

Timor-Leste Development Partners Meeting 2014 – New Deal Implementation

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Timor-Leste has played an important part in the establishment of the New Deal Framework through its leadership of the g7+ and it is good to spend a little bit of time reflecting on the experience on the ground here. There is no question that the New Deal has changed the parameters for engagement between conflict affected and fragile states with their development partners and generated a lively international dialogue on the nature of aid relationships in countries with similar histories of conflict. For our part Australia devotes around half of all our development assistance to countries that are conflict affected or fragile. Two of our closest neighbours, Timor-Leste and Solomon Islands are members of the g7+ and are two of our largest development partners.

So what sort of progress is being made on the ground here in Timor-Leste? I want to make a couple of general comments on progress, then highlight a couple of success stories followed by some areas where we are seeing challenges.

Progress on implementation of the New Deal in Timor-Leste has been steady. There are a number of principles that underpin the New Deal and I want to highlight just two here. First, the New Deal emphasises country ownership and leadership of the development agenda. There is no doubt for anyone who works in Timor-Leste who is in charge. The SDP has set out a vision for the future and the Government has taken clear ownership over those goals. There is no room for misinterpretation, in Timor-Leste today we are either helping to implement the SDP or we are not. There can't be any other agenda. One of the criticisms of the SDP when it was first released was that it was a vision not a plan. Over the last year and a half or so since the election in 2012, the Government has been putting in place a Development Policy Coordination Mechanism. We are all familiar with this beast, and we all know the challenges that coordination has presented. There is still a very long way to go, with the framework this year refined so that there is now a clearer hierarchy of goals from the SDP down to the annual action plan of the Ministry. The DCPM matrices that have been presented here at the TLDPM will be part of the budget review process for this year's budget, giving this process a practical anchor. This has been missing in past years, where the DCPM was seen by many line ministries as extra work, on top of their annual planning process. MOF have moved to change and adapt the process.

Donors have begun to adjust to this new world and to align their programs with the DCPM. Australia and Timor-Leste signed a Strategic Partnership Agreement for Development in 2011 and have updated our mutual goals after the election in 2012. Other donors have done the same with their programs, and at a planning level I think there has been good progress.

However, I think we would all admit there has been less progress at an implementation level than there could have been. There has been if you like more talk than action on both sides. The Government is leading at a strategic level, but capacity and resources are not always there to drive through changes that deliver results. Donors agree to align their programs at a strategic level with the Government's priorities, but often still bring our own priorities to the table. This is not to say that there has not been progress, or that there is no trust between the partners, there has been some big improvements in the way donors and Government engage, there is just more to do.

Successes

I want to spend a few minutes talking about some of the successes over the last 12 months on implementation of the New Deal. Australia is Timor-Leste's biggest development partner and we are also the main partner in piloting the New Deal. So I will focus on two programs that we have been involved with.

The Direct Funding Agreement with the Ministry of Finance

I am particularly proud of this program as I have been involved with the MOF here in Timor on and off since 2002. As a development partner this program has had all of the attributes that you dream of. The MOF have developed a comprehensive strategic plan of their own and have set about putting in place a performance management system and culture within the Ministry. This has meant that every unit in the MOF now has its own objectives and key performance indicators to gauge how well it is doing. Australia along with the EU and the World Bank has agreed to support the implementation of the MOF Strategic Plan, but not through the more traditional means of providing technical assistance. The DFA is based on an agreement by the partners that the MOF will implement certain key outputs each year from their strategic plan. Using the KPIs developed by the MOF for the MOF if those outputs are delivered the partners will partly reimburse the MOF for the cost of those outputs. This reimbursement will be in the form of a transfer directly to the MOF. In other words the entire program, planning, execution, monitoring, budgeting and auditing is carried out using the Government's own systems. The process has been a fantastic collaboration from Australia's point of view with the partners now talking to the MOF about progress on its strategic goals, rather than what kind of TA they want and how much it is going to cost. MOF have been able to bring the EU in with a focus on customs and revenue strategic goals and the World Bank is now providing advice and conducting policy analysis to support the program. There is in effect no separate donor program, just the MOF strategic plan. This framework definitely provides a blueprint for how donors and government might work together in other ministries, with one significant caveat. There has been a huge amount of work on the internal systems of management in the MOF itself to make sure the MOF can manage and deliver on its strategic outputs. This is the key to this type of program.

The National Program for Suco Development or PNDS

Most of you will be aware that by the end of this year every village in Timor-Leste will have received a grant and used it for much needed local infrastructure. The collaboration between the Government, Australia and other partners to make this happen has been by far the best I have ever been involved with anywhere. Similar to the DFA with the MOF, the Government of Timor-Leste has led from the beginning. Once the Government decided on the concept for PNDS it established a Ministerial Working Group supported by a cross ministry Secretariat. Australia has provided technical support to the Secretariat, but this has always been a Government program. While we are not yet using Government budget and treasury systems for the support we provide, the DG and his team (including our support team) use a joint budget planning process that divides up the work using a one budget one plan approach. Led by the Ministry of State Administration, the program has been supported by the Civil Service Commission and line Ministries throughout, proving that cross portfolio coordination in Timor is possible.

The achievements of PNDS are already considerable, but the commitment by both the Government and Australia to a long term program until at least 2020, and the level of ownership by the Government have set this program apart in my experience.

Challenges – Basic Services

It is great for us to reflect on our successes, but as I said earlier in these remarks, there is still much to do. I do not want to use this time to talk about the progress made in basic services like health and education, but I do want to highlight a couple of the issues around the engagement. Delivering basic services to the people of Timor is complex and full of challenges. Supporting schools and health posts all over the country when resources are scarce and capacity is low is never going to be easy.

Donors (including Australia) have still been a little too slow at times to realise that we need to be less focussed on what we think needs to be done and more focussed on helping these ministries on what they can do. While helping build capacity over the longer term is important, we know that capacity development takes a long time and public sector reforms after just a few years are not that practical. This is a marathon not a sprint. I have used the analogy a few times that the Minister of Health has this massive in-tray stacked with papers. You can't go into his office and add something to the top, you have to take something out of that pile.

This is of course easier said than done. As the New Deal points out trust is really important. Often we can agree on what needs to be done, but we can't agree on how to do it. Donors have to be mindful of the importance of building trust and taking the time to agree on support that is meaningful to the Timorese institution that is responsible. This can be a frustrating process when we can all see the problems with stunting, maternal mortality and schools that are in disrepair and without resources to help teachers to deliver a quality education. But there are no short cuts. There is only one agenda, on set of priorities, those of the Timorese people and their government. Our own experience of our engagement with the Ministry of Education in developing a program of support has been that we did not take enough time to fully understand the Ministries priorities and had not earned their trust sufficiently to push forward with a big integrated program. This has led to some setbacks and a readjustment of our ambitions. But we have of course not given up and are in discussions with the Ministry about how to start with some targeted support that builds trust and focuses on the Ministries priorities.

Let me finish with a quick comment about Nutrition. This is another clear example of a complex issue, of huge importance, that can only be addressed by everyone rowing the boat in the same direction. The Government has taken up the baton and has launched the Zero Hunger Challenge. Now there are various campaigns around the world on nutrition. Zero Hunger, Scaling up Nutrition or SUN as it is known. There are the organisations that work on food security while others work on health and sanitation and family planning. The issue for me is not that we get hung up on the detail. The Government has chosen a platform to address the very serious nutrition issues in Timor-Leste and this must be the vehicle through which all efforts are applied. We cannot have separate complicated plans in multiple ministries supported by rival donor partners. We must all rally to the Government's call putting aside individual priorities. That to me is the New Deal in action.

Thank you for your time.