



Submission No 22

Inquiry into Australia's Relationship with Timor-Leste

Organisation: AusAID

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



Australian Government

AusAID

Submission by the

Australian Agency for International Development

to the

Joint Standing Committee on Foreign Affairs, Defence and Trade

Foreign Affairs Sub-Committee

Inquiry into Australia's Relations with Timor-Leste

Terms of Reference

The Foreign Affairs Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade shall inquire into and report on Australia's relationship with Timor-Leste, with special emphasis on:

- Bilateral relations at the parliamentary and government levels;
- Aid, including support with governance issues;
- Economic issues, including trade and investment;
- Cultural, educational and scientific relations and exchanges;
- People to people links; and
- Defence cooperation and those aspects of regional security that affect Timor-Leste

The Committee will consider both the current situation and opportunities for the future.

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Acronyms

ACIAR	Australian Centre for International Agricultural Research
AEC	Australian Electoral Commission
AFP	Australian Federal Police
AusAID	Australian Agency for International Development
ANCP	AusAID NGO-Cooperation Program
BRIDGE	Building Resources in Democracy, Governance and Elections
CITE	Catholic Institute for Teacher Education
CNE	National Elections Commission
CSOs	Civil Society Organisations
ETCAS	East Timor Community Assistance Scheme
IMF	International Monetary Fund
IOM	International Organisation for Migration
ODA	Official Development Assistance
NGOs	Non-Government Organisations
MoH	Ministry of Health
NPVD	National Program for Village Development
RACS	Royal Australasian College of Surgeons
SDP	Strategic Development Plan
SPA	Strategic Planning Agreement for Development
STAE	Secretariat for Electoral Administration
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UNHCR	United Nations High Commissioner for Refugees

Executive Summary

The Australian aid program is a central component of Australia's bilateral relationship with Timor-Leste. It is lifting Timorese out of poverty, contributing to greater stability, and working closely with the Timorese Government to achieve better lives for its people.

Since 1999, Australia has allocated over \$1 billion in development and humanitarian aid to Timor-Leste. Australia has helped Timor-Leste recover from conflict, maintain stability and improve the lives of Timorese people in vital areas such as health, education, agriculture, water and sanitation, infrastructure, and security.

As a result of the Australian aid program in Timor-Leste:

- Health care now reaches every village, every month; before 2009 many rural communities had never seen a doctor or nurse
- 268 000 people—almost a quarter of all Timorese—now access safe water
- 78 000 people have received short-term employment opportunities to earn money
- 35 000 additional school children enrolled in primary school, an increase of 17 per cent from 2007 to 2011
- 31 500 farmers—about a quarter of all farmers—are using higher yielding seeds to grow more crops for their families. This will increase to half of all farmers in 2015
- 5300 poor people have access to savings and credit services—90 per cent are women
- 263 Timorese scholars have received awards to study in universities across every Australian state and territory, giving them the skills to make a difference upon return.
- 54 midwives were trained in 2011—a fifth of all Timorese midwives—to help more mothers give birth to healthier babies in safer conditions.

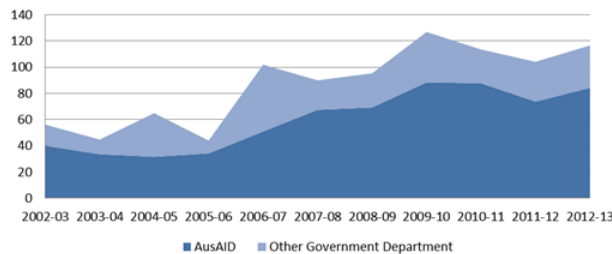
Under the Australia–Timor-Leste Strategic Planning Agreement for Development, signed between Australia's Foreign Minister and Timor-Leste's Finance Minister in November 2011, Australian aid is aligned to Timor-Leste's own development objectives and priorities. This close level of cooperation has helped make Australian aid more effective. AusAID works with other Australian Government agencies to foster this cooperation and achieve results.

For a country that was in ruins in 1999, Timor-Leste has made genuine progress in a decade of independence. Many post-conflict societies fail to stabilise and prosper, but Timor-Leste has defied the historical pattern and there is optimism for the future.

The challenges in Timor-Leste remain very considerable. Notwithstanding the revenue it is accruing from hydrocarbon projects in the Timor Sea, Timor-Leste remains one of the world's poorest countries. Like other post-conflict nations, Timor-Leste's progress remains fragile and sustained commitment from Australia and other donors is vital. The Australian aid program is well placed to continue achieving results in Timor-Leste. This reflects the importance of the bilateral relationship and the active interest of the Australian public in a prosperous Timor-Leste.

Australian Aid to Timor-Leste at a Glance

Total Australian Government aid to Timor-Leste in 2012–13: \$116.7m



Top 5 Results

1. Food security: We have helped 31 500 farmers to grow improved varieties of rice, maize, sweet potato, cassava and peanuts. The new varieties provide yield increases of between 20% and 80%.

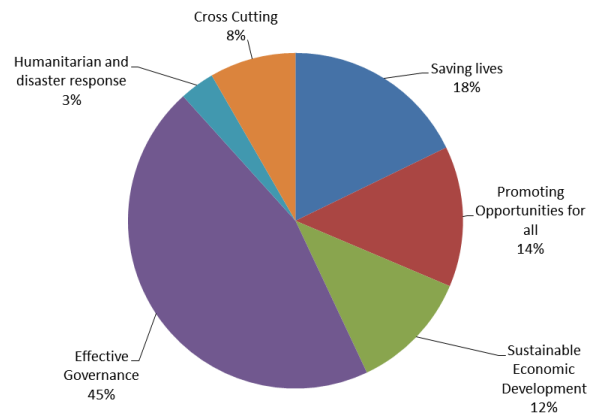
2. Water and sanitation: Since 2002, 268 000 people have gained access to safe water and 67,000 people have gained access to basic sanitation facilities.

3. Health: Australia is supporting 475 monthly mobile health clinics that visit villages to provide antenatal care, family planning advice, child immunisation and growth monitoring, and basic nutritional education.

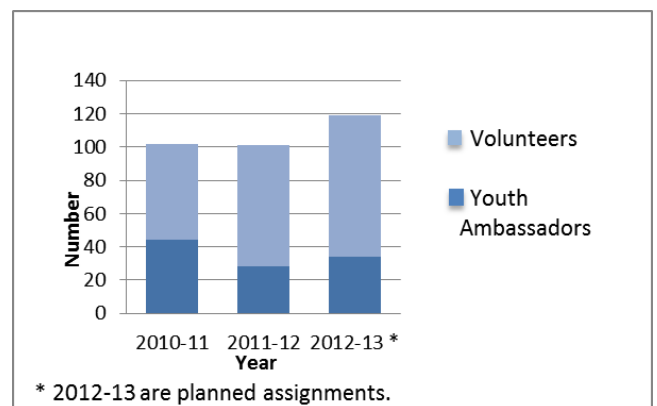
4. Education: Since 2007, Australia has supported the Government of Timor-Leste build or repair about 2100 classrooms, allowing more children to go to school and learn in better and safer conditions.

5. Governance: We have helped the Ministry of Finance to improve its systems for government spending so that over 90% of Timor-Leste’s budget was spent in 2010. This compares with only 49% in 2006–07.

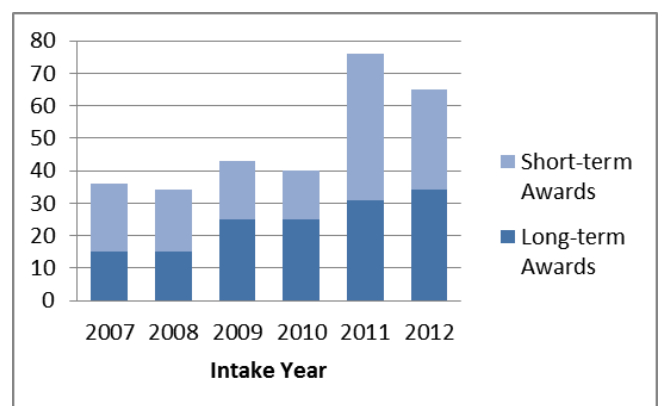
AusAID’s contribution of \$84.3m, by Strategic Goal 2012-13



Australian Volunteers



Australia Awards



Introduction: Progress and Challenges

The Australian aid program has assisted Timor-Leste since 1999 and our contribution to improving the lives of poor Timorese has been significant. Thanks to Australian support Timorese children are at less risk of dying and most rural households have a greater chance of tending crops that provide more food for families to eat. More women and babies access healthcare every month, and fewer Timorese have gone blind from preventable disease. Although much progress has been made, Timor-Leste started from one of the lowest baselines in the world: its need for effective development partners like Australia will therefore remain for some time.

In Timor-Leste today, thirty seven per cent of Timorese—almost 450 000 people—live below the global poverty line of US\$1.25 per day. Poverty is most acute in rural areas. Opportunities are few, services are stretched and agricultural productivity is low, leading to a ‘hungry season’ that affects up to 80 per cent of households in some districts every year. The population is also one of the fastest growing in the world with Timorese women having six children on average. This increases economic stress for many households and threatens the lives of women. Maternal, infant and child mortality rates far exceed the regional average, and Timor-Leste’s rate of 58 per cent of stunting in children due to malnutrition is one of the worst in the world.

High levels of unemployment persist and job creation has not kept pace with demand. Seventy per cent of adults are either unemployed or engaged in the informal economy, mostly in subsistence agriculture which is the main source of livelihoods for the three-quarters of the population that live outside of Dili. Education standards too are poor. Most adults have never been to school and illiteracy levels are high, with 48 per cent of women unable to read or write. Most children who enrol in school drop out early, and by grade four a significant proportion of those who remain still cannot read.

These statistics are bleak and show that the challenges ahead are considerable. However, they mask the progress that Timor-Leste has made in reducing poverty since independence in 2002. The World Bank estimates that on average conflict strips 30 years from a country’s previous level of development. It also estimates that it generally takes up to 40 years for post-conflict countries to consolidate stability. When viewed in this context, the security, economic and poverty reduction gains achieved by Timor-Leste over the past ten years are remarkable.

The political situation is stable. Three rounds of national elections have taken place, all of which were free and fair. The economy has doubled in size, underwritten by Timor-Leste’s well designed petroleum fund. A public service has been established, with a growing focus on service delivery. A pension system for the elderly, veterans and widows has been established. And Timor-Leste no longer requires the support of the United Nations or international security forces.

The Australian aid program is aligned with the development priorities of the Timorese Government. AusAID does this in close collaboration with other Australian Government agencies working in Timor-Leste, including the Australian Council for International Agricultural Research, Australian Federal Police, Australian Electoral Commission and Australian Bureau of Statistics as well as the Department of Foreign Affairs and Trade, the Department of Immigration and Citizenship and the Australian Defence Force. Through this partnership approach to delivering aid, AusAID has ensured that our support has a greater chance of achieving enduring and transformative change for the Timorese people. As the Minister of Finance, Emilia Pires, said of her government's partnership with Australia: "by working closely together to address Timor-Leste's needs, our joint efforts are focused on achieving a common goal".

Australia is well placed to support further poverty reduction in Timor-Leste through the Australian aid program. Our results are tangible and represent value for money, our partnership is strong and our achievements have been effective in reducing poverty. In discussing the Australian aid program, Prime Minister Gusmão described Australia as a 'loyal friend' of Timor-Leste. Timor-Leste matters to Australia and as a close neighbour, we have an abiding interest in supporting Timor-Leste through its challenges.

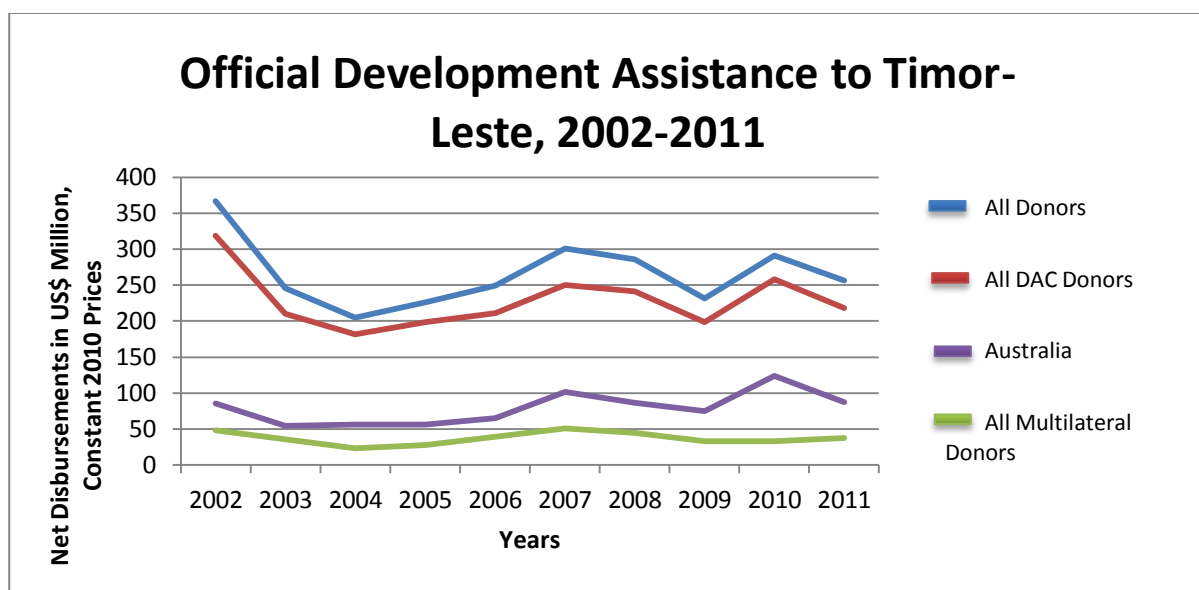
This submission outlines the Australian aid program delivered by AusAID in Timor-Leste since 1999¹. It provides an overview of Australia's aid goals and the results achieved, while also presenting the policy framework in which Australia partners with Timor-Leste. Specifically, the submission addresses three of the terms of reference:

- **Aid, including support with governance issues** – As improved governance is fundamental to aid programs in post-conflict and fragile states such as Timor-Leste, governance issues are addressed throughout an overview of the five strategic goals in the chapter 'AusAID's Program in Timor-Leste';
- **Education** – AusAID has a strong focus on education in Timor-Leste. This is addressed specifically in the section 'Promoting Opportunities for all';
- **People to people links** – AusAID fosters greater people to people linkages through its scholarships and volunteers programs. This is addressed in the sections 'Australia Awards' and 'Australian Volunteers'.

¹ Timor-Leste was recognised as a new nation in May 2002, however Australia has provided aid to the Timorese people since 1999 following violence and displacement after the referendum for independence.

Evolution of Australia's Aid Since 1999

Australia is Timor-Leste's largest aid donor. Since 1999, we have contributed over \$1 billion in humanitarian and development aid, accounting for around a third of the international community's entire aid contribution over this period. Australia's support is visible in all thirteen districts of the country. The current priorities of the Australian aid program are aligned with Timor-Leste's *Strategic Development Plan* and have been captured in the 2011 bilateral *Strategic Planning Agreement for Development* (http://www.aisaid.gov.au/Publications/Pages/3179_443_3786_5643_6749.aspx). These priorities span health, education, rural development, water and sanitation, security and governance.



Australia's aid program has evolved in response to the changing priorities of Timor-Leste. It began life as a humanitarian activity in 1999 in the wake of the post-referendum violence. At the time, our emergency contribution of \$37 million was the largest ever humanitarian response undertaken by AusAID. This helped provide emergency food, shelter and medical supplies, support the return and reintegration of displaced persons, and provide transport and logistics for the international aid effort.

As the need for emergency assistance abated, the aid program adopted a reconstruction focus in 2000–01 that helped facilitate the establishment of the United Nations Transitional Authority, undertake major reconstruction activities, and help meet urgent community needs in health, education, water supply and food production. During this time, our aid was delivered by multilateral institutions and non-government organisations to deliver basic services.

Following Timor-Leste's independence in 2002, the Australian aid program transitioned to a more traditional development partnership arrangement where we work closely with the Timorese government on long-term priorities. In February 2003, a memorandum of understanding on

technical cooperation was entered into. During this period, the majority of Australian aid went into helping build the Government of Timor-Leste's nascent central institutions such as its Ministries of Finance, Health and Education and its civil service commission. This strengthened the bureaucratic and legislative foundations needed for effective governance.

In 2006, Australia's aid returned to a humanitarian footing following the crisis that unfolded in Timor-Leste. Disputes between different groups within the police and military triggered a wave of violence that swept the country and led to the displacement of more than 100 000 people from their homes. Australia disbursed around \$75 million in humanitarian support to establish stability and security, and to alleviate suffering for the many thousands caught up in the violence.

Improved political stability since 2007 has enabled the aid program to address long-term challenges. We have strengthened policy engagement and we have moved our aid program toward closer alignment with Timorese policies and plans. In 2011, Australia and Timor-Leste signed the *Strategic Planning Agreement for Development*. The agreement commits Australia to support the priorities contained in Timor-Leste's *Strategic Development Plan 2011-2030*.

Timor-Leste's Strategic Development Plan 2011–2030

In 2011, Timor-Leste released its 20-year vision for development known as the Strategic Development Plan (SDP). It followed extensive public consultations by Prime Minister Gusmão throughout the country and aims to rapidly develop core infrastructure, human resources and encourage the growth of the private sector as a means to raise living standards and boost economic growth. The SDP also highlights agriculture, tourism and downstream oil and gas sector as strategic industries. The SDP sets a target of Timor-Leste having a middle-income and diversified economy by 2030.

Under our agreement, Australia has agreed to work with the Government of Timor-Leste to meet improved service delivery targets in health, education, agriculture, water and sanitation and governance. In this way, we are mutually accountable for the performance of our development efforts. Annual high-level meetings provide an opportunity to review

progress and set future targets. During a public address at the Australian National University in November 2012, Timor-Leste's Finance Minister Pires said "Australia is a remarkable donor in supporting Timor-Leste in the way it has".

AusAID's Program in Timor-Leste

The fundamental purpose of Australia's Official Development Assistance (ODA) is to help people overcome poverty. The Australian aid program is guided by five strategic goals under the Australian Government's policy on aid *An Effective Aid Program for Australia: Making a real*

difference—Delivering real results, which we seek to achieve in partnership with the Timorese Government. They are:

- Saving lives
- Promoting opportunities for all
- Sustainable economic development
- Effective governance, and
- Humanitarian and disaster response.

In 2012–13, AusAID will deliver an \$84.3 million aid program with Timor-Leste, accounting for approximately 72 per cent of the total Australian Government ODA of \$116.7 million. Around \$30 million of ODA is directly appropriated to the Australian Federal Police for its programs in Timor-Leste, and a further \$2 million is allocated to other Australian government agencies, namely the Australian Council for International Agricultural Research, Attorney General’s Department, and the Departments of Education, Employment and Workplace Relations, and Infrastructure and Transport.

Saving Lives

In Timor-Leste, the poor and most vulnerable bear the greatest burden of disease and ill health. Preventable diseases such as diarrhoea, complications from pregnancy and childbirth, and poor nutrition are major causes of preventable deaths. AusAID is saving lives in Timor-Leste by:

- improving access to quality maternal and child health services, including skilled birth attendants and midwives
- supporting large scale disease prevention, vaccination and specialist surgeries
- increasing access to safe water and basic sanitation
- promoting good hygiene behaviour.

Health

Australia is the biggest donor to Timor-Leste’s health sector. In the early years of Timor-Leste’s independence, our efforts were focused on delivering essential healthcare services. At the time, the Timorese health system was being built from the ground up and Australian expertise and funding was helping meet urgent healthcare gaps.

Today, Timor-Leste’s Ministry of Health (MoH) has full responsibility for delivering health services and Australia is now helping establish the building blocks for an effective health system. Since 2008, Australia has invested \$35.8 million in partnership with the World Bank to help the MoH better manage the financial and logistics systems that get services, medical equipment and pharmaceuticals out to communities.

Australia's biggest contribution to health is supporting the delivery of healthcare to every village in the country through mobile clinics. Known by its Portuguese acronym—SISCa—health workers travel to more than 450 villages each month to provide pre and post-natal care for women and babies, immunisation for children, family planning support, treatment and prevention of common diseases and infections, and nutrition and hygiene information. As part of SISCa, AusAID helped:

- reduce the mortality rate for children under five by 67 per cent, from 169 deaths per 1000 live births in 1990, to 55 in 2010 – the biggest reduction in the world for that period
- immunise 500 000 children against measles in 2011
- deliver sexual and reproductive health sessions to over 39 000 people in 2011
- provide clinical services to more than 18 000 people in 2011
- convey family planning advice to 8 000 mothers in 2012.

We also work with multilateral agencies and civil society organisations to deliver services to those in need. Together with Marie Stopes International and Health Alliance International we have provided \$4 million to deliver services and treatment to mothers and babies. With our help:

- the proportion of mothers giving birth in a health facility and supervised by a skilled attendant has increased from 18 per cent to 30 per cent between 2006-2009
- 54 midwives (around one-fifth of all midwives in the country) completed under-graduate degrees in 2010-11
- emergency obstetric equipment was installed in 32 new maternal health clinics in 2011.

AusAID has also provided funding to the Global Fund—a public-private partnership between governments, civil society, the private sector—since 2004 to prevent and treat HIV and AIDS, tuberculosis and malaria. Through Australia's Avoidable Blindness Initiative, we have provided \$2.6 million since 2002 to Fred Hollows Foundation and the Royal Australasian College of Surgeons to strengthen the delivery of high quality eye care and vision rehabilitation services. Over this period, these partnerships have helped:

- test 3 500 people with HIV
- treat 5 600 new cases of tuberculosis
- distribute 250 000 insecticide-treated bed nets to prevent malaria
- establish the National Eye Center in Dili in 2011
- perform more than 4 800 vision restorative surgeries in all districts of Timor-Leste.

Surgical Services Support

The longstanding contribution of the Royal Australasian College of Surgeons (RACS) has been an important component of our support to health in Timor-Leste. Since 2001, Australia has

provided RACS with around \$12 million to deliver general and specialist surgical services throughout Timor-Leste. In 2012, RACS doctors were involved in delivering training as part of Timor-Leste's first ever post-graduate medical course in basic surgery. This support is helping develop the skills of Timor-Leste's future cohort of surgeons. The RACS program has also supported Australian surgeons who deliver specialised operations such as cleft lip and eye health surgeries. Since the program began in 2001:

- 45 600 patients have been examined
- 11 464 operations have been performed
- 21 qualified Timorese nurse anaesthetists have been trained and are now working across every hospital in the country
- 3 000 eye examinations have been performed and tens of thousands of prescription glasses distributed in partnership with the Fred Hollows Foundation
- the first Timorese ophthalmologist, anaesthetist and first two general surgeons have been trained and are now delivering medical services in Timor-Leste's public health system.

AusAID is now designing a new health program, due to begin implementation in 2014. We will continue to work with the MoH to build its capacity while at the same time also ensuring that the poorest communities receive improved maternal and child health services. This approach is endorsed by the MoH and complements the health programs provided by other donors, including Portugal, USA, Cuba and New Zealand.

Water, Sanitation & Hygiene

Basic sanitation, improved hygiene practices, safe drinking water sources and water for washing can prevent disease and death, especially in children. Eleven per cent of deaths in Timorese children under five are caused by diarrhoea. Yet in Timor-Leste, census figures show that only 57 per cent of people in rural areas had access to safe water and only 25 per cent had access to improved sanitation facilities.

Our flagship Rural Water, Sanitation and Hygiene program in Timor-Leste, known by its Tetum acronym—BESIK, works closely with the Government of Timor-Leste on its water, sanitation and hygiene programs. Since 2002, Australia has contributed around \$100 million to improve water supply and increase access to sanitation. As a result of our support:

- 268 000 additional people—a quarter of Timor-Leste's rural population—have access to safe water sources, including at 58 schools, 34 health posts and 14 health centres
- 67 000 additional people now have access to improved sanitation
- water systems have been installed in 165 rural communities
- the National Sanitation Policy and Strategy was promulgated in 2008.

BESIK is among AusAID’s most effective water and sanitation programs. Central to BESIK’s effectiveness is its integration within local systems. It is embedded in the Government of Timor-Leste and has trained Timorese officials and community groups in water and sanitation systems. BESIK has been instrumental in influencing better resourcing for water and sanitation from the Timorese Government and has generated evidence based knowledge to inform official policy.

Jose Mestre, Director-General of the Ministry of Public Works, said in a recent speech that “BESIK has really achieved something in rural areas and is considered very relevant. Previously no one was responsible for water and sanitation at sub-district level, but now we have trained staff in all 65 sub-districts. The capacity building plans have been aligned with plans within the Ministry.”



Case Study: Bringing water to Cova Lima District

Fetching water twice a day from a well hundreds of metres from her home was never an easy task for Angelina Amaral. If carrying half her weight in water wasn’t difficult enough, balancing on hilly terrain in Timor-Leste’s heat made it even more of a challenge. Harder still was performing the task while pregnant, something Angelina knows all too well as a mother of eight. Water duty was a difficult and time consuming task but it is now a thing of the past for Angelina and her neighbours.

Since April 2012, Angelina’s village of Matai, in Cova Lima District, has benefited from a water system supplying clean water to over 150 households. Built as part of AusAID’s Rural Water Supply and Sanitation Program, the system is a network of almost two kilometres of pipes that pump water from an artesian bore to eight community tanks, each with four taps. An additional pipe carries water to a smaller tank with two taps located at the village school.

As a result of the system, over 2,000 people in Matai have access to water just meters from their homes. ‘My life has become much easier’ Angelina said. ‘I can bathe my children and wash their clothes daily, rather than once a week like I used to. The time I once spent lugging water is now spent in my garden growing food for my family.’

Promoting Opportunities for All

AusAID works to promote opportunities for Timorese by increasing access to quality education and by helping school leavers get the skills they need to find employment. Our support to education is helping Timorese children, particularly girls, to attend school for longer and to receive a better education. This helps them make more informed choices about their own futures and gives them the knowledge and skills to contribute to Timor-Leste’s development. Australia is also supporting Timorese school leavers to improve their prospects to get jobs.

Education

Australian development assistance to improving education in Timor-Leste began in 2000 and was mostly confined to the provision of scholarships to Timorese students to study in Australia. The release of AusAID's 'Better Education' policy in 2007 provided the impetus for AusAID to invest further in Timor-Leste. Since 2008, Australia has provided about \$28.5 million to improve the capacity of Timor-Leste's Ministry of Education to assess, plan and deliver education services, particularly in the districts where the need is greatest. In this time, we have:

- helped build or repair around 2 100 classrooms across the country, allowing more children to go to school and learn in safer conditions
- delivered nearly 1.4 million school materials to primary schools
- delivered 9 000 school desks and chairs to schools creating healthier learning environments for children
- trained around 4 000 teachers in the use of literacy packs.

In addition to working with the Government of Timor-Leste and UNICEF, we have also teamed up with the Aloia Foundation—a prominent Timorese NGO founded by the Prime Minister's wife, Ms Kirsty Sword-Gusmão—to improve the lives of girls. Together we develop and distribute reading materials for early grades in Tetum, provide scholarships for girls to access secondary schooling, provide training to teachers in literacy and numeracy, and are piloting Timor-Leste's mother-tongue education policy in three districts. In 2012 we:

- delivered around 94 500 books in Tetum to all primary schools
- awarded high-school scholarships to 208 girls to continue their secondary education
- established a mobile library so that children can access reading materials.

In recent months, AusAID entered into an agreement with the Catholic Institute for Teacher Education (CITE) in Baucau to support around 150 student teachers annually to complete their Bachelors of Education, including many from remote and disadvantaged areas who would otherwise not have access to teacher training. This support builds on the 10 scholarships we provided to Timorese teachers from the CITE to complete their Masters of Education at the Australian Catholic University in 2007.

In the years ahead, as much as 20 per cent of the aid program budget with Timor-Leste will be allocated to education. Our approach will focus on student learning and on improving the quality of education outcomes in the classroom. At the same time, Australia will continue helping to strengthen the capacity of the Ministry of Education to deliver services at the district and sub-national levels. Key areas of support will be: teacher training, school infrastructure, learning materials and curriculum, and institutional management. This commitment represents an

important scaling-up in Australia's engagement in the education. Partnerships with multilateral agencies and NGOs will remain a key feature of our support.

Technical and Vocational Education and Training

Timor-Leste has a young and rapidly growing population. The UN estimates that by 2050, Timor-Leste's population will have increased from 1.175 million today to 3 million. Fifty five per cent are under the age of 20, and each year an estimated 20 000 additional young people enter the job market where few jobs await. Only 30 per cent of the labour force is in paid employment and subsistence agriculture remains the primary livelihood activity for rural Timorese.

Since 2008, Australia has provided \$17.5 million to support job creation and skills training opportunities. This funding has helped deliver 2.2 million work days of employment for 78 422 people living in every district of Timor-Leste. This has given opportunities for rural workers to earn wages by repairing and clearing canals and roadside drains before the wet season.

In parallel, Australia is also working to provide better services to help young people looking for work and deliver job training. With our help, Timor-Leste established a National Qualification Framework in 2012, including regulatory and accreditation bodies to safeguard standards, and promulgated a national Technical and Vocational Education and Training Plan. For the first time, Timorese are now graduating from training institutions with certified qualifications in areas such as construction, tourism and hospitality and agriculture. With our help:

- over 25 000 youths have registered and more than 8 000 have been provided with skills and training development opportunities
- small business training has been provided to 2 000 people, mostly women.

AusAID will continue its strong support to this sector in the future. In late 2012, we launched the \$12 million Training, Employment and Support Program with the International Labour Organisation. This program will build on our assistance to training providers in Timor-Leste to deliver better quality education to young people, and to help increase the employment prospects of Timorese. It will also seek to strengthen the linkages between graduates and employers, ensuring that training is targeted toward areas of industry demand, such as agriculture, tourism and petroleum.

Australia Awards

AusAID's Australia Awards are a longstanding and high profile component of Australia's investment in education. Since 2002, 161 Timorese scholars have completed their studies and have returned to Timor-Leste. An additional 102 students are either currently studying or preparing to depart to Australia to undertake studies at a variety of levels: Diploma, Bachelor

Degree, Honours, Masters and PhD. The students are spread across universities throughout Australia, with the exception of Tasmania: Victoria – 26; South Australia – 16; Northern Territory – 16; NSW – 12; Queensland – 11; Western Australia – 11; and A.C.T – 10. For the 2013 intake, a total of 40 new awards were offered to Timor-Leste, comprising approximately 35 long-term and five short-term awards.

Australia Awards align with the priorities in the Government of Timor-Leste's Strategic Development Plan. The Awards focus on areas of importance to the development of Timor-Leste, including public health, education, management and commerce, science and engineering. Most Timorese graduates who have studied in Australia take up senior leadership positions upon return: 64 are working at senior levels with the Government, including two serving Ministers, two Vice Ministers and two Secretaries of State.

More can be done to broaden the benefits of assisted scholarships to eligible students. We are currently designing a new program that aims to increase Timorese participation in higher education in Australia and elsewhere, particularly that of females, government officials and those from poor families, rural areas and people with disabilities.

Sustainable Economic Development

AusAID promotes sustainable economic development in Timor-Leste by improving food security for the 75 per cent of Timorese living in rural areas—the vast majority of whom depend on subsistence agriculture for their livelihoods. The hungry season—the period when stocks from the preceding season are exhausted and new crops are yet to be harvested—affects up to 100 000 families each year, placing a burden on rural communities. Small plots, low quality soil and variable rainfall mean that crop yields in Timor-Leste are well behind regional averages.

AusAID is helping Timorese families break the cycle of food insecurity and improve their lives. Together with the Government of Timor-Leste, we are:

- lifting agricultural productivity through research and development
- improving rural livelihoods by rehabilitating infrastructure, particularly roads
- building economic opportunities by strengthening access to financial services.

Agriculture

Australia has played a key role in the agriculture sector since 2001, mostly through the joint ACIAR-AusAID Seeds of Life program which is now in its third phase (\$36.4 million since 2001). We have improved food security by helping farmers to trial and adopt better yielding seed varieties in Timor-Leste's five staple crops: rice, maize, peanuts, cassava and sweet potato. With increased yields, farmers are supplementing food sources and selling surplus stock at markets.

This in turn helps meet other household needs, including sending children to school and obtaining better health care. As a result of Seeds of Life:

- around 31 500 farmers are currently growing at least one Seeds of Life crop variety that produces yields between 20 and 80 per cent better than those previously available
- by 2015 this is expected to increase to 65 000 farmers (or 50 per cent of all farmers).

A key feature of Seeds of Life is its use of community seed producer groups which help farmers access quality seeds close to home. A total of 680 seed groups have been established, a number of which are women-only groups. Groups receive seed from Seeds of Life to produce crops, keeping enough seeds for their own use and selling the balance which brings farmers additional sources of income².

Case Study: Increasing crops through Seeds of Life



Lucia Rodrigues is a farmer who lives with her family in Liquica District, 30 kilometres west of Dili. In the past she had struggled to grow enough food to feed her family and to have enough crops left over to sell for income.

Lucia's life changed when she started to use maize varieties developed by the Seeds of Life Program, which is supported by AusAID and the Australian Centre for International Agricultural Research (ACIAR). Seeds of Life uses non-genetically modified technology to improve yields and increase resistance to drought and pests.

After switching to the new varieties of maize, Lucia's yields increased. In 2010, Lucia produced five 44 gallon drums of maize, her best ever yield. With this she has been able to feed her family and sell some surplus to pay for her children's school fees. "This crop is very good quality. I received the seeds for it from the Seeds of Life program in 2008. Since then, I feel that I have now produced more food for my family. I used to grow a local variety but it's not as plentiful as this" said Lucia.

Increasing yields is only part of the solution to improving food security. Storage of crops, facilitating market access and rice irrigation are also critical factors in Timor-Leste. The Seeds of Life program complements other donor projects in agriculture. Donors meet regularly as part of a Development Partners Support Group which guides coordination with government.

² ACIAR will address its engagement with Timor-Leste, including its important contribution to the Seeds of Life program, through a separate submission to this inquiry.

AusAID has also helped strengthen Timor-Leste's capacity to deal with emerging infectious diseases in livestock. Australian support has helped:

- establish a new veterinary laboratory in 2011 that undertakes animal disease research to facilitate rapid outbreak assessment and response
- deliver 670 000 doses of Newcastle disease vaccinations and 340 000 doses of swine flu vaccinations.

Roads

High quality infrastructure—such as roads and community amenities—lowers poverty by reducing transport costs, improving access to services and can directly create jobs in construction and rehabilitation. In Timor-Leste, up to 80 per cent of the 3000 km rural road network is in poor condition. High seasonal rains, steep mountainous terrain and frequent flooding are major challenges, often cutting off villages from the rest of the country. As a result, poor people have difficulty accessing markets to buy and sell goods, families cannot reach health clinics in reasonable time and children are discouraged from attending school.

Since 2006, we have invested \$10.8 million to rehabilitate and maintain rural roads and have forecast a further investment of \$23 million out to 2016. Australian support is targeted towards both supporting the immediate improvement of roads and helping the Government to develop the skills and capability to rehabilitate and maintain the road network in the long term.

As part of our approach, Australia helped rehabilitate 304 kms of rural roads and conducted 1645 kms of rural road maintenance since 2006. Using labour intensive approaches, this work has generated considerable rural employment. It has created:

- 1.37 million workdays for 32 500 labourers (27 per cent of whom have been women and 44 per cent of whom have been young people) which has injected \$3 million of wages into local communities. For 83 per cent of the workers involved in the program this was their first ever opportunity to earn cash.

In parallel, Australia is also working with the Ministry of Public Works to build long-term capacity in procurement, budget execution and to better plan roads, bridges and other key infrastructure. We will continue to focus on roads improvement while also building Ministry capacity to better manage its own resources. In a sector where multiple agencies have responsibility, our support will help encourage better inter-agency coordination, while also working closely with other donors, namely the EU, Japan and the Asian Development Bank.

National Program for Village Development

Australia is working with the Government of Timor-Leste to implement its National Program for Village Development (NPVD)—a community infrastructure program that seeks to provide annual Government of Timor-Leste grants of \$50 000 to every village in the country to plan, build and maintain their own small scale infrastructure. Depending on village priorities, this could include new irrigation channels, local bridges, motorbike paths and market places, and refurbishment of existing water systems, schools and health posts.

Australia has been involved in NPVD since its inception at the request of Prime Minister Gusmão. We are helping the Timorese Government to establish the program's operational procedures, corporate systems and monitoring and evaluation methods. We are also training around 400 community facilitators to help communities plan and build their projects. Timor-Leste plans to start the program in 2014.

NPVD is modeled on a successful community empowerment program in Indonesia—supported by Australia—which helps 35 million people annually in over 60 000 villages across Indonesia to improve livelihoods and deliver benefits directly to local communities. The Indonesian program is transforming lives and has been an effective program to reduce poverty. Using the lessons learned and expertise acquired from this experience has positioned Australia well to help the NPVD make a similar impact across Timor-Leste.

Supporting Financial Services

Australia is assisting the poor in rural areas to access financial services by building the capacity of local microfinance institutions. From 2009–13, Australia provided \$2.5 million to support microfinance institutions deliver services that benefit rural clients. In this time, around 15 000 clients, almost all women, have registered with microfinance institutions.

Expanding the range of financial services is an effective way to promote economic growth and reduce poverty. In Timor-Leste, however, the availability of financial services beyond Dili is limited and the rural economy is almost entirely cash-based. By helping rural Timorese borrow, save or buy insurance, households can plan for their future, build up assets and break the cycle of poverty. With a savings account, Timorese households can keep money aside for when they most need it, such as during a poor agricultural season.

Our assistance has also helped microfinance institutions strengthen their management systems and improve their financial sustainability. With Australian support two Timorese microfinance institutions, Moris Rasik and Tuba Rai Metin, have become financially viable and have provided poor households with access to savings and credit products. With our support 5 300 additional clients have registered with local microfinance institutions for services; 90 per cent of all clients of these two organisations are women.

Effective Governance and Security

Effective governance is critical to helping people overcome poverty. In Timor-Leste, AusAID supports capable management of the country's resources through building institutions and processes that are accountable, responsive and transparent. This, in turn, encourages Timorese citizens and civil society to be more involved in policy discussions and the processes of government. Effective governance is critical to achieving better health and education.

AusAID works with other Australian Government agencies, including the Australian Federal Police, on law and justice support and the Australian Electoral Commission on strengthening democratic processes. We also work extensively with civil society partners on grassroots delivery of effective governance, including citizen voice, participation and access to justice. Australia's support to effective governance, security and civil society falls in to three pillars:

- delivering better services through a more accountable, professional and responsive public sector, and efficient and effective public financial management
- improved security and enhanced justice to help Timorese to live in secure and stable communities, with confidence in justice systems
- electoral strengthening to promote confidence in Timor-Leste's democratic institutions.

Supporting the Timorese Public Service to Deliver Better Services

AusAID has been the largest donor to Timor-Leste's public sector since 2002. At the time, Timor-Leste faced enormous challenges—more than two thirds of its infrastructure was destroyed and the majority of its experienced public servants had fled. Since that time, we have provided around \$92 million to the Government of Timor-Leste to establish its public service, build vital government institutions and create systems to manage public money.

This support has helped strengthen central institutions, although weaknesses certainly remain. After only a decade of existence, Timor-Leste's public sector is not yet experienced and cannot meet the needs of all communities. To help overcome these challenges, AusAID has worked closely with Timor-Leste to improve the performance and skills base of its public servants. We have supported the development of improved staff management systems and provided training, scholarships, internships and technical assistance. Specific achievements include:

- supporting the establishment of Timor-Leste's Anti-Corruption Commission which is working to hold corrupt officials and politicians to account
- helping develop 154 laws, policies and resolutions for consideration by Timor-Leste's Council of Ministers
- assisting the establishment of the Civil Service Commission (CSC). Since its inception in 2009 it has ensured that appointments are made on the basis of merit and is addressing

poor performance. In 2010, the CSC suspended the salaries of over 363 officers who abandoned their employment and terminated the salaries of 29 officers

- the CSC has also played a key role in the development of legislation to ensure that women employees can access maternity leave
- strengthening the capacity of public servants to perform effectively including through leadership and administration training for 1600 public servants in 2011.

Supporting Effective Public Financial Management

AusAID also works with Timor-Leste to help it use its own national resource wealth to lift people out of poverty. We have worked with the Government of Timor-Leste since 2002 to build its systems and processes for managing public money. As a result, the Government now has the capability to develop a national budget and plan and pay for things like new infrastructure projects, medical supplies, doctors and teachers. With our assistance, steady progress is occurring:

- in 2012, the Government of Timor-Leste managed a budget valued at US\$1.763 billion – more than 23 times larger than its first budget of US\$70 million in 2002
- the Ministry of Finance has improved its spending so that over 90 per cent of Timor-Leste’s budget was spent in 2011, compared with only 49 per cent in 2006-07
- the number of people registered to pay tax has increased. This is helping to broaden the Government’s revenue base, 90 per cent of which comes from the Petroleum Fund
- with Australian assistance, the Government of Timor-Leste appraised 114 major infrastructure projects to assess feasibility and economic growth potential. For the first time, the assessments were considered in the 2012 budget preparation.

Despite these gains, there is still more to do. Timor-Leste’s public finance systems are weak, susceptible to corruption and lack sufficient accountability and transparency safeguards. Budget execution also remains problematic. Last year alone Timor-Leste underspent its capital budget by \$500 million, suggesting more work is needed in the procurement and management of some of Timor-Leste larger and more complex infrastructure projects.

In the years ahead, AusAID will expand its governance support to continue strengthening public sector capacity and public financial management. We will work with Timor-Leste’s Ministry of Finance to help:

- implement the poverty reduction priorities outlined in the Strategic Development Plan
- develop an improved budget strategy and economic policy framework that provides evidence-based data to improve social services in health, education and water and sanitation.

Our new governance program will also work with the CSC to improve human resource management systems that get the right people with the right skills to deliver better services. We will also partner with Timor-Leste's National Directorate of Statistics and the Australian Bureau of Statistics so Timor-Leste can produce critical data to manage its economy well and make informed government decisions. This includes important products like the Consumer Price Index, Census and Household Income and Expenditure Surveys.

Law and Justice

Stability, security and a strong law and justice sector are important preconditions for development. Since 2003, AusAID and the Australian Federal Police (AFP) have worked with the Government of Timor-Leste to improve its justice system. This has helped build community trust in the law and reduced the prospect for future conflict. Australia has provided more than \$46 million to strengthen the Courts, Office of the Prosecutor General, Public Defenders Office and the Ministry of Justice.

Since 2008, AusAID has provided over \$3.5 million in grants to twenty civil society organisations (CSOs) who work with people to help them navigate the justice system and promote greater demand for justice. As a result of Australia's assistance to the CSOs:

- the police and courts are now using a shared management system for easier case tracking, leading to improved transparency and speedier resolution of cases
- Judges, prosecutors and public defenders have acquired a range of legal skills including legal drafting, familiarisation with the penal code, and administrative law
- We have built physical infrastructure to take justice services closer to communities including houses in district capitals and mobile courts in remote areas.

Violence against women remains a significant issue in Timor-Leste. The 2009–10 Demographic and Health Survey found that 38 per cent of all women had experienced physical violence since the age of 15, rising to as much as 50 per cent in some districts. Australia has supported the Ministry of Justice to develop a gender justice policy, and supported the development of the National Action Plan on Gender Based Violence. AusAID grants to CSOs to improve access to justice for communities have assisted women and girls in rural areas. Our funds to CSOs have helped to establish a network of five *fatin hakmatek* (safe house) facilities in various districts across Timor-Leste so women can seek legal advice, counselling and health services.

Since 2008, the AFP has had funding directly appropriated to it to resource and manage the Timor-Leste Police Development Program (TLPDP) that aims to build the professional skills of the Timorese police. The AFP will address its engagement with Timor-Leste, including through the TLPDP, as part of a separate submission to this Inquiry.

Electoral Strengthening

Timor-Leste has held four rounds of free and fair elections since 2001. Since 2000, AusAID has provided more than \$5 million to support the conduct of elections and understanding of democratic process in Timor-Leste. This funding has helped strengthen the workings of Timor-Leste's parliament and foster an independent media.

AusAID has supported Timor-Leste's electoral management agencies to run better elections in partnership with the Australian Electoral Commission (AEC) and the United Nations Development Programme (UNDP). With the UNDP, we assisted the Government of Timor-Leste to plan and organise the 2007 Presidential and Parliamentary elections. We supported reform of the laws that determine electoral procedures, and provided training and transport for registration and polling officials, voter education information, and media training on reporting on elections.

We have supported Timor-Leste's electoral authorities, the Technical Secretariat for Electoral Administration (STAE) and the National Elections Commission (CNE), since their inception in 2003 and 2007 respectively. We provided training for Timorese electoral officials using the AEC's Building Resources in Democracy, Governance and Elections (BRIDGE) training package, which was awarded a UN public service award in 2010.

The BRIDGE program comprehensively covers all aspects of the electoral process, including election laws, voter information, the role of the media in elections, voter registration and vote counting. BRIDGE modules are tailored to the Timorese context and a strong core of Timorese BRIDGE trainers is being built within STAE and CNE so that eventually they will be able to run the training program without Australian assistance. The program also works with media personnel and civil society leaders to deepen understanding of elections and democracy.

AusAID has also funded official Australian observation missions to all of Timor-Leste's national elections. These have all come at the request of Timorese officials and have helped reinforce the legitimacy of election results and enhance their credibility.

Given Timor-Leste's growing capacity to administer and conduct elections, international support has progressively been wound back to the point where in 2012, Timor-Leste was able to carry out its own presidential and parliamentary elections without significant international support. These elections were universally accepted as being free and fair elections.

Humanitarian and Disaster Response

Australia has responded effectively to two humanitarian crises in Timor-Leste. In 1999, we were the first to respond following the violence that erupted in the wake of the referendum and displaced 300 000 people. Our contribution of \$37 million was AusAID's largest ever humanitarian intervention up until that point and it helped alleviate the suffering of many

thousands by providing urgently needed food, water and shelter, establishing stability and working with communities and the government to resettle displaced peoples back to their homes. AusAID funding supported the World Food Program, Red Cross and NGOs including Oxfam, World Vision, CARE and Plan International to deliver life-saving support.

In 2006, Australia again responded to a humanitarian crisis that led to 150 000 Timorese fleeing their homes to seek safety. AusAID contributed \$75 million from 2006–09 to the UN mission that helped re-established law, order and stability, complementing the significant contribution of the Australian Defence Force. In addition, AusAID provided over \$20 million in humanitarian aid to support the response, reintegration and recovery of the 150 000 displaced Timorese over the same period. This included:

- emergency food distributed by the World Food Programme
- emergency support to the displaced populations through Oxfam
- food security and nutrition support through Oxfam and World Vision
- displaced population camp management through IOM and UNHCR
- reintegration and recovery support through UNDP and IOM.

Australian humanitarian support helped the people of Timor-Leste receive protection, access food and water, and remain in managed camps for three years until it was safe to return home.

Natural Disasters

While Timor-Leste has avoided large-scale natural disasters, it continues to be affected by small-scale hazards including regular flooding, landslides, drought and storms. When rural households that survive on subsistence agriculture have their crops destroyed by drought or floods, the impact can be dire. Localised hazards can overwhelm communities and the capacity of local authorities to assist.

Australia has worked with the Timor-Leste National Disaster Management Directorate on disaster risk reduction programming and disaster response planning since 2008. Following a joint review of the capacity of the Directorate in late 2012, AusAID will provide a disaster management specialist—through the Australian Civilian Corps—to help establish disaster response plans with relevant district authorities. This project will also aim to improve communication between the Directorate, other government agencies and non-government humanitarian agencies across Timor-Leste. Maintaining a close bilateral relationship with Timor-Leste disaster management authorities is a priority for the aid program and will enable Australia to assist appropriately in the event of a major crisis in the future.

Civil Society Engagement

Civil society helps drive change in developing countries, from delivering better services to making governments more accountable for the decisions they make. Timor-Leste has a strong and vibrant civil society, ranging from religious based organisations and community based groups right through to advocacy NGOs. Each continues to make significant contributions to development.

Timor-Leste also benefits from extensive engagement from Australian civil society organisations (CSOs). Over several decades, hundreds of Australian CSOs have generously allocated time and effort to helping Timor-Leste. The depth of Australian support is illustrated by the strong network of friendship groups, Rotary and other service clubs, school and Church groups, academic links and NGOs that are focused on Timor-Leste's development.

The AusAID NGO-Cooperation Program in Timor-Leste

AusAID has partnered with a broad range of Australian NGOs working in Timor-Leste since 1999. These include CARE, World Vision, Plan International, Oxfam, Caritas, Child Fund, Save the Children, WaterAID, Union Aid Abroad, NSW Family Planning, Assisi Aid, The Leprosy Mission, Credit Union Foundation, Marie Stopes International, and the International Women's Development Agency.

In recent years, AusAID funding to Australian NGOs working in Timor-Leste has increased significantly. In 2012–13, \$8.9 million was allocated for projects in Timor-Leste. This is supporting 16 NGOs to carry out 40 programs in education, economic development, conflict prevention, health, and water and sanitation.

Support to Timorese Civil Society

Since 2007, AusAID has provided \$7.5 million to a wide range of Timorese CSOs to deliver services to communities where the Timorese government has not been able to reach. This funding has improved access to justice, such as legal services and court systems, for remote communities, and supported victims of crime. It has also improved the delivery of water and sanitation services throughout the country, increased the provision of health services to mothers and babies, and helped young school children access books in their local language.

Support to CSOs in Timor-Leste has included:

- improved access to clean water for 5500 people and better sanitation services for 1,200 people through Australia's Civil-Society Water, Sanitation and Hygiene Fund—\$1 million in 2010 to Oxfam, WaterAID and International Women's Development Agency

- jobs for 8,000 people through our Youth Employment Promotion Program—\$2.25 million over 2009–11 to 20 NGOs including Oxfam and Caritas.

Australia has also provided over \$6 million in small grants (around \$30 000 – \$50 000) since 2000 through the East Timor Community Assistance Scheme (ETCAS). In 2012, 30 grants were awarded, valued at over \$950 000. Projects supported by ETCAS include irrigation work, sporting amenities, school and health facilities, women’s empowerment, peace building, small business development, water and sanitation, non-for-profit media and the disability sector. Under ETCAS, Timorese CSOs often partner with Australian counterparts to meet community development needs. This has reinforced linkages and fostered knowledge transfers.

A review of AusAID support to CSOs in Timor-Leste, including ETCAS, is due to be completed in late 2013 and will focus specifically on efficiency, sustainability and effectiveness. Areas of future engagement will focus on priorities established under the *Australia—Timor-Leste Strategic Planning Agreement for Development*. We will give preference to those organisations with a strong record of achievement and that best align with the *Agreement*.

State and Territory Government Engagement

Australia’s State and Territory Governments have played a significant development role in Timor-Leste since 1999. A few have signed Memoranda of Understanding with the Government to formalise their cooperation activities, much of which extends beyond aid. These ties reflect strong two-way civil society engagement and close people-to-people links.

AusAID supports the involvement of State and Territory Governments in Timor-Leste through our Government Partnerships for Development program which fosters close professional links between Australian public sector organisations—Commonwealth, state and territory government agencies and public universities—and their counterparts in Timor-Leste. Since 2005, AusAID has provided over \$6.2 million dollars in competitive grants to Australian public sector agencies working to boost governance in Timor-Leste in a range of areas. Activities funded have included internships, training workshops, twinning arrangements and policy research. These partnerships have helped strengthen people-to-people ties throughout Australia and Timor-Leste.

In 2012, the Government of Victoria worked to improve the capacity of the Timorese public service, and Sydney University’s Menzies School of Health Research worked with the Timorese Ministry of Health to improve health and nutrition. AusAID also engages with officials from State and Territory Governments to share information and to coordinate activities. An annual officials meeting is held where we provide an update on programs and share lessons learnt.

Australian volunteers

One of the most significant ways AusAID supports civil society is through our extensive volunteers program. This has supported more than 450 volunteers in Timor-Leste since 2002. In 2011–12 a total of 101 Australian Volunteers, including 28 Australian Youth Ambassadors, were on assignment in Timor-Leste. In 2012–13, 119 volunteers are expected to work in Timor-Leste, including 34 Youth Ambassadors. The volunteers will work in sectors that are consistent with the AusAID country program priorities including health, youth development, governance and rural development.

Around 80 per cent of AusAID funded volunteers to Timor-Leste are placed within Timorese NGOs or community based groups to work with and mentor staff. The majority spend more than a year living and working closely with local communities, in challenging and sometimes remote areas. They are ambassadors for Australian values and our goodwill. For many rural Timorese, volunteers are the public face of Australian friendship and assistance.

Case Study: Australian volunteer helping improve women's employment prospects

For two years from June 2010 through to June 2012, Australian Volunteer, Deb Salvagno, worked as an Economic Development Advisor with the Lautem Women Cooperative (LWC) in Los Palos – a town of about 5,000 people located 300 kilometres to the east of Dili. Deb helped design and promote local handcrafts and cultural tourism projects to showcase the unique traditions of the region. With Deb's help, the LWC also diversified into agriculture and crop production to increase revenues and improve food security.



LWC is made up of three different women's groups from the region, all working together as a central cooperative. In villages where it is hard for women to find work and sustain their families, LWC is empowering women and providing them with the skills to make decisions about the kind of development they want for their communities.

For Deb, this community-based participation is a very important part of development. "To ensure community-led decisions, I encouraged women to identify the problems affecting them and then I worked with them on research and data collection to help develop solutions. After this we all sat down and analysed it together."

LWC member, Elsa De Oliveira, and friend and colleague of Deb, said her input in the process had been invaluable. "Having the opportunity to work with Mana (sister) Deb has given me a new insight into the potential of women. This exposure has motivated me to think deeper about ways to make this organisation more sustainable" she said. Deb is confident of the success and longevity of LWC even after her return to Australia. "As a result of the positive development outcomes from LWC, I would love to see the co-op be a positive beacon for appropriate and sustainable development – not just in Timor-Leste, but in other parts of the Pacific. Building more sustainable livelihoods will result in more vibrant and confident communities, and by empowering women's groups, in particular, villages can begin to flourish

Volunteers work with local counterparts to build capacity. They are welcomed and appreciated by host communities for their skills and knowledge. In turn, volunteers receive an enormous amount of personal satisfaction from their experience and return to Australia with an in-depth

understanding of Timor-Leste, its languages and traditions—adding to the extensive people-to-people links that underpin our bilateral relationship.

Four volunteers based in the office of the District Administrators for Aileu, Manufahi and Bobonaro are helping to strengthen governance administration and coordination with civil society. These assignments are closely affiliated with Australian partner organisations—the Friends of Aileu (Moreland City Council), Friends of Same (Boroondara City Council) and Friends of Maliana (Leichhardt City Council)—demonstrating the many layers that link Australian and Timorese communities.

Recognising Australian Aid in Timor-Leste

It is important that Australia’s development efforts are understood and acknowledged in Timor-Leste. It is important for the Australian public—the source of Australian aid funding—to know that that our contribution is recognised and valued by Timorese.

In Timor-Leste, AusAID’s branding is prominent, visible and clear. The Australian Aid identifier—a red kangaroo on a blue background—is a common feature throughout the country and brands all AusAID activities. It is recognisable and well respected, from community seed distribution group meetings in Tibar and mobile health clinic appointments in Laga, to high-level ministerial meetings in Dili. It shows where and how Australian aid money is being spent and illustrates the positive impact we are making.

As part of the AusAID’s transparency charter, the Timor-Leste program is also committed to publishing detailed information on the AusAID website in a comprehensive, accessible, accurate and timely manner. All online material we publish is available in formats that can be accessed by people with visual, auditory and mobility-related disabilities using assistive technologies, and those using mobile devices. We are also committed to publishing bilingual reports where practical and by mid-2013 the AusAID webpages on Timor-Leste will be published in both Tetum and Portuguese. This will open up readership of the AusAID website and the information contained in it to the growing community of Timorese who have access to the internet.

Program Performance and Quality

The performance and quality of Australia’s aid programs is a high priority for AusAID. Consistent with the commitments contained in *An Effective Aid Program for Australia: Making a real difference—Delivering real results* policy, the Timor-Leste program has invested more on measuring the performance and quality of its programs, closing programs that are ineffective, and working more closely with implementing partners to improve their performance.

AusAID's activities in Timor-Leste are subject to rigorous performance and quality processes and evaluations. Independent technical appraisals, and peer review assessments (including external stakeholders), are undertaken of major new initiatives. High value and high risk investments are also assessed by AusAID's Strategic Program Committee.

Independent technical expertise is contracted to support continued monitoring and evaluation of activities. This includes for appraisal of reports, assessment of funding proposals and independent monitoring visits. In parallel, AusAID's internal performance evaluation capacity has also been strengthened through a dedicated series of training courses for staff and by contracting in specialists to help design and manage aid initiatives. In 2012, dedicated advisers for water and sanitation and education were recruited to provide greater oversight of the rural development and education programs.

The *Australia—Timor-Leste Strategic Planning Agreement for Development* commits us to delivering on our shared values of performance, quality and transparency. The agreement sets seven priority sectors for the Australian aid program in Timor-Leste based on the Government of Timor-Leste's own development directions: health, education, governance, water and sanitation, agriculture, roads and security. It also includes annual milestones to assess mutual progress toward these targets. This will be reviewed for the first time in early 2013 so Australia and Timor-Leste can reflect on progress, challenges, and commitments for the year ahead.

Further, the Agency's *Transparency Charter*, AusAID provides detailed information about its program in Timor-Leste on the AusAID website and contributes its aid expenditure, program details and results to the Government of Timor-Leste's own aid Transparency Portal.

Risk and Fraud

AusAID's program in Timor-Leste takes a zero tolerance approach to fraud. It maintains the highest standards of prevention, detection and remediation. The risk of fraud is higher in weak and fragile states, including in Timor-Leste.

AusAID takes a number of steps to prevent and respond to allegations of fraud as they arise. We have a risk management system which explicitly focuses on reviewing and responding to specific risks of fraud. A staff member is responsible for managing this system and to investigate allegations of fraud. Risk mitigation strategies are also discussed at monthly program meetings. Much of AusAID's Timor-Leste Program is delivered through Managing Contractors which is an effective way to respond to weaknesses in government procurement systems, while still aligning with government planning processes. Other implementing partners are also required to institute measures to prevent fraud. When allegations of fraud are raised, they are always investigated fully. AusAID reports cases of fraud to the National Police of Timor-Leste and cooperates with police investigations.



The Australian aid identifier can be clearly seen on AusAID built warehouses storing medical equipment in Manatuto District; on certificates awarded by Ms Sword-Gusmao to high school students; on bags of rice delivered to communities; billboards advertising Australia Awards in Dili; a primary school toilet in Los Palos. (Photos: AusAID)