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New Zealand Ministry of Foreign Affairs and
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Evaluation of New Zealand's Country Programme in Timor-Leste

Evaluation Compendium - Part One:
Summary Findings



Evaluation Compendium

The Timor-Leste Country Programme Evaluation was commissioned by the New Zealand Ministry of Foreign Affairs and Trade (MFAT) to strategically assess New Zealand's bilateral engagement with Timor-Leste. This evaluation covers recent activities, particularly those under the Timor-Leste *Strategic Framework for Development 2012-2015* (MFAT, 2012), and includes their implications for current and future activities under the *Joint Commitment for Development 2016-2020* (MFAT, 2016b) and beyond. This is one of several strategic evaluations that are currently being undertaken to examine the results and impacts of New Zealand's country partnerships.

The evaluation commenced in April 2017 and has involved a range of detailed assessments that if combined would make for a long and complex report. The findings have therefore been made more accessible by presenting the evaluation as a compendium of five products crafted to meet the needs of different stakeholders.

These products are:

- 1) **Part One: The Summary Findings** which includes two subsections:
 - › The Key Points: a double page infographic outlining the evaluation's main findings and key lessons.
 - › The Executive Summary: a five-page summary of the main findings.
- 2) **Part Two: Country engagement and strategic outcomes.** This is a thirty-page discussion of the relevance of New Zealand's bilateral engagement with Timor-Leste, including the development context, how the programme is evolving, and the strategic implications for MFAT's future development assistance. This higher-level assessment focuses on the needs of MFAT's development managers and other state actors engaged in Timor-Leste.
- 3) **Part Three: The Timor-Leste Context.** This is a compilation of four papers that assess the current development environment and socioeconomic status of Timor-Leste. These papers provide a resource for MFAT staff, and a contextual basis for the upcoming strategic planning processes:
 - › Paper 1: Economic and Social Development.
 - › Paper 2: Public sector issues in Timor-Leste.
 - › Paper 3: Private Sector Development.
 - › Paper 4: International Integration.
- 4) **Part Four: The Detailed Assessments of Development Activities.** This is a compilation of eleven papers that assess the current New Zealand development activities against the OECD DAC criteria. These papers provide a resource for those MFAT programme managers, implementation teams, and development partners who are interested in particular activities. They also frame important issues that may warrant further investigation as part of the dedicated review processes planned for each activity.
 - › Paper 1: Scholarships, Short-term, and English Language Training Opportunities.
 - › Paper 2: Alternative Pre-school Education.
 - › Paper 3: The HANDS programme (*Halimar, Aprende, no Deskobre; Susesu*).
 - › Paper 4: Lafaek Education Media.
 - › Paper 5: Coffee.
 - › Paper 6: Aquaculture.
 - › Paper 7: Tourism.
 - › Paper 8: Community Policing.
 - › Paper 9: Human Rights.

- › Paper 10: Partnerships.
 - › Paper 11: Volunteers.
- 5) **Part Five: The Evaluation Process** outlines the evaluation plan, the evaluation team, the people consulted, and the findings from both the scoping mission and the main mission.

Part One: The Summary Findings

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QUICK FACTS



East Timor



POPULATION

1,291,358 (July 2017 est.)
66% live in rural areas



HUMAN DEVELOPMENT INDEX

133 out of 193 (2016)



POPULATION BELOW POVERTY LINE

41.8% (2014 EST.)



GDP

USD\$2.716 billion
172 OUT OF 230 (2016 EST.).

GDP GROWTH

4.5% (2016-2017 EST.)



LANGUAGE



Tetun and Portuguese
(OFFICIAL LANGUAGES)

English and Indonesian
(WORKING LANGUAGES)



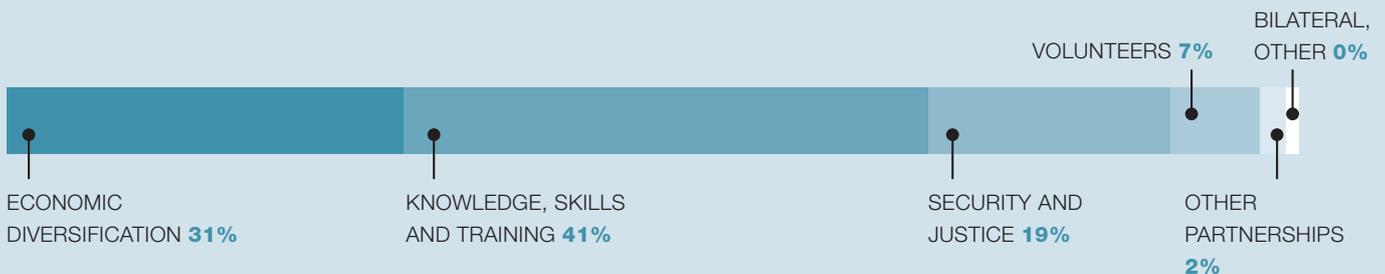
MAJOR INDUSTRIES

Oil and gas, Agriculture



GLOBAL HUNGER INDEX

10 out of 193 (2018)



CURRENT NZ OVERSEAS DEVELOPMENT ASSISTANCE (ODA):

NZ\$16.7m per year

6% OF NEW ZEALAND'S TOTAL AID BUDGET
IN 3 MAIN SECTORS:

Perceptions of New Zealand



A valued, consistent, and relied-upon partner since Timor-Leste's independence, with a foundation mutually respectful and genuinely close development partnership.



An 'honest broker' whose Foreign Policy and Aid objectives focus on Timor-Leste's development without vested interests beyond successful outcomes for Timor-Leste.



A 'right-sized' role model of a small country with a strong economy, effective governance, good race relations, and good public administration.



NZ's aid programme is highly regarded by the Timor-Leste Government and other development partners for being well focused and relevant to the challenges in Timor-Leste – a significant change from 10 years ago when the program was seen as being dissipated.

What we've achieved

Over the last 6 years

Knowledge, Skills and Training

Scholarships and Training: "A skilled workforce and strengthened public sector".

NZ\$3.2M/year, 18% of ODA to Timor-Leste has resulted in the following outcomes.



60 Timor-Leste citizens were granted New Zealand academic scholarships, teaching new and essential skills.



160 Timorese public servants received short-term professional training awards and English language training awards, to address pervasive professional capacity constraints.

Support to early childhood education: "Improved quality, access and gender equity of learning outcomes for children 3-5 years old".

NZ\$4.2M/year, 23% of ODA to Timor-Leste. Interventions integrated with the T-L Government, with strong NZ expertise, and contributing to systemic change have:



Supported the Ministry of Education to service all **338 public pre-schools** in Timor-Leste reaching approx. 20,000 children, 16.7 per cent of Timorese children ages 3-5.



Supported UNICEF to pilot **123 community-run, alternative pre-schools** in Ermera and Viqueque.



Provided quality learning media for **115,000 children** 3 to 7 years enrolled in pre and primary schools, in partnership with CARE.

FUTURE SNAPSHOT



"New Zealand is the best placed donor to support Government and civil society to collaborate on an effective model for alternative and formal pre-schools, and to nurture the transition of young children into Grades 1 and 2."

Security and Justice

“Safety, security and access to justice for the people of Timor-Leste”. NZ\$3.6M/year, 19 per cent of ODA to Timor-Leste. Community policing initiatives delivering a locally relevant and sustainable policing model and close relationship with NZ Police have delivered the following outcomes:



Implemented standard operating procedures for community policing in Timor-Leste, and embedded community orientation within the TL National Police Strategic Plan (2014 – 2018);



Helped establish a police presence in all 452 suco across Timor-Leste; and



Established 13 Municipal Security Councils (MSCs), associated Women's Security Meetings (WSMs), and 123 Community Policing Councils (CPCs) to resolve local issues.

FUTURE SNAPSHOT



New Zealand's support is appreciated and effective in advancing Community Policing. Conditional on evidence of ongoing community policing adoption in the *Timor-Leste Community Policing Programme* and the HAKOHAK Program, support should continue through the coming triennium.

Economic Diversification

“Investments in agriculture, tourism and small business development create jobs, improve people's livelihoods, and build overall economic resilience and diversification”.

NZ\$5M/year, 31% of ODA to Timor-Leste has delivered the following outcomes:

New Zealand's most significant investments in economic diversification:



Improved arabica coffee productivity within the high-altitude coffee belt for 15,000 households (more than 1/3 of the industry), and diversified economic farming options at lower altitudes, including cocoa and other cash crops.



Identified the economic potential of the undeveloped Tourism sector and improved Tourism policy.



Established and strengthened community-based aquaculture production for fresh and brackish water fish hatcheries.



Built Dili-based livestock and vegetable value chains including establishing pilots for effective abattoir services, and fresh produce marketing to supermarkets.

FUTURE SNAPSHOT



Support for Economic Diversification is essential, but NZ investments are dissipated. NZ needs to tighten its logic and its focus in this sector. Already there is momentum to increase funding to emerging opportunities in tourism, and to the needs associated with ASEAN and WTO accession.

Prospective accession to ASEAN and the WTO will likely provide modest economic benefits and opportunities to align systems with international standards and upgrade the Timor-Leste's human resource development.

1 Key Points

Table 1: Evaluation Assessment of New Zealand's current Portfolio of activities against the DAC criteria.

Sector/ Activity DAC Criteria	Skills and Education				Private Sector Development			Security and Justice		Partnerships	Volunteers
	Scholarships, short-term training, ELTO	UNICEF Alternative Preschools	Early childhood education	Education media	Coffee	Aquaculture	Tourism	Community Policing	Human Rights		
 relevance	Positive contribution to recognised capacity challenges.	NZ is the only donor supporting pre-school education.	NZ is the only donor supporting pre-school education.	Only platform for delivering Tetum reading material to homes; informed by GoTL curriculum.	Contributing to development of an important rural development sector.	New and uncertain market/value chain with inherent investment risks for farmers.	One of the few opportunities for economic diversification in TL, despite fledgling state of the sector.	Important contribution to the developing culture of a nascent police institution.	Key issue in Timorese constitution and political rhetoric.	Limited range of New Zealand partners. Better guidance is needed on strategic alignment.	Limited pool of host partners in Timor-Leste limits scope, scale and strategic opportunities for engagement.
 effectiveness	Selection process challenged by need for high level English competency. Growing and influential alumni.	Addressing multiple components of the preschool system.	Addressing multiple components of the preschool system.	Effective editorial and publication process.	Appropriate strategic partnership with a key local player.	Technically intensive hand-holding necessary to maintain performance of farmers and hatchery staff.	Early work on policy support has delivered a quality product.	Long-standing commitment to sector by NZ; (now) well-respected staff and advisers.	Recent training has been effective, but PDHU is increasingly underfunded and lacks political support.	Mostly effective delivery.	Strong positive feedback from hosts and volunteers demonstrates effective placements in almost all cases.
 efficiency	Well-established systems that are responsively monitored and upgraded.	Efficient assessment of models; ambiguous/evolving policy position.	Fragmented management arrangements; ambiguous/evolving policy position.	Nation-wide distribution system reaching all schools and a majority of households.	Unclear if rollout mechanism is optimised to achieve timely and affordable impact.	Slow delivery of hatchery upgrades and perceptions of 'distant' management support.	Policy delivery was handled quickly and at minimal cost, strongly supported by the Post.	In-country advisers are a time and cost intensive programme model. Locally engaged staff help to improve reach.	Delivery of Phase 1 was less than anticipated. Phase 2 has been better, but donor dependency remains high.	Good working partnership between NGOs and MFAT with sensitive approach to timescales.	Very solid systems and practices for assignment and pastoral management. Excellent M&E practices.
 impact	Scholar motivation for nation building is apparent.	Models tested that are comparable yet cheaper than formal preschools.	Evidence suggests positive impact on numeracy and literacy of next generation.	Some evidence of increasing literacy and numeracy; positive engagement of teachers and parents.	Solid evidence of households realising increased yields from adopting tree husbandry practices.	Target farmers report good yields/profits from first harvest and household food benefits.	Both the sector and the Government approach lack cohesion, which raises concerns regarding early and effective change. Scale of potential benefits is uncertain.	A focus on strategy and training appears to be effecting an appropriate change of culture in the PNTL.	Case work is limited, and success rate is poor. PDHU seems increasingly allocated to lesser issues (e.g. monitoring recreation leave, school monitoring)	Projects generally achieve meaningful and sometimes exemplary results.	Difficult to assess substantive impact, but subjective measures and stories are uniformly positive.
 sustainability	High rates of return to Timor-Leste, and of retention in relevant employment.	Likely to remain dependent on donor funding.	Likely to remain dependent on donor funding.	[Appropriately] donor-dependent platform.	If farmer adoption is high, yield increases should be significant and lasting yet pathways to long-term, and spontaneous adoption remains unclear. Unclear pathway from initial work to industry-wide rehabilitation and diversification.	Unclear scale of market opportunity; dependence on external technical support and free supply of fingerlings; long and multi-faceted pathway to a sustainable system.	Multiple players with different agendas need to show greater unity – current progress will be undermined if strategy and action plans are not widely adopted.	A risk that the momentum of culture change may wane after the pending withdrawal of the NZ advisers.	Limited clarity of political support, and heavy donor dependency.	NGOs are generally careful to build in handover and sustainability mechanisms.	Both hosts and volunteers focus on retaining capacity.
 inclusiveness	Difficult to get female participants – particularly in STTS and ELTO.	Good involvement of mothers and girls. Good staff balance.	Good involvement of mothers and girls. Good staff balance.	Equal access to boys and girls. Strong gender messaging.	Pleasing focus on women farmers and corporate gender policy.	Limited focus on involving women as leaders in aquaculture farms.	Policy work has a solid and best-practice focus on inclusion and mitigation of social risk.	Strong focus on women's involvement and voices within local structures.	Issues seem to be gender balanced	All NGOs pay particular attention to inclusiveness.	Strong gender balance, and focus on promoting gender inclusive principles.

2 Executive Summary

2.1 The Context

Since independence, Timor-Leste has made enormous progress in establishing both a democratic government and the associated legislative, executive and judicial functions of a modern state. The country has also made considerable development and economic gains in its infrastructure, services and poverty reduction - gains that have been faster than in many similar countries. Nevertheless, not only do important social, economic and political challenges remain, but there are new challenges on the horizon that now need to be faced. In the medium term, royalties from oil and gas will decline, and Timor-Leste will face significant fiscal challenges, at the same time as it is struggling with the need to:

- › Improve governance and public expenditure management at all levels;
- › Strategically invest to build its economy, and service its people;
- › Diversify its economy to provide a range of economic livelihood opportunities and more sustainable models of private sector growth;
- › Address the significant, growing, and increasingly intractable development inequality experienced by a rural population that struggles to access improved opportunities;
- › Creatively handle the country's high un- and under-employment, especially given its very young population; and
- › Deal with the country's ongoing rural poverty, and disturbing levels of malnutrition and food insecurity.

The next decade will thus be a pivotal time for the Government of Timor-Leste and its development partners, including New Zealand. Overall, Timor-Leste must transition to a more sustainable economy by expanding economic growth in ways that are more sustainable and equitable for all Timorese – urban and rural; men, women and children; youth and the aged.

2.2 New Zealand's bilateral relationship and development support

New Zealand's bilateral relationship with Timor-Leste has its origins eighteen years ago, in September 1999, during the fraught aftermath of the August independence referendum. Since this time New Zealand has developed a relationship with the Timorese people, its Government and its development partners which is widely respected. All the same, given the limited trade links between the two nations, some in New Zealand consider its foreign policy relationship with Timor-Leste to be less than compelling. There are, however, important social, strategic and regional issues which underpin the relationship.

In particular, it is clearly in New Zealand's interests for Timor-Leste to remain stable and not re-experience the violence of the past. There are also significant mutual benefits in having a 'friendly' country onside in regional and international forums. For instance, Timor-Leste was one of the strongest and most effective advocates for New Zealand's selection to the UN Security Council in 2015/2016.

From a development perspective, New Zealand's assistance to Timor has grown and now averages NZ\$16.7m per year, or about six per cent of total grant ODA. This assistance has become increasingly strategic as articulated in aid guidance documents such as New Zealand's past Strategic Framework for Development (SFD) 2012 – 2015, and the current Joint Commitment for Development (JCfD) 2016 – 2020, both of which align closely with the aims of Government of Timor-Leste's (GoTL) Strategic Development Plan (SDP) 2011 – 2030.

New Zealand's current and planned investments now focus on three areas:

- 1) Improving knowledge skills and education: The JCfD aims to contribute to:
 - › A skilled workforce and strengthened public sector; and
 - › The quality, access and gender equity of learning outcomes for children 3-5 years old;
- 2) Economic Diversification: The JCfD aims to contribute to investments in agriculture, tourism and small business development that create jobs, improve people's livelihoods, and build overall economic resilience and diversification; and
- 3) Security and justice: The JCfD aims to contribute to investments to improve the safety, security and access to justice of the people of Timor-Leste.

Between 2012 and 2018, more than 91 per cent of bilateral and non-bilateral ODA has aligned with these three priorities. The JCfD (and the SFD before it), however, relies on broad statements of strategic intent, proposed joint actions by New Zealand and the GoTL, and a narrative listing of areas in which results are expected. Hence progress/performance can only be subjectively assessed, and considerable care is needed to responsively review, adaptively manage, and sensitively negotiate and maintain a common and enduring vision for the programme. Discontinuity due to staff turnover is a particular risk. However, there is solid evidence that current development managers do in fact review, learn and adaptively manage the programme – it has been increasingly characterised by longer-term 'sectoral' engagements, and by activity implementation that has capably evolved in step with Timor-Leste's dynamic operating context. For a moderately-sized bilateral donor, this approach has been appropriate - gaps have been identified, partnerships have been strategically developed, and the efforts of other donors have been leveraged.

A high-level assessment of current investments through the lens of the Development Assistance Committee's (DAC) evaluation criteria is presented in Table 1. Overall, the New Zealand portfolio rates well for Relevance, Effectiveness and Inclusion, while the portfolio's most problematic DAC criteria (unsurprisingly given Timor-Leste's fragile and emerging governance and economic systems), are Sustainability and Impact. Within the three sectors, the work in Skills & Education and Community Policing are focused and doing well, while the work in Economic Diversification is more disparate and the results more challenging.

The following outlines findings for each of the three sector engagements.

2.2.1 Improving Knowledge, Skills and Education

Current investments are firmly aligned with the strategies of both Governments, and contribute directly to aspects of Goal 4 of the United Nation's 2030 *Strategic Development Agenda* (SDA). New Zealand's support to scholarships, short-term training, and early childhood education both complements and integrates with the initiatives of other development partners.

Support includes:

- 1) Scholarships and Short-term Training which comprised 18 per cent of New Zealand's ODA to Timor-Leste in the 2012 to 2015 triennium, or around NZ\$3.0 million per annum. The relevance of investing in scholarships and short-term training for adults acknowledges that poor capacity (people, skills, motivation, systems, resources) is the key constraint within most Government institutions, the private sector, and in professions (health, education, science and technology). The 20 annual short-term training awards, and 20 annual English language training awards, address immediate professional capacity constraints within the Timorese public service, while the 15 annual academic scholarships address the human capital constraints over a longer horizon. All three programmes are carefully monitored and regularly adjusted to improve effectiveness, but all are challenged by the poor base and English language capability of participants. The sustainability and impact of short-term training and scholarships is challenging to capture, but is considered largely acceptable in the case of New Zealand alumni, insofar as almost all scholars/trainees have returned to their country, and are now gainfully employed. New Zealand could, however, do more to support its alumni, and leverage off their ideas and connections in priority sectors.
- 2) Sector wide support to early childhood education which comprised 23 per cent of New Zealand's ODA to Timor-Leste in the 2012 to 2015 triennium, or around NZ\$3.8 million per annum. MFAT's

engagement with early childhood education in Timor-Leste is a long-term investment in the next generation of Timorese, that complements the more immediate impacts of its trainings and scholarships for adults. New Zealand's support to early childhood education is well contextualised – it closely aligns with the legislative frameworks of Timor-Leste by supporting the government to meet the targets of the National Education Strategic Plan (NESP) 2011-2030, as well as the Policy Framework for Pre-school Education (PEPE). Furthermore, New Zealand professionals and institutions are well placed to support early childhood education in Timor-Leste, given its highly regarded Te Whāriki early childhood curriculum, quality pre-school sector, and world-class academic support and teacher training. New Zealand is currently supporting the Ministry of Education in servicing all 338 existing public pre-schools in Timor-Leste - almost 20,000 children, or about 16.7 per cent of Timorese children aged 3, 4 and 5. New Zealand has also supported UNICEF to pilot 123 community-run, alternative pre-schools in Ermera and Viqueque, while collaboration with CARE has ensured all children between three and seven (some 115,000) regularly receive quality *Lafaek* learning media for use both at school and in the home. Given New Zealand's track record in the early childhood education sub-sector, its high profile, and its solid reputation and engagement with Government, there is a strong argument for the extension of its support beyond pre-school to include children into Grade 2, and thus to all children aged 3 to 7. To this end a new Partnership program already aims to detail the various options for early childhood education in Timor-Leste and their integration with formal pre-school and basic education.

2.2.2 Economic Diversification

New Zealand's broad investments in economic diversification comprise almost one third of ODA, and include programmes that are both bilaterally and non-bilaterally funded. All investments aim to help diversify Timor-Leste's economy in order to underpin Government revenues, and deliver opportunities to the populace that are both sustainable and equitable. New Zealand's investments focus on what are potentially the two most significant non-oil sources of growth: agriculture and tourism.

- 1) Agriculture, which is one of MFAT's Global Reach priorities, has dominated New Zealand's investments in economic diversification since 2012. Recent support includes to:
 - › Improve arabica coffee productivity within the high-altitude coffee belt for 15,000 households (about half the industry, or 20 per cent of the nation's households), and introduce new diversified economic options for farmers at lower altitudes, including cocoa and other cash crops;
 - › Establish and strengthen the aquaculture sector in Timor-Leste, by bringing hatcheries online for fresh and brackish water fish production, and by piloting community-based production systems;
 - › Build the value chains for livestock and vegetables focused on the Dili market;
 - › Help six NGO projects focused on livelihood support to rural households, youth and/or women, funded under the PfID programme;
 - › Build the enabling environment for the private sector through the ADB's regional Pacific Private Sector Development Initiative (PSDI); and
 - › Support up to 15 volunteers per year, 70 per cent of whom work with economic service agencies (e.g. IADE, accounting firms, and social enterprise NGOs) to build their economic outcomes.
- 2) Tourism, on the other hand, is not one of MFAT's Global Reach priorities. Support to the sector is, however, justified as it is one of the relatively few economic diversification options available to the country. It is also an area in which New Zealand has world renowned expertise. The current needs are to establish the basic foundations, and test the potential scale of the sector, in line with which New Zealand has already supported the GoTL to develop a widely accepted Tourism Policy.

Yet while each of these investments has merit (the initiative in coffee, for instance, has significantly improved household wellbeing while at the same time it has stimulated a growing export sector), several

have been quite ambitious, and as such have lacked the resources and/or timeframes to achieve sustainable outcomes.

All in all, while the individual projects have a clear intent, the higher level strategic integration, cross-MFAT understanding, and Government-to-Government vision for Economic Diversification has generally been lacking. Yet because the Evaluation Team agrees that Economic Diversification is an area of need that cannot be ignored, New Zealand's programme would greatly benefit from a solid process that better defines the strategic logic, and a results chain (or theory of change) that clearly explains why MFAT engages in Economic Diversification as a whole, and what it hopes to achieve.

2.2.3 Security and Justice

New Zealand has contributed to the Security and Justice Sector in Timor-Leste through support to the *Polisia Nasional Timor-Leste* (PNTL) and the *Ministry of State Administration* (MOSA) to achieve a locally relevant and sustainable model of community policing; and by assisting the *Office of the Provedor for Human Rights and Justice* (PDHJ) to increase its capacity and regional services. Together these investments account for 19 per cent of ODA since 2012. They aim to operationalise the rule of law in a way that is sensitive, relevant, and has a lasting impact on the peace, security and human rights of the people of Timor-Leste. As such, both areas of investment contribute to the UN's *Strategic Development Goal 16: Peace, Justice and Strong Institutions*.

- 1) **Community Policing:** Since 2012, New Zealand Police and the Asia Foundation have been working together to establish and strengthen the relevant systems/policies, and to inculcate a constructive institutional culture within the PNTL. The programme has supported the establishment and operating practices for community police in all 452 sucos across Timor-Leste, and embedded a community orientation within the PNTL Strategic Plan (2014 – 2018). Furthermore, it has helped improve community engagement through the establishment of 13 Municipal Security Councils (MSCs), and associated Women's Security Meetings (WSMs); and 123 Community Policing Councils (CPCs) that are now regularly helping to resolve local issues. The remaining challenge is one of sustainability and ownership, the key indicator for which is the expansion of community policing from 'in-service' vocational enhancement to a more fundamental 'pre-service' training foundation.
- 2) Through New Zealand support, the PDHJ is a stronger and more competent institution, with a greater district reach. Nevertheless, due to the GoTL's significant underfunding of the PDHJ, and an apparent loss of political vision and support, progress is currently stalled.

New Zealand's engagement in the Security and Justice Sector in Timor-Leste shows solid evidence of success. Its support has demonstrated to Timor-Leste the merits of community policing, and (somewhat more arguably) the need for a human rights institution that can protect, monitor and promote human rights and good governance. Yet both programmes need to ensure their sustainability, and hence the next steps lie largely with the GoTL.

2.3 Aid management

The GoTL and development partners consistently and emphatically expressed an appreciation not only for the individual interventions, but also for the close relationships that the team at the Embassy maintains with both Government and development partners in the key sectors – sectoral partnerships in which New Zealand, Government, communities, and stakeholders jointly engage in a development 'journey'. This mutual 'journey' is exemplified by the capacity to:

- › engage in continual dialogue;
- › strategically invest;
- › responsively engage with opportunities as these arise;
- › build vision (e.g. through cross-visits and short-term training);
- › support champions, and, over time;

- › participatively design longer and more robust interventions fashioned around the unique needs of Timor-Leste.

These are characteristics that need to be understood and nurtured if the Embassy is to continue its engagement as an effective and important partner in the development dialogue. Current staff resources at Post are comparatively small, and New Zealand may wish to consider strengthening these. The GoTL also greatly appreciates those New Zealand programmes that have close development links with New Zealand institutions (e.g. NZ Police for Community Policing) and would like to see future programmes build similar institutional links where possible. The challenge for MFAT, however, is to find New Zealand agencies with both the mandate and the capacity to allow them (and their staff) to engage in Timor-Leste in a significant and meaningful manner over the longer term (e.g. while NIWA is involved in the Fisheries programme, their level of engagement is inconsistent).

2.4 Implications for New Zealand's Future Programme Focus

Over the coming years, five interrelated challenges will markedly define Timor-Leste's relationship with its development partners.

- 1) **Divergent development strategies:** The GoTL's focus on physical infrastructure and capital-intensive development at the expense of health, education and local private sector development is at odds with the aspirations of its development partners.
- 2) **Reducing revenues:** In all likelihood, the GoTL's revenues will drop rapidly in the next few years, which will require a significant recalibration of aggregate public spending.
- 3) **Challenged counterpart commitments:** There is also the risk that the GoTL will reduce its funding commitments in sectors that New Zealand is currently supporting (as already foreshadowed in early childhood education).
- 4) **Increased fragility:** If the GoTL does not engineer an efficient and equitable 'soft landing' for the country's economy, the public expenditure 'glue' that has helped reconcile political differences may well be eroded, and social unrest may ensue.
- 5) **New Generation:** The recent parliamentary elections have highlighted the emergence of a 'new generation' of Timorese whose perspectives are increasingly influential in the politics and the aspirations of the country.

The goal for development partners is to support Timor-Leste in such a way that it can creatively address these challenges in order that the country can continue to pursue strong equitable growth for its people.

From the current MFAT perspective, Timor-Leste lies outside of New Zealand's immediate Pacific sphere of interest and historical obligation, with the result that the strategic opportunities for support that are available to Timor-Leste are, in theory, more limited than those available to New Zealand's Pacific bilateral partners. Nevertheless, Timor-Leste is often managed within MFAT as a special case, with regular exceptions being the norm. These exceptions, however, have at times led to frustration, particularly because the decision-making inevitably takes time, and requires multiple one-off negotiations. Yet given the current fragility of Timor-Leste's development, it seems inappropriate to limit its options. Whether New Zealand approaches its choices with 'Pacific' flexibility, or through its more focused 'Global' priorities (such as disaster risk reduction (DRR) and renewable energy), the challenge gets down to competing priorities, a limited resource, and the need to maintain a consolidated program.

The current investments in education, economic diversification, and security will consume the bulk of bilateral ODA through to 2018/19. Currently, there appears to be both a relatively robust rationale, and the momentum, to maintain/ evolve the existing bilateral programmes in education and security:

- 1) For Early Childhood Education, New Zealand is the best placed donor to support Government and civil society to craft an effective collaboration model for alternative and formal pre-schools, and to nurture the transition of children into Grades 1 and 2. Traction, reputation, and Government commitment all seem robust and, if maintained, would result in the ongoing enhancement and deepening of this engagement during the next triennium.

- 2) For Security and Justice, New Zealand's presence is both appreciated and effective in advancing the Community Policing paradigm. Conditional on evidence of the further/ongoing adoption of community policing, then support should continue through the coming triennium. However, because the PDHJ investment is unlikely to deliver impact in the current environment, resources could be diverted to strengthen community policing initiatives either in human rights, and/or through improved operational systems to coordinate devolved DRR services.
- 3) For economic diversification, maturation of programmes in coffee and aquaculture could release some funding flexibility over the coming triennium, but the levels of funding released will only be modest, and thus insufficient to justify a fourth 'new' sector of engagement. MFAT must carefully reflect on the strategic logic and portfolio underpinning its current economic diversification investments, before any consideration can be given to 'new' sectors. If the logic is sufficiently robust, New Zealand should continue on its current course. If it is not, then New Zealand could consider transitioning its current support to other areas of fragility in Timor-Leste's development. The Evaluation Team considers that there is opportunity and merit for MFAT to retain its engagement in economic diversification given its importance to Timor-Leste in the coming decade. Already there is momentum to direct some of this funding to emerging opportunities in tourism, and to the needs associated with ASEAN and WTO accession.

Lastly, while New Zealand's aid programme is already responsive and adaptive, it could be further enriched by stronger strategic dialogue, and by a longer-term planning horizon that integrates the interests of all the relevant New Zealand agencies and actors. Hence, there is a need to bring the activities of all New Zealand's state agencies working in Timor-Leste into greater alignment through a strategic whole-of-government dialogue.

3 Recommendations

Sector	Sub-sector	Lessons and Recommendations	Reference
Improving Knowledge Skills and Education	Scholarships and training	1) Currently, the list of alumni is incomplete and networks are informal. There is much more that could be done to: <ol style="list-style-type: none"> a) Consolidate and update the current Alumni listings; b) Provide ongoing professional and career opportunities to Alumni, and integrate them with New Zealand’s activities both in Timor-Leste and across the region; c) Support the Alumni to be more active in increasing their profile, promoting the benefits of links with New Zealand, and advocating for responsible development; and d) Understand the opportunities and challenges faced by returning Alumni. 2) The Scholarships programme is already looking at ways to build its Alumni globally. The upcoming scholarships evaluation might consider using Timor-Leste as a tracer study to build understanding.	Part 2, Section 2.1.1, Page 14. Part 4, Paper 1
Improving Knowledge Skills and Education	Early Childhood Education	There is a strong argument for the extension of Early Childhood Education support beyond pre-school to include children into Grade 2, and thus to all children aged 3 to 7. Broadening the scope would move New Zealand’s engagement into a more securely funded area of Government concern, formalise the relevance of pre-school education, and improve the transition between pre-school and basic education.	Part 2, Section 2.1.1, Page 15
Improving Knowledge Skills and Education	Early Childhood Education	The HANDS Mid-term Review planned for early 2018, should carefully consider how well the alternative pre-school models are filling the gaps in the formal system, how to remove the current constraints on the alternative models, and how to create a clearer, smoother transition from the alternative into the formal system. There appear to be two options: <ol style="list-style-type: none"> 1) Once Government funding is clarified, New Zealand’s early childhood education initiatives (HANDS and the UNICEF alternative pre-schools programme) could continue to work together with the Ministry of Education to maximise its vision within the constraints it is facing, possibly through an increased focus on the alternative pre-school models, at the same time as it consolidates the foundations for the formal system. 2) Alternatively, New Zealand’s efforts could focus from the outset on the establishment of an alternative pre-school system that is subject to market mechanisms, outside of direct Government control. 	Part 4, Paper 2 and Paper 3

Sector	Sub-sector	Lessons and Recommendations	Reference
Improving Knowledge Skills and Education	Early Childhood Education	<ol style="list-style-type: none"> 1) There is strong merit in New Zealand continuing support to the <i>Lafaek</i> Learning Media. It is unlikely that <i>Lafaek Ki'ik</i> and <i>Lafaek ba Manorin</i> can be sustained by the Ministry of Education in the short to medium term, or that they can be supported through self-funding given that routine sponsorship for magazines in the early childhood demographic is unlikely. 2) <i>Lafaek ba Komunidade</i> has a proven track record for getting key messages into communities, and is a more 'marketable' product with a broader readership that is more open to sponsorship. <i>Lafaek ba Komunidade</i> sponsorship should be tailored to subsidise not only its own production, but the total distribution costs of the three magazines. 3) There is significant scope for MFAT to make better use of the <i>Lafaek</i> learning media to promote messages from across the whole of the New Zealand programme. 	Part 4, Paper 4
Economic Diversification	Results-based logic	<p>New Zealand's programme would greatly benefit from a solid process that better defines the strategic logic underpinning its engagement in economic diversification, including a results framework that better guides, integrates and defines the intent behind its investments. As part of this process, it is suggested that:</p> <ol style="list-style-type: none"> 1) Each investment should focus on two levels: <ol style="list-style-type: none"> a) Firstly, it should deliver solid on-the-ground support to improve value chain function in a way that demonstrates feasible, sustainable and equitable income improvements for the poor; and b) It should then leverage off this real-world experience by supporting sector advocacy with the relevant line agencies (and potentially other development partners) to increase their focus on enabling systems and policies, and significantly reduce the GoTL's predilection for direct market interventions. 2) One mechanism MFAT could consider for supporting advocacy, and for increasing its fiscal ability to respond flexibly, is through a new small 'governance' facility – a flexible fund that would supplement value chain experiences, and coherently support Government to improve or address gaps in their services or policies. This facility could also have a role in supporting New Zealand's other two sectors of focus in Timor-Leste. 3) MFAT should build greater coherence between its bilaterally funded initiatives in economic diversification, and those of the NGOs supported by the PfID, by being much more specific about the areas in which the PfID would enhance the broader programme. 	Part 2, Section 2.1.2, Page 19
Economic Diversification	Coffee and Cocoa	<ol style="list-style-type: none"> 1) Post 2020, any further New Zealand funding to the ongoing rollout of coffee tree rehabilitation should be predicated on there being a feasible, industry-wide, multi-stakeholder, agreed-upon approach, to achieving timely and comprehensive rehabilitation. 2) To achieve this, over the next three years New Zealand should consider supplementing the current investment in the following ways: <ol style="list-style-type: none"> a) by supporting the CCT to clearly define the expected scope, scale, pathways, timeframe and costs necessary for full coffee industry rehabilitation. 	Part 4, Paper 5

Sector	Sub-sector	Lessons and Recommendations	Reference
		<ul style="list-style-type: none"> b) by considering ways in which it can build off its experience with the CCT to advocate and influence the policy and industry-wide implications of both rehabilitation and crop diversification. c) by using its leverage with the CCT to encourage it to resolve any outstanding issues with the ACTL, and then to join it. 	
Economic Diversification	Aquaculture	<ul style="list-style-type: none"> 1) For PADTL's outcomes to be achieved, a longer timeframe and greater resource commitments are needed. The current project therefore needs to revisit the outcomes achievable in the next two years. Given the budget, management and technical resources available, more focused and modest outcomes are entirely reasonable. 2) The development of a more effective and responsive on-the-ground presence is needed to instil confidence, vision and trust in MAF staff and value chain stakeholders, and to promptly address management issues as these arise. 	Part 4, Paper 6
Economic Diversification	Tourism	New Zealand's future options in the tourism sector are plentiful, although the opportunities for traction are less clear. New Zealand could mitigate this risk by establishing a flexible facility that funds opportunities, and supports champions, as and where these arise.	Part 4, Paper 7
Security and Justice	Community Policing	<ul style="list-style-type: none"> 1) New Zealand must have solid evidence of sustainability and ownership by the PNTL of community policing, the key indicator for which is the expansion of community policing from 'in-service' vocational enhancement to a more fundamental 'pre-service' training foundation. 2) There is considerable opportunity to use the community policing presence, and the active community groups, to foster stronger disaster preparedness, planning and response, at the suco and municipal levels. 3) There is also scope to further strengthen the human rights profile of community policing, particularly the training of police to take a more human-rights-sensitive approach. 	<p>Part 2, Section 2.1.3, Page 21</p> <p>Part 3, Paper1, Annex A.</p> <p>Part 4, Paper 8</p>
Security and Justice	Human Rights	<p>The justification for future New Zealand's ongoing support to the PDHJ is fragile and must be contingent on:</p> <ul style="list-style-type: none"> 1) a significant escalation of the GoTL's resourcing commitment; 2) the GoTL agencies actively following through on the PDHJ's investigative findings; and 3) the PDHJ demonstrating it can mediate change within Timor-Leste's complex political economy in an efficient, timely and culturally sensitive manner. 	<p>Part 2, Section 2.1.3, Page 21</p> <p>Part 4, Paper 9</p>
Non-Bilateral	PfID and VSA	<ul style="list-style-type: none"> 1) While PfID funding for Timor-Leste is robust, it is mainly INGO's that avail of the opportunities. It would be useful to better understand why other New Zealand groups fail to make better use of the PfID, as their inputs would likely be particularly relevant and helpful. 2) MFAT could also consider a more robust mechanism to build greater leverage and synergy between Partnerships and the broader bilateral programme. It should consider clearer guidance and discourse to solicit applications that are more directly relevant to the current programme. 	Part 4, Paper 10 and Paper 11

Sector	Sub-sector	Lessons and Recommendations	Reference
		<p>3) The VSA programme needs to make every effort to expand the current suite of suitable hosting organisations, with particular emphasis on those based outside of Dili.</p> <p>4) The VSA programme should consider placing volunteers with agencies that are already deeply engaged with the bilateral program, or with the NGOs working on the PfID engagements.</p>	
Aid management	Cohesiveness	<p>To maintain and enhance New Zealand's well-respected way of working with its development partners, MFAT needs to enhance the awareness, resources, capacity and tools at Post to:</p> <p>1) Understand the focus sectors, and develop the key relationships, and thus be seen as relevant; and</p> <p>2) Invest nimbly in partnerships that can slowly progress understanding, and an appreciation of the available alternatives.</p>	Part 2, Section 2.2, Page 22
Aid management	Resourcing	New Zealand should consider appointing an additional local staff position at Post to aid its functioning, and achieve a more sustainable critical mass that ensures continuity, and the retention of institutional memory.	Part 2, Section 2.2.3, Page 23
Future Strategy	Options	The current investments in education, economic diversification, and security will consume the bulk of bilateral ODA through to 2018/19. After this, some flexibility will eventuate, but the levels of funding released will only be modest, and thus insufficient to justify a fourth 'new' sector of engagement. MFAT must carefully reflect on the strategic logic and portfolio underpinning its current economic diversification investments before any consideration can be given to 'new' sectors. If the logic is sufficiently robust, New Zealand should continue on its current course. If it is not, then New Zealand should consider transitioning its current support to other areas of fragility in Timor-Leste's development.	Part 2 Section 3.2 Page 26



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