] and AusAID staff.'

- **Would you respond to this criticism?**

The East Timor Community Assistance Scheme (ETCAS) is a competitive small-grants scheme where civil society organisations (CSOs) apply for funding for community based projects. Not all

CSOs that apply are guaranteed to receive funding, with successful selection of grant applications based on strictly enforced guidelines and criteria.

AusAID is aware of the challenges of small grants schemes such as ETCAS, including the administrative burden it places on CSOs, which is why it has commissioned an independent review into how Australian aid can better support civil society in Timor-Leste to reduce poverty. The review will provide recommendations on how the aid program can best support CSOs and improve the efficiency, sustainability and effectiveness of our efforts. The Review remains on track to be finalised in late 2013

Program performance and quality

Question No. 25

On page 29 of the submission, you advise that independent technical expertise is involved in continued monitoring and evaluation of activities and that, in parallel, AusAID's internal performance evaluation capacity has been strengthened.

➤ **In general, how well are projects performing in Timor-Leste?**

Every year, AusAID rates (on a scale of 1-6) the effectiveness of each program, based on whether it is on track to achieve its outcomes. In 2012, 15% of rated programs were considered unsatisfactory (a score of 1-3), 50% were moderately effective (rated 4), and 35% were highly effective (rated 5-6). Over the last two years, the percentage of programs rated unsatisfactory (1-3) has halved, with a corresponding increase in the percentage of moderately effective programs.

➤ **How frequently are projects in Timor-Leste monitored and evaluated?**

All programs have a monitoring and evaluation system that determines how their performance is assessed and managed. Most partners carry out at least six-monthly self-assessments of progress, drawing together a range of performance data collected in the reporting period. In addition, all AusAID initiatives over \$3 million must be independently evaluated at least every four years, the results of which are published on AusAID's website. Some projects supplement this with annual independent reviews by a team of technical experts.

➤ **What precisely is measured during the evaluation?**

This differs depending on the agreed scope of the evaluation. Typically, it includes an assessment of whether the program has achieved or is on track to achieve its outcomes. AusAID uses OECD Development Assistance Committee criteria – effectiveness, efficiency, sustainability and relevance – to evaluate the performance and quality of its programs.

➤ **Where are the results of performance measurements reported?**

Within the Timor-Leste Program, AusAID reports on performance at two levels. First, in Quality at Implementation Reports, assessments of all major initiatives are reported, and the quality of initiatives scored. Second, the Timor-Leste Annual Program Performance Report tracks the overall

performance of the Country Program. Quality at Implementation scores are noted in the Annual Program Performance Report, which is published annually on the AusAID website.

Risk and fraud

Question No. 26

You advise on page 29 of the submission that AusAID takes a number of steps to prevent and respond to allegations of fraud as they arise.

- **What has been the level of fraud in Timor-Leste projects?**

The incidence of fraud across AusAID is very low, including in Timor-Leste. AusAID has a 'zero tolerance' attitude towards fraud and treats the prevention, detection and remediation of fraud very seriously. As of March 2013, there were 15 active cases as well as 2 cases of physical theft with a combined potential loss valued at around \$140,000. This represents about 0.016 of the country program budget. These cases remain under investigation.

- **Have there been any prosecutions for fraud?**

No.