

New Deal Country Survey for Timor-Leste

Italic parts under the questions are detailed guidance provided by the IDPS Secretariat. They are not instructions and thus not obligatory.

1. Fragility assessment

1.1 Has fragility assessment been done, and if so, how was it done?

Indicate how the fragility assessment took place, including key step and the stakeholders involved. If one has not been conducted, explain why? Provide a link to the fragility assessment report, if available. Include similar information on the fragility spectrum and indicators, if relevant. Indicate if and when the next fragility assessment is planned and how it will be done, including the timetable for doing so. Indicate how the assessment process could be improved in the future. Include similar information on the fragility spectrum if relevant.

The Fragility Assessment was conducted in Timor-Leste from July to August 2012. It involved approximately of 41 institutions, including State Institutions, Development Partners, Civil Society Organizations and Local Authorities from two selected districts, and Universities. The key steps included briefing to the stakeholders, kick-off workshop, group discussion at national level for each PSG dimension, group discussion at district level (Liquica and Lautem), and presentation of major findings in the presence of the United Nations Secretary General, and publication of summary report. The key results from the assessment are shown as follows.

Peacebuilding and Statebuilding Goals (PSG)	Result
PSG2 Security	Has the biggest area of progress
PSG1 Legitimate Politics PSG5 Revenue and Services	Has made some good progress
PSG3 Justice PSG4 Economic Foundation	Need more attention in the future for improvement

The Summary Report of Fragility Assessment is available at <http://static.squarespace.com/static/5212dafbe4b0348bfd22a511/t/52aea919e4b0532c165f6a15/1387178265606/Timor%20Leste%20Fragility%20Assessment%20Report.pdf>. The information on the fragility spectrum and indicators for each PSG is included in this Summary Report (Annex 3 and 4).

In general, the Fragility Assessment is perceived as an important tool to evaluate Timor-Leste's status of peacebuilding and statebuilding and its inclusive process is supported by the stakeholders.

At this stage, the next Fragility Assessment has not been planned yet.

1.2. Do you see impact / change on the ground, as a result of the fragility assessment?

Indicate if and how the results of the fragility assessment are leading to changes in national policies and plans, including compact development, implementation, and review. Also indicate if and how the results of the fragility assessment are leading to changes in the plans and programs of development partners and civil society. Provide examples of the most significant changes. Include similar information on the fragility spectrum, if relevant.

In general, the explicit changes due to the result of the fragility assessment have not been observed in national policies and plans. Though some changed decision are pointed out in a specific area of security; the examples include (1) establishment of community-based police officers for each village, (2) increasing of number of security personnel in the community and (3) targeting areas with boarder and high potential of conflict.

It is mentioned that there have been some delays translating the Fragility Assessment into change on the ground. Following the Fragility Assessment, the Government established a New Deal working group to pursue the work of the Fragility Assessment. Unfortunately, this working group has recently stopped operating. The Stalling of this mechanism has delayed the internal take-up of the Fragility Assessment with the Government.

The results of Fragility Assessment confirmed the relevance of some Development Partners' current assistance programs to Timor-Leste and/or have been used as a reference or basis for formulating their country assistance strategies or programs for the next phase (the World Bank Group, European Union, UNDP, UNICEF, Japan, Germany, and Australia). Some Development Partners including Germany consider the Fragility Assessment also as relevant for monitoring the progress in the future, in the fields where they provide external assistance. The other Development Partners including IOM did not perceive any meaningful impact on their programs.

La'o Hamutuk, Civil Society Organization, states more focus should be given on human perspective, equality and economic justice instead of peacebuilding and statebuilding, because the most important issue for the State is the future planning of utilization of natural resources in a sustainable way, equally and creation of long-term inclusive economy.

2. One Vision, one plan

2.1. Is there “one vision, one plan” e.g. a single integrated planning document or framework, and if so how was it developed?

Describe the process by which “one vision, one plan” was formulated, particularly consultations involved.

If “one vision, one plan” exists or has been developed, then provide a link to it. Indicate the timeframe covered by the plan, and if and how the PSGs are reflected in it. Describe the process by which the “one vision, one plan” was formulated, if this is not already outlined in the “one vision, one plan” document itself. Particular emphasis should be put on outlining how civil society was involved and how the public was engaged or kept informed. Where possible, describe if and how the behavior of development partners has changed as a result of “one vision, one plan.” If “one vision, one plan” does not yet exist, explain the steps being taken to incorporate New Deal principles into existing national policies/strategies/plans, as well as to integrate them into “one national vision, one plan.” The answer can cover the last 24 months.

The Government recognizes the **Strategic Development Plan (2011-2030 (SDP))** as a “one vision, one plan,” which was released in July 2011, although the SDP was formulated before the New Deal. The SDP articulates Timor-Leste’s vision of development for the next two decades, and provides an integrated package of strategic policies, which aims to transform Timor-Leste from a low income to upper middle-income country, with a healthy, well educated and safe population by 2030. The SDP covers four pillars: (1) social capital, (2) infrastructure development, (3) economic development and (4) institutional frameworks. Each pillar sets out the areas programs that need to be completed to achieve the collective vision of SDP. The SDP document is available at http://timor-leste.gov.tl/wp-content/uploads/2012/02/Strategic-Development-Plan_EN.pdf.

The contents of SDP consist of the whole stakeholders and community input. The SDP was prepared by reflecting extensive work and strategic thinking carried out across all sectors and ministries, in a coordinated and shared vision for the future, and formulated through the five months of consultations by the Prime Minister, in throughout all the 65 sub-districts in Timor-Leste. Many thousands of people participated and contributed to the SDP: from young people to elders; from farmers to civil servants; as well as people from the all aspects of civil society.

The Development Partners and the Government of Timor-Leste came to an agreement that the SDP will be the overarching framework for all programs and projects to align with in the future, with the signing of the Dili Development Pact at the 2011 Timor-Leste and Development Partners Meeting (TLDPM). Since then, Development Partners has recognized the SDP as the Government’s development plan and commenced to refer it in their country assistance strategy in Timor-Leste.

2.2. To what extent are development partner country strategies supportive of and aligned to the “one vision, one plan”?

All Development Partners which responded to this survey confirmed their support and alignment of their assistance to the SDP and other plans established based on the SDP, and their contribution to achieving the goals formulated therein.

Some Development Partners explicitly stated their alignment to the SDP in their country assistance strategies/programs. Furthermore, the Government and some Development Partners, including Australia and New Zealand, concluded strategic agreements which consist of specific goals and plans of SDP to be achieved through their cooperation and established the mechanisms for periodical follow-up through annual bilateral dialogues.

The programs of the United Nations Agencies are aligned to the SDP through the draft United Nations Development Assistance Framework.

3. Compact

3.1. Is there a compact at the national or sector level, and how was it developed?

Describe the process by which the compact was developed, the stakeholders involved, and if and how the PSG and New Deal commitments are reflected in the content.

If a compact exists, provide a link to the compact. Indicate if and how the PSGs are reflected in the compact and how it may/may not incorporate New Deal principles and commitments. If not already provided in the compact document itself, describe the compact, indicating: i) the process by which the compact was developed; ii) how civil society was involved and how the public was engaged or kept informed; iii) the main objective and function(s) of the compact; iv) the scope of the compact, e.g. priorities, financing modalities, mutual commitments, implementation arrangements, etc.?; v) who endorsed the compact; vi) the period of time it covers; vii) what mechanisms for dialogue, monitoring and review of the compact have been established? If no compact has yet been developed, indicate why and whether another national cooperation framework is serving a similar purpose as a compact. Outline plans (if any) for developing compact in the future, including a prospective timeline, if available.

The compact has not been developed yet. The Government of Timor-Leste plans to initiate the process for developing a compact in 2014.

3.2. What impact is the compact having / what change do you perceive as a result?

Describe how the compact has improved development cooperation, political dialogue and joint work between the government, development partners and civil society.

Describe how existing national policies and plans relate to the compact. Explain if any changes have been made to ensure their coherence with the compact. Describe how the compact has improved development cooperation, including how development partners and civil society have adjusted their plans and programs, and its impact on political dialogue and joint work. Here it is important to provide information on development partners on a disaggregated basis, where possible.

Not Applicable.

4. Use Peace building and state Building Goals (PSG) to Monitor Country-Level Progress

4.1. Are there country level indicators for monitoring progress against the PSGs?

Describe what indicators have been agreed to measures progress against peacebuilding and statebuilding objectives or priorities. Provide a link to a list of agreed indicators, if possible. Indicate if the International Dialogue common PSG indicators are being used at country level, or if there are plans to use them in the future. Describe what mechanisms have been set up for collecting data and for monitoring process. Describe the role of development partners and civil society in monitoring efforts. Provide this information on a disaggregated basis, where possible. Describe how monitoring results are used and whether they are informing or influencing planning or programming by government, development partners or civil society. Diverging viewpoints should be documented too. Outline measures being undertaken by government, development partners and civil society to boost data collection and analysis capacity in-country.

The agreed indicators (short list), which was validated by the Council of Ministers on 23 January 2013, are as follows. This information is available in the Summary Report of Fragility Assessment (the link is indicated in 1.1). Asterisk (*) is given for the indicators which are similar to the Peacebuilding and Statebuilding common indicators of International Dialogue on Peacebuilding and Statebuilding.	
PSG1: Legitimate Politics	
	Number of people (by gender) who participated in civil education on political process*
	Participation rate in the election by district and gender*
	Political dialogue among the State with the complement bodies
PSG2: Security	
	Number of political violence and common violence on annually basis*
	Number of illegal cases (human trafficking and illegal immigration) and conflicts in the borders*
	Ratio of police to total population per district*
	Number of police (by gender and district) with Tertiary Education from a total of Police*
	Number of refugees (including IDPs) resulted from conflict*
PSG3: Justice	
	Proportion of judicial actors (judges & prosecutors) and public defender (by gender) to a total registered cases in district
	% from budget allocation to justice sector as a total recurrent budget
	% from budget execution at justice sector as a total of budget allocation to justice sectors
	Number of human resources (judges, prosecutors, public defenders, and judicial police) accredited by gender and district in justice sector
PSG4: Economic Foundations	
	% of accessible roads from national to rural areas*
	Proportion of skilled labor by gender and district
	Quantity of local foods produced per hectare
	Ratio of national and international staff who has technical capacity in the industry of oil and gas
PSG5: Revenues and Services	
	Revision of Tax Law to include other domestic activities which can contribute to this state revenue
	Number of government civil servants who promoted based on performance evaluation
	Ratio of medical personnel by gender to 1000 population in district
The specific mechanism has yet to be set up for collecting data for each of the indicators and for monitoring process, while some Development Partners including Germany have supported collecting related information in a limited area on a project basis.	
It is recommended that the PSG indicators monitoring process should be embedded with the existing mechanisms for planning and coordination, which should keep coherency among them, including the SDP, 5 th Constitutional Government Program, the Development Policy Coordination Mechanism, each ministry's 5 years and Annual Action Plans.	

4.2. To what extent are donors using peacebuilding and statebuilding indicators in their country strategies and results frameworks?

Some Development Partners, including the World Bank Group, ILO, UNICEF, Australia, Germany and Japan, have used or will use PSG indicators as a reference data for their new country assistance strategies/programs. New Zealand pointed out that the indicators have not been widely used since the publication of Fragility Assessment and questioned if some indicators are well-tracked by the Government.

5. Support Political Dialogue and Leadership

5.1. What steps are being taken to strengthen political dialogue and leadership?

Outline how political dialogue and leadership is being improved between the state and its citizens, on the one hand, and between government and development partners, on the other. Provide a reference or link to existing plans and indicatives for doing so. Provide disaggregated information on development partners, where possible. Specify if and how local communities, faith groups, youth, women or minorities could participate more effectively. Describe the regional and national capacity-building initiatives (e.g. training workshops, training-of-trainers initiatives, and conferences) launched by government and civil society, where the objective is to improve the knowledge and skills of local leaders to: i) define priorities, ii) make decisions; iii) engage stakeholders; iv) build consensus; and v) take ownership the overall peacebuilding and statebuilding process. NB: the term "political dialogue" has no universal definition. Country stakeholders should interpret the term in the most appropriate way for their context, but also explain why this is so.

With regard to the political dialogue between the state and its citizens, there are several opportunities as follows.

- (1) Dialogue on State Budget: The seminars on the preparation for 2014 State Budget were organized by the Government with the participation of Civil Society. Civil Society Organizations, including La'o Hamutuk, expressed their ideas and alternative perspectives in the national interests. La'o Hamutuk stated, however, civil society was not given other opportunities to influence the budget process.
- (2) Dialogue between political leaders and communities: The dialogues between parliamentarians and local communities are held through USAID's project. Germany also supports in improving skills and knowledge of local leaders.
- (3) Dialogue between political, social, cultural leaders and youth: The communication between political, social, and cultural leaders and youth is promoted through USAID's projects. Germany also supports in improving youth leadership.
- (4) Dialogue on Local Development: The local development initiatives of the Government provide more opportunities for dialogue between the State and its citizens. Development Partners including Zew Zealand, Australia, USAID and UNDP support improving delivery of basic services, localized decision making, participatory planning and monitoring, and training of facilitators for the programs.
- (5) Dialogue toward Decentralization: The Government's program of decentralization also provides more opportunities for dialogue. UNDP, supports roll-out of administrative pre-deconcentration, focusing on capacity building of local officials on participatory planning and monitoring and accountability systems.

With regard to the political dialogue between the Government and Development Partners, two general mechanisms exist as follows.

- (1) Annual Timor-Leste and Development Partners Meeting (TLDPM) and Quarterly Development Partners Meeting (QDPM): convened as a periodic opportunity for reflecting on previous development success and challenges and considering ways to strengthen and align future development initiatives in Timor-Leste.
- (2) Development Policy Coordination Mechanism (DPCM): formulated for operationalizing the SDP and established four Strategic Sectors (Social, Infrastructure Development, Economic Development, and Governance and Institutional Strengthening).

In addition, the bilateral policy dialogues are held between the Government and each Development Partner on their strategic framework for assistance to Timor-Leste regularly or occasionally. The relevant Government ministries and Development Partners also organize dialogues on each specific sector, priority area, or topic. Those Development Partners also provide support to strengthen the leadership in the relevant Government ministries.

5.2. What impact is this having / what change do you perceive as a result?

With regard to the political dialogue between the state and its citizens, some changes on 2014 State Budget are recognized by Civil Society Organizations but not enough from their perspectives. The examples include the reduction of the amount of State Budget from 2013 to 2014 in the condition that the Petroleum Fund will be sufficient to support the country's economy in the long-term. The other dialogues provide opportunities for stronger voice in local decision making process and contribute citizens' confidence in state institutions through the access to justice and police services.

The political dialogues between the Government and Development Partners ensure DPs' better understanding of the Government's priorities, process and challenges and alignment of DPs' assistance to the Government priorities through better coordination in the relevant areas. It also establishes the stronger trust and relationships between the Government and DPs, and will lead DPs to support the Government's systems and processes.

6. Transparency

6.1. What improvements have been made by government, and development partners in the area of transparency?

Describe key initiatives (e.g. policy and institutional reforms) undertaken by government and civil society to strengthen transparency of domestic resources (e.g. national budget systems). Describe key initiatives undertaken by donors to strengthen transparency of aid and provide this information in a disaggregated donor-by-donor basis. The answer should cover the last 24 months. Particular attention should be placed on the responsiveness of donors to government requests for timely aid information in a local format. Provide examples of joint initiatives between government, development partners and civil society, to monitor domestic resources and aid. The commitment to increase Transparency on development cooperation is defined in the Busan Partnership Agreement.

In order to increase transparency and build trust and good governance in Timor-Leste, the Government established in 2011 four Transparency Portals (<http://www.transparency.gov.tl/english.html>): (1) Budget Transparency Portal, (2) Aid Transparency Portal, (3) eProcurement Portal, and (4) Government Results Portal.

The reports on Quarterly Budget Execution, Audited Financial Statements of Consolidated Fund, Infrastructure Fund, Petroleum Fund and Human Capital Development Fund are available through the Budget Transparency Portal; the contracts tendered and awarded are available through the procurement portal. On the other hand, La'o Hamutuk, Civil Society Organization, pointed out that the eProcurement Portal is not updated regularly and questioned the accuracy of data and attachment of evidence documents. It prefers the public consultation/seminar model for promoting and ensuring transparency.

Among others, the Aid Transparency Portal (ATP: <https://www.aidtransparency.gov.tl/>) is the system that forms the central database for all aid information in Timor-Leste. The ATP is unique in that it is dependent on Development Partners' cooperation in providing information on their external assistance; all data are input by Development Partners themselves in a local format and in accordance with the time schedule set by the Government. The ATP is accessible through the internet and allows all stakeholders to better understand the condition of external assistance to Timor-Leste.

The ATP has enabled the Government to collect more accurate and predictable data and to disseminate the data into more meaningful reports with analyses. A good example of resulting production from the ATP is the Budget Book No.5 (2013 and 2014) and the Development Cooperation Report 2012 (https://www.mof.gov.tl/wp-content/uploads/2013/06/Dev_Coop_Overview_Dev_Coop_Report_2012.pdf).

The Development Partners which responded to this survey are, in general, committed and supportive to ATP and provide to the Government through ATP the updated information regularly. In addition, some Development Partners routinely share information on program/project basis with the relevant Government institutions and stakeholders.

It is recommended to ensure ODA expenditure data links more coherently with the Government's budget process, to facilitate better planning, budgeting and prioritization on both sides.

6.2. Number of donors out of total donors who are providing timely report of their aid in a locally agreed format?

Also state which donors are providing this information, and which are not.

Development Partners are requested to provide information on their Official Development Assistance to Timor-Leste through the ATP as mentioned in 6.1.

As of 12 March 2014, 39 donors are assumed to have provided development assistance to Timor-Leste in 2013 in ATP records. The Government requested the Development Partners to report and update information on their assistance quarterly. Out of 39, 20 donors reported 2013 actual disbursement at least once and 6 donors did not reported, where 13 donors were not required to report since their assistance are executed through UN agencies or other DPs (those designated UN agencies or other DPs are requested to report).

DPs reported* for 2013 actual disbursement	DPs not reported* for 2013 actual disbursement	DPs not necessary to report for 2013 actual disbursement**
Australia	Brazil	Canada
People's Republic of China	Thailand	Finland
European Union	Asian Development Bank	Ireland
Germany	UNESCO	Italy
Japan	WFP	Monaco
Korea	WHO	Norway
New Zealand		Russia
Spain		Sweden
Portugal		Global Environment Facility
United States of America		UN
FAO		UN Human Security Trust Fund
Global Fund to Fight AIDS, Tuberculosis and Malaria		UNOCHA
IFC		UNOHCHR
IOM		
UNDP		
UNFPA		
UNICEF		
UNWOMAN		
World Bank		
20	6	13

*at least once

**DP's assistance is executed by UN agencies or other DPs (in this case, the executing agency is required to report).

7. Risk Sharing

7.1. Number of joint risk assessment involving government and development partners conducted this year.

Describe types of mechanisms and processes for assessing and mitigating risks, particularly joint ones among government, development partners, and civil society (where relevant). The answer should cover the last 24 months. Indicate what type of risks are jointly assessed and mitigated, e.g. political, programmatic, fiduciary, reputational, environmental, etc. Describe the steps being taken by government, development partners and civil society to develop or improve joint approaches. Indicate if development partners are sharing risk information among themselves and with the government (vice versa). Indicate if and how such joint approaches have improved risk management, government-development partners collaboration and political dialogue.

Peacebuilding and Statebuilding:

- (1) The Fragility Assessment: recognized as a joint risk assessment by the Government, Development Partners and Civil Society.
- (2) Peacebuilding Needs and Impact Assessment: conducted by JICA in exchange of opinions with other DPs.

Economic and Financial Areas:

- (1) Fiscal and Debt Sustainability Analysis: conducted by the World Bank Group jointly with IMF and the Ministry of Finance
- (2) Public Expenditure and Financial Accountability (PEFA) Assessment: conducted with the support of the European Union
- (3) Risk Assessment for Budget Support: conducted by (1) European Union and MoF and (2) Australia and MoF.

External Assistance Implementation:

Risk Assessment for Project: conducted in the preparation and appraisal stage by DPs (ADB, ILO, etc.) in discussion with the Government. Common risks include the Government's weak capacity or introduction of new government procedures/processes.

Risk Assessment for transforming DPs assisted program to being Government owned and resourced: conducted by Australia and the Ministry of Agriculture and Fisheries.

Natural Disaster:

A joint risk assessment was conducted by IOM and the Ministry of Social Solidarity on the impact of flood in Suai.

La'o Hamutuk, Civil Society Organization, stated that the fundamental and big risk in economy in Timor-Leste is the dependency on oil revenue and this issue has not been well considered in the current mechanisms among Civil Society, the Government, and Development Partners.

7.2. Are donors in your country increasingly amenable to taking risk where necessary?

Elaborate what changes development partners have made to their risk management system, and what changes you have perceived as a result. Please provide examples.

Some Development Partners increase their commitments to work together with the Government in accordance with the Government plans and engage Government systems for delivering assistance through introducing the Government executing grant which provide more flexibility to the Government.

Australia concluded the Strategic Planning Agreement for Development with the Government and its programs, including goals as well as processes in aligned with goals set out in the SDP, are planned in the partnership with the Government counterparts. Australia is willing to take risks, which are different from the ones in traditional assistance, where there is a clear development benefit and the Government's strong ownership. Along this commitment, Australia has begun to increase the use of the Government systems; the notable example is a direct funding model, which provides funding directly to the Ministry of Finance to execute activities for key outputs mutually agreed on the 5 years MoF Strategic Plan. All of the work in this model is completed using the Government's systems, including procurement, finance, human resource, audit and reporting.

The World Bank Group financing goes to the Government which disburses and makes payments; this financing is increasingly relying on ex-post audits rather than ex-ante controls and on country systems namely in procurement and financial management. The World Bank Group is also assisting the Government to improve its public financial management systems.

The USAID has been pursuing "Government to Government cooperation" by providing a pilot grant directly to the Ombudsman of Human Rights and Justice to improve its capacity to exercise its functions, with awareness of risk associated with this implementation mechanism.

The Asian Development Bank recognizes taking risk is integral to New Deal principles and a normal part of many ADB's operation in Timor-Leste. Its activities include emphasizing partnership with local communities for future road maintenance and introducing the reforms with the innovative role of private sector.

The Global Fund to Fight AIDS, Tuberculosis and Malaria assigns a range of specialists for risk management in the team and plans a joint assessment of capacity and risk with the Ministry of Health and other stakeholders on its program.

New Zealand and UNDP have introduced and/or established their own risk management system for their external assistance to Timor-Leste.

8. Use and Strengthen Country Systems

8.1 Are there jointly agreed country-level measures and targets for increasing the % of aid delivered through country system?

Outline the joint measures planned and targets agreed to by government and development partners to increase the use of country systems. The answer should cover the last 24 months. Identify the three most important ones. What progress has been made against this target (per development partner)? Describe government measures already undertaken to strengthen fiduciary and administrative capacities, their specific targets, and the support provided to them by development partners. Provide disaggregated information, where possible. The term "country system" is understood in the Global Partnership monitoring Framework as "development cooperation funding disbursed for the government sector using: i) national budget execution; ii) national financial reporting procedures; iii) national auditing procedures; and iv) national procurement systems. However, the Collaborative Africa Budget Reform Initiative (CABRI) developed a more expansive definition, used at the Busan HLM in 2011. It includes aid provided: i) on plan; ii) on budget; iii) on treasury; iv) on procurement; v) on parliament; vi) on accounting; vii) on delivery; and viii) on reporting.

On the planning side, the Development Partners and the Government of Timor-Leste agreed that the SDP as the Government development plan will be the overarching framework for all programs and projects to align with in the future at the 2011 Timor-Leste and Development Partners Meeting (TLDPM). In line with this commitment, some Development Partners have strengthened the alignment of their assistance to the Government plan. Among others, Australia made its program fully aligned with the SDP goals and targets through the Strategic Planning Agreement for Development which was jointly agreed by the Government.

On the financial side, although both the Government and Development Partners have committed in general to increase the use and strengthen country systems based on the New Deal, no specific measures and targets have been formulated and jointly agreed up to present. The condition on the use of country system in 2012 was reported through the Country Level Survey for the Global Partnership Monitoring Framework as follows.

(Unit: US\$,000)

Development Partner	Development cooperation funding disbursed for the government sector				
	Total	Used budget execution procedure	Used financial reporting procedure	Used auditing procedures	Used procurement systems
ADB	9,561	9,126	0	0	740
Australia	100,236	1,454	2,908	2,908	1,454
EU	513	0	0	0	0
Germany	6,318	122	122	0	0
Global Fund	1,395	0	0	0	0
IFAD	492	492	492	492	492
IOM	134	0	0	0	0
Japan	18,840	10	10	10	10
Portugal	21,012	0	0	0	11,528
United Nations (total)	30,918	110	1,850	110	3,572
U.S.A.	23,396	0	0	0	0
World Bank	19,072	0	0	19,072	3,314

Some Development Partners commenced to consider the measures which contribute to increasing the use and strengthen country system.

1. AusAID introduced a direct financing model for strengthening Government's capacity in public financial management.
2. USAID introduced a new modality of government executing grant which applies the Government's financial management and procurement system, for the support to the office of the Provedor of Human Rights and Justice.
3. Some development partners are considering program budget support in the field of public financial management in the future.

8.2. % of aid disbursed as budget support

Figures should be reported against the fiscal year of the partner country or the last 12 months whichever is easier and agreed to by the government. Please state how you are defining "budget support." It should be clear if you are referring to "general budget support," "sector budget support" or both. "Budget support" is defined by the OECD DAC as "budget support is defined a method of financing a partner country's budget through a transfer of resources from an external financing agency to the partner government's national treasury."

As of March 2014, the Government of Timor-Leste does not receive any budget support grant, where the budget support is defined as "financing the State Budget which needs to be approved by the National Parliament, through a transfer of resources from an external financing agency to the Government's national treasury." As mentioned in 8.1, some development partners plan to provide budget support program in the field of public financial management for the future.

On the other hand, the Government of Timor-Leste receives loan aids to finance infrastructure development through the Infrastructure Fund which comprises of a part of State Budget.

9. Strengthening Capacities

9.1. Is there an agreed country level approach to strengthen capacities, including through the remuneration of national advisors?

Outline what types of measures have been taken by both government and development partners to identify priority areas for capacity development, as well as the processes in place for promoting a joint understanding, approach to, and mechanisms for, addressing them. e.g. if there is a donor-government capacity development working group. Indicate if there is a dialogue between government and development partners (and/or study/review undertaken by them) on the remuneration of government staff and external advisors by development partners? Indicate if there are any agreed arrangements (e.g. code of conduct, policy) on their remuneration, including incentive practices, e.g. salary top-ups, per diem, etc. If these are monitored, explain how this is done.

The necessity of strengthening capacities is widely recognized and identified as a key requirement by all strategic plans related to the institutional framework for governance.

The Ministry of Finance and Australia once conducted a joint review of advisers in the aid program in Timor-Leste and developed the draft "Technical Assistance Policy Note." The Note distinguishes between different aims for advisors' work, being (1) in-line work, (2) capacity building and (3) policy development. Although the Note was discussed between the Ministry of Finance and the Development Partners, it has not been finalized as a policy or guideline for the whole government.

Currently, capacity development is generally discussed between the Government and the Development Partners in any types of institutional support to the Government.

In the cases that DPs' technical cooperation programs are embedded to the national institutions and their output are delivered through government staff members, the government systems and regulations are applied in terms of payment of per-diem for government counterparts.

In other cases of government executing grant, remuneration of consultants/advisors are agreed between the Government implementing ministries and the Development Partners.

BELUN, Civil Society Organization, stated that Timorese nationals working for the Government are encouraged to learn more from international advisors during their assignment period and strengthen capacity of Timorese nationals.

9.2 Is there a strategy for reducing the number of PIUs in government institutions?

Indicate if the number of PIUs has increased since last year, if known.

The Government has yet to develop any specific strategy for reducing the number of PIUs in government institutions. An example of the efforts for this purpose is that the Ministry of Public Works forms one PIU in the road and bridge sector, which consists of some sections to implement the projects of ADB, JICA and the World Bank, instead of creating one PIU per one project.

9.3. % of aid to support capacity development and technical assistance that is provided through pooled-funding mechanism.

Indicate the proportion of aid funding-out of the total amount of aid dedicated to capacity development and technical assistance that is put through pooled funding mechanism. A definition of "pooled-funding mechanism" should be agreed locally and figures against the fiscal year of the partner country or the last 12 months whichever is easier and agreed to by the government. While there is no universally agreed definition, "Pooled-funding mechanism" can be defined as the "co-mingling of donor funds into a single instrument in support of a common programme."

There is no solo comprehensive pooled-funding mechanism to finance capacity development and technical assistance in Timor-Leste. On the other hand, there are many projects for capacity development and technical assistance which are executed by one agency with plural sources of financing support. A typical example is the projects executed by UN agencies with plural bilateral financing.

In the case that pooled-funding mechanism includes the above mentioned modality, approximately 30 % of external assistance is allocated to capacity development and technical assistance provided through pooled-funding mechanism on 2013 Budget basis.

10. Timely and Predictable Aid

The tracking of New Deal commitment is covered by the Global Partnership Monitoring Framework. If needed, included further information to complete or supplement the Global Partnership indicators. NB: "predictable aid" is defined by the ODCD DAC as the following: "Aid is predictable when partner countries can be confident about the amounts and the timing of aid disbursements. There are several dimensions to this issue, starting from the extent to which partner countries can rely on donor pledges being translated into actual aid flows, and including non-arbitrary and transparent criteria for suspending or adjusting payments."

The Aid Transparency Portal (ATP) is the system which forms central database for all aid information in Timor-Leste and is totally dependent on development partners' cooperation in providing information on their external assistance.

The ATP reported the 2012 yearly ODA predictability as 88.3%: the planned disbursement of ODA in the initial General State Budget was US\$188.9 million but the actual disbursement was US\$213.9 million. The initial ODA in 2012 was projected as US\$27 million in the 2010 State Budget, US\$112.7 million in the 2011 State Budget, and US\$188.9 million in the 2012 State Budget.

A significant downward trend in off-budget grant is usually shown for the upcoming five years. However, this is due to the non-availability of accurate information on planned disbursement in the medium term by a number of Development Partners. Most countries and organizations adopt single year budget cycles and/or input ODA data after concluding project agreements. This has made it difficult to present multi-year budget projections. As such, the absence of accurate information on Development Partners' funding expectations limits the Government's ability to conduct budget planning, especially in the medium-term and provide macro-economic analysis on a consolidated basis.

Predictability in the medium term (2014-2016) was reported through the Country Level Survey for the Global Partnership Monitoring Framework as follows.

Development Partner	2014	2015	2016
ADB	1	1	0
Australia	1	1	1
EU	1	1	1
Germany	1	1	1
Global Fund	1	0	0
IFAD	0	0	0
IOM	1	1	0
Japan	1	1	1
Portugal	1	1	1
United Nations (total)	0	0	0
U.S.A.	1	1	0
World Bank	1	0	0

Question: Has the provider of development co-operation made available a comprehensive forward expenditure and/or implementation plan setting out expected development co-operation flows in each fiscal year?

Answer: "1" represents "yes," and "0" represents no."

11. Overall Progress and Lessons

Provide an overview of key progress, challenges and lessons learned that may not be captured by any of the questions above, but which are important for understanding if New Deal implementation is "on" or "off" track in the country, and why?

Key progress up to present in the New Deal implementation in Timor-Leste is the Fragility Assessment in 2012, which provided the basis of further implementation of New Deal and improvement of aid effectiveness.

Through the Fragility Assessment, the following lessons learned are obtained.

- (1) Country-owned and country-led understanding the country's sources of fragility and resilience is important.
- (2) The process of broad based buy-in (state institutions, development partners, civil society organizations, local authorities and so on) and multi-stakeholder consultations is valuable.

The results provide an agreed future direction that can be monitored with the selected indicators over time – focusing on short-term, incremental progress that is realistic. It would be useful to integrate findings of Fragility Assessment in the policy, planning and implementation plans of the national institutions to provide a framework for achieving PSGs.

Through the whole process of New Deal implementation in Timor-Leste, the Government has the following recommendations.

- (1) Fragility and conflict issue need to be addressed in international arena.
- (2) The ownership of development agenda by the recipient countries should be strengthened.
- (3) Aid remains an important source for the fragile and conflict affected countries.
- (4) There is a need of trust to be developed between the development actors and aid recipient countries.

The Development Partners recommended:

- (1) to continue to resource the New Deal process going forward (e.g. New Deal working group meetings);
- (2) to maintain focus on integrating goals and indicators under the New Deal into the Government's existing planning and monitoring mechanisms which should be coherent among them, including the SDP, 5th Constitutional Government Program, the Development Policy Coordination Mechanism, each ministry's 5 years and Annual Action Plans;
- (3) to simplify the national monitoring systems in order to constitute more sustainable mechanism; and
- (4) to strengthen New Deal implementation across the whole Government of Timor-Leste. The line ministries should take the lead and responsibility for coordinating Development Partners in the relevant sectors.

La'o Hamutuk, Civil Society Organization, stated that the overall objectives of New Deal is very good to ensure the welfare and prosperity of the people, but the means to achieve (development policy) does not correspond to the conditions and the reality of the people in Timor-Leste. Timor-Leste, as a young nation, has difficulties in quickly capturing the international system like New Deal.

12. Future Priorities

Outline the key priorities for implementing New Deal commitments over the immediate next two year.

New Deal implementation is on the track in Timor-Leste, with a strong consensus among the Government and Development Partners. The Government will continue to fully and steadily implement New Deal, with ensuring the fulfilment of FOCUS and TRUST. Development Partners look to the Government to provide the guidance on its key priorities and to engage stakeholders for New Deal implementation for the coming years.

The next concrete step of New Deal implementation will be "Compact". The detail definition of Compact and TRUST workshop are expected by Development Partners.

More specific priority issues are pointed out by Development Partners as follows.

1. **Further Prioritized Funding Allocation:** The Government should do costing of programs in the SDP and identify funding priorities. Both external assistance and State Budget should be allocated to the further prioritized programs.
2. **Thematic Working Groups:** In accordance with the Development Policy Coordination Mechanism, the Strategic Sectors/Sub-Sectors working groups, which consist of the Government ministries, Development Partners and Civil Society, should be initiated and regularly maintained.
3. **Indicators:** The baseline and targets for country specific indicators should be developed. The Fragility indicators may be integrated into the DPCM framework for effective monitoring, reporting and accountability.
4. **Monitoring of PSGs:** The system for regular monitoring and assessment of PSGs should be established with the participation of the Government, Development Partners and Civil Society.
5. **Policy Dialogues:** Inclusive process of policy dialogues should be further promoted.
6. **Use and Strengthen Country Systems:** Strengthening country systems (e.g. financial management, procurement, audits) should be a priority for both the Government and Development Partners. It should lead to an increased use of country systems by all actors. EU will start making use of country systems through the budget support program for supporting the Government's PFM reform.
7. **Poverty Analysis**

La'o Hamutuk, Civil Society Organization, raised the priority issue as below.

Human Security: In addition to traditional security issue, the alternative economic policy for people's lives should be developed which is not dependent on oil and gas but sustainable and equitable.