

TIMOR-LESTE

The Development Partners Appraisal of the National Education Strategic Plan 2011-2030

and

Recommendation for Re-endorsement of Timor-Leste for Accession to the Education for All (EFA) Fast Track Initiative

September 21, 2011

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1. Appraisal and Endorsement

Overall Comments

1.1 A comprehensive National Education Strategic Plan (2011-2030) (NESP) has been created by the Timor-Leste Ministry of Education (MOE) and has been submitted to the Development Partners for processing towards FTI re-endorsement. The Strategic Plan (SP) is also about to be submitted to the Council of Ministers of the Democratic Republic of Timor-Leste for its formal endorsement. The SP is unprecedented in its scope and long-term perspective. It includes not only detailed, long-term plans for seven educational “priority programs,” but those for six management priority programs to strengthen capacity for effective Plan implementation. Additionally, all 13 priority programs are fully costed through 2030. The education community of the Development Partners in Timor-Leste supported FTI endorsement of the country’s previous sector plan (2005) and facilitated both funding and capacity building for it, and have now appraised and endorsed in principle the more comprehensive NESP and its goal of providing all individuals in Timor-Leste with “the same opportunities to access a quality education.” Given the FTI decision in late 2010 to allow Timor-Leste to apply for re-endorsement in FTI,¹ the DPs have undertaken this appraisal with that goal in mind, and conclude it by recommending to the FTI Board that the country be granted re-endorsement status.

Strategy Strengths

1.2 As a result of this appraisal, including interviews with MoE and Development Partner representatives, the following strengths in the National Education Strategic Plan have been identified:

- Strong ownership of the Strategic Plan by the Ministry of Education (particularly the Minister who is the SP’s Champion), familiarity with the SP (at least at the upper MOE levels), and strong MOE promotion of the SP and its goals;
- A comprehensive long-term vision conveyed by the plan, based on solid legal documents and situation analyses in most subsectors;
- A reasonable national adaptation of Millennium Development Goal #2 (universal primary school completion) toward the objective of *universal basic education completion (primary plus lower secondary) by 2030*;
- Strong consultative and iterative planning processes involving a wide range of national and partner agency stakeholders;
- A strong equity agenda, with demand-side features (such as cash transfers and scholarships) for outreach to marginalized groups (including girls at the post-basic level);
- A recognition of the need to improve educational quality at all levels, using solid assessment instruments like EGRA (less clarity for post-basic education);
- The use of planning instruments, both logical (results) frameworks, and linked implementation matrices, for organizing priority programs and facilitating their monitoring and evaluation, and intentions to use other instruments like the Annual Action Plan and a “management by results tool”;
- A built-in and fully integrated management reform agenda, also using results frameworks; promoting results-based management;

¹During 2010 FTI had judged Timor-Leste to be ineligible for FTI support, given its high GNI per capita, inflated by oil and gas revenues. But it then revised its criteria and allowed Timor-Leste as eligible country on the basis of T-L’s being a small island state, with a high economic vulnerability.

- Priority Programs that are aligned in substance with recently restructured Ministry directorates, making it clear which offices are responsible for which priority programs, and facilitating improved accountability, for example through the Action Plans they create and will be held accountable for;
- Full evidence-based costing of the Plan both in the short term and on a long-term basis;
- A detailed section on Plan Implementation, including, the using of Annual Action Plans for detailed planning and monitoring implementation, M&E Frameworks and plans for the “implementation start-up process;”
- Strong support for the Plan by the Development Partners, including a written pledge (in the November 2010 “Dili Declaration”) to align agency support with it.

Concerns

1.3 Appraisal of the SP has given rise to the following concerns:

- More clarity is needed as to how the learning outcomes will be measured to assess achievements against the curricula;
- More clarity is needed on how the quality improvement inputs will be transformed into improved teaching and learning, including what teachers will need to commit to in exchange for improvements in their career paths and compensation package (i.e., from the Teacher Career Regime), although some detailed work is underway at the Ministry, with the participation of consultants, that will address that ;
- The proposed emphasis on technical secondary education (absorbing 60% of all secondary students by 2030) may be reasonable, but also could exceed the demand for it on the part of employers and students (and student families);
- The Management Reform agenda, although appropriately ambitious and comprehensive, may load too many activities and expected results in the first year of the project, which if not fulfilled may slow implementation down instead of speeding it up;
- The 2012 election and the inevitable adjustments that will follow it, is likely to slow down certain aspects of educational reform and innovation, just at the time that the NESP calls for an acceleration of these;
- The management reforms envisioned have been built on a relatively thin situation analysis, at least as reported in the NESP. Although the SP shows more insight than previous plans into management constraints, the *reasons* for poor management performance have not been fully elaborated; nor is there a full delineation of what levels of management are responsible for what, especially under deconcentration. It is encouraging that some additional analyses and plan making are expected as part of the forthcoming Capacity Development Action Framework;
- Original costing of the NESP was based on 2004 data and somewhat outdated projections, but the recent availability of 2010 Census and improved EMIS data have allowed more accurate costings to be made, which need to be fully endorsed politically and integrated into planning and budgeting documents; moreover, longer-term projections need similar updating. It is encouraging that this work is on-going;
- The increase in funding required under the Strategic Plan, according to September 2011 costings, is estimated to be beyond what the government can cover with its own revenue in 2011 (by about \$17 million) and, even after pledged DP financial support is added there could be a financial gap of about \$5 million. Substantial escalation of expenses in 2012 can be expected to create an ever wider gap, which pledged DP financing may only bring down to around \$30 million. Given planned increases in government revenues during the

succeeded years and moderated expenditure increases, the financing gap can be expected to stabilize or narrow. Based on current estimates the government could thus approach closing the financing gap in the medium term by increasing its budget to education by 15% per year, while maintaining or increasing current levels of international support. If the budget for education cannot be increased to that extent, the Ministry will face the need to downsize the NESP, consistent with the Plans provision that "...it will be necessary to adapt the original estimates made in this plan according to the effectiveness of the capacity building process of the Ministry and the available funding for Education" (p. 242).

- The Plan is already falling behind in its execution, suggesting the need for a target and timing adjustment already in 2012.

Conclusions

1.4 This Strategic Plan has already been formally reviewed by the Development Partners and endorsed by them in principle on November 9, 2010. This appraisal also finds the SP to be comprehensive and appropriate in scope and purpose, and credible enough to guide the Ministry in improving the reach, equity and quality of its education system. The appraisal identified some concerns, especially about management reform/capacity building and SP costing/financing that call for some attention from the government, with support from the Development Partners, over the coming months. It recommends the following:

- The expected gaps in the financing of the NESP (based on current best estimates and analyses) need to be considered by Development Partners in their formulation of support initiatives. Included should be consideration of ways to count -- as direct contributions to the NESP-- the large international cooperative support now provided by some partners. Also, the Ministry of Education could cite the impending financing gap as evidence of its need for a greater share of the national budget (currently at 12 percent, far below regional and FTI norms). Additional policy/spending options should draw from the forthcoming complete "Education Sector Economic and Efficiency Analysis," which will reveal where efficiency gains can be made, provided macro-economic justification for increased government investment in education, and develop new funding scenarios and simulations;
- That the pathway to more efficient provision of universal basic education place a high priority on reducing student repetition, which, even more than drop-out, is currently driving up the cost of basic education;
- That the Management Reform priority projects take into consideration new information and insights from the forthcoming Capacity Development Action Framework (including deeper insights into reasons for past management weakness), taking care not to overload the management reform agenda too much during the first project year;
- That performance indicators be revised to include indicators of student learning outcomes at various educational levels as part of a comprehensive SP assessment framework;
- That planners carefully monitor the market for technical-track secondary school graduates over the years, with goal of adjusting the output of such programs to actual demands by students and the labor market;
- That among the Programme Coordination Support Groups called for in the NESP (involving both Ministry and Development Partners) one on Management Strengthening should receive a high priority, given the Ministry's urgent request for DP support in this part of the Sector Plan.

1.5 In light of this appraisal, the Development Partners confirm their November 2010 assessment of the Strategic Plan as being a serious, comprehensive, and appropriate framework for the development of the education sector in Timor-Leste. They commend the Government of Timor-Leste and its Ministry of Education for their achievements and the strength of their strategic framework and commit to working as partners, within the Local Education Group and the structure of NESP, in addressing the challenges identified. Having perceived wide financing gaps for Plan execution, especially in 2012 and 2013, the Partners commit to providing continued financial and technical support to the Ministry and to supporting its efforts to gain an increased share of the national budget plus new external support. In this context, they formally recommend the re-endorsement of Timor-Leste and its Education Sector Plan by the EFA Fast Track Initiative, and pledge to support the government in its preparation of a new request for funding from the EFA FTI fund.

Signatures

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List of Acronyms

AAP	Annual Action Plans
ANAAA	National Agency for Academic Assessment and Accreditation
AusAID	Australian International Development Agency
CF	(FTI) Catalytic Fund
CPIA	Country Policy and institutional Assessment
CSO	Civil Society Organization
DP	Development partner
EGRA	Early Grades Reading Assessment
EMIS	Education management Information System
ESSP	Education Sector Support Project
FTI	Fast Track Initiative
GoTL	Government of Timor-Leste
ICR	Implementation Completion and Results (report)
IDA	International Development Association
MDG	Millennium Development Goal
MLA	Measuring of Learning Achievement
MOE	Ministry of Education
NER	Net Enrolment Rate
NESP	National Education Strategic Plan
NGO	Non-Governmental Organization
NZ	New Zealand
PEFA	Public Expenditure and Financial Accountability
SP	Strategic Plan
SP-UPC	Strategic Plan for Universal Primary Education Completion
STR	Student Teacher ratio
TA	Technical Assistance
T-L	Timor-Leste
UNTL	National University of Timor-Leste

2. Timor-Leste Education Sector Context

Introduction

2.1 The National Education Strategic Plan for the period 2011-2030 is the first sector-wide educational policy and planning document in the Nation's history. The plan outlines the Government's comprehensive vision for developing the education sector in both the long term (2011-2030) and the medium term (2011-2015). It has been developed using a consultative process involving professionals at all levels within the Ministry of Education, including the regions, as well as international partner agencies and other key stakeholders.

2.2 The Strategic Plan builds on earlier plans and programs that were articulated in both the first National Development Plan (2002-2007), and the Strategic Plan for Universal Primary Education Completion (SP-UPC) of 2005. Progress towards universal primary education under those two plans was substantial, with the primary Net Enrollment Ratio increasing from .67 in 2004/05 to .83 in 2008/09 and gender parity at this level being reached. Nevertheless, basic education is still marked by large numbers of overage children, student dropout, difficult access for certain marginal groups, and low quality. Secondary education has also expanded over the past decade, but continues to struggle with an inappropriate curriculum, overage students, and unacceptably poor levels of teaching and learning. Higher education (public and private) also expanded during this period, including support for study abroad, but there was relatively little government investment in this subsector. Finally, there are general questions about the capacity of the Ministry of Education and other government actors to effectively manage and implement a comprehensive sector plan. Some of these questions derive from the fact that Timor-Leste is still classified as a fragile state, based not on lingering securities issues – which are dissipating -- but on its low rating (2.8) on the World Bank CPIA index.² Develop Partner support has been strong in recent years despite (or perhaps *because*) of this rating, and is focusing on strengthening the countries legal framework and building institutional capacity, which have also become an important part of the Strategic Plan.

Key Policy Documents and Legal Framework

2.3 The ultimate authority for the establishment and operation of a state education system is the Constitution of the Democratic Republic of Timor-Leste, which recognizes and guarantees to the citizen the right to education and culture and establishes the two official languages of the country. The Basic Education Law (2008) establishes free and universal nine years of basic education, as well as equal opportunities for school access and success, detailing the main educational rights that follow the principles enshrined in the Constitution.

2.4 In 2007, the Government issued its National Education Policy, which established two long-term priority streams:

- **The Reform of the Education System, seeking to:** (i) improve the quality of education, and (ii) ensure equal access by all Timorese to the various levels of education;
- **The Reform of the Education Management and Administration System,** with the main goals of: (i) decentralizing education services, (ii) creating regional inspectorate services and defining the role of the school inspector, (iii) drafting a new teacher training policy, and

² This stands for Country Policy and Institutional Assessment. One way for a country to be classified as a "fragile state" is to score below 3.2 on the 6 point scale.

2.5 Since then, important legislation for Education has been approved. Concerning quality and access, the aforementioned Basic Education Law, together with the Career Regime Statute, have defined the legal framework under which the identified challenges are to be addressed. In the area of Management and Administration the Organic Law of the Ministry should be particularly mentioned, having provided for the creation of new institutional structures for the implementation of the national policies.

Situation Analysis of the Education Sector

2.6 **Historical and economical context.** Timor-Leste is a country in transition from post-conflict stabilization to development, and from low income to a medium- income status, graduation supported chiefly by oil and gas revenues. Late independence from Portugal followed by a 25 year annexation by Indonesia left the country at the time of restoration of independence in 2002 in a unique situation. It faced a dire lack of capacity, due to most management functions being run by Indonesians and the flight of many educated Timorese during the occupation. It showed a very low level of infrastructures, due to little development during colonized times and the destruction of Indonesian-developed infrastructure during the pre-restoration of independence turmoil. Timor-Leste also shows a unique patchwork of languages, with most of the population speaking one of the 13 local languages and different age groups being proficient with either Portuguese or Indonesian (let alone an aid industry and emerging tourism largely anglophone). Civil unrest in 2006-07 led to new population displacements, which made the provision of social services even more challenging than before. Although there has now been an extended period of social and political stability and significant progress in the creation of the architecture of governance and the associated legal and institutional frameworks, Timor-Leste still exhibits the characteristics of a Fragile State, with a 2010 CPIA score of 2.8. The country has made solid progress in establishing institutions to safeguard public sector accountability, but their effectiveness is constrained by limited capacity and evolving legal mandates. The functioning of both the private and the public sectors has improved markedly during a period of development of government systems, with remaining constraints in staff qualifications and experience.

2.7 **Population and Education Indicators.** Timor-Leste is a small, low population island state (with around 800,000 inhabitants at the time of restoration of independence in 2002), but with a very high birth rate that has taken its population to above one million at the end of its first decade.³ It is also a youthful country, with more than half of its population being under 19 in 2009/2010. Despite the country's having substantial oil and gas reserves, which it is beginning to exploit, most residents have yet to experience the benefits of these national assets, and thus the incidence of poverty in Timor-Leste is currently very high. At mid-decade about 40 percent were classified as poor and unable to attain a minimal standard of living. Malnutrition was also widespread, with almost half the population of children under five being stunted and underweight. In addition, about 40 percent of 15-49 year olds were illiterate at that time (although by the end of the decade that had fallen to 32 percent for women and 21 for men).⁴

³ According to the official 2010 Census, the county's total population in 2010 was 1,066,409.

⁴ Source: Population and Health Survey 2009-10. These figures mask significant regional variations; for example, that year illiteracy was 11/8 percent for women/men in Dili, but 52/40 percent in Ermera District.

2.8 With such a large and growing cohort of vulnerable children, **early childhood education and development** has been an important social concern. However, in the first decade of independence the number of children attending preprimary education actually fell. Currently, however, early childhood education is growing rapidly, with the number of children enrolled in 2007-08 almost doubling that of pre-independence 1999 (7994 compared to 3835). Still it reaches only about 25 percent of the population of children in the 3-5 age group. Communities have made a significant contribution to this effort -- about 72 percent of the pre-school programs are private or community supported. In both the private and public domain, pre-school managers and teachers are considered under-trained.

2.9 **Basic education** (now defined as primary grades 1-6 plus grades 7-9 “pre-secondary”) has received special government attention during the past decade, given Timor-Leste’s commitment to the Millennium Development Goals and the basic rights of children. Progress is revealed by a strong increase in the primary school Net Enrollment Ratio over the decade from about 50 percent at restoration of independence in 2002 to around 83 percent in 2008-09,⁵ with much of the recent change coming as a result of Government outreach to marginalized families and their children.⁶ Despite the progress in improving primary school access, the sub-sector is still challenged by problems of late enrollment (55% of the grade 1 intake in 2008-09 was one year or more above the official age of 6), grade repetition (almost unchanged at 15-20 percent over the past 7 years), dropout (the primary school graduation rate in 2008-09 was **65 percent**, compared to 2015 MDG of **100 percent**)⁷, and poor quality as evidenced by extremely low measured literacy levels among 2nd graders and unacceptable numeracy levels among 3rd graders.⁸ Although a formal causal analysis has not been done to explain such alarming learning outcomes, observers point to different weaknesses in basic learning conditions, such as poor teacher preparation and/or insufficient time for training in the new BE curriculum, poor school-level distribution of learning materials, run-down facilities, low hours of instruction (“time on task” well below international norms), and the need for teachers to teach in languages that they often do not know how to write or speak at the level required; and widespread home environment issues, such as poor nutrition and post-crisis resettlement problems. At the end of the decade there was one encouraging sign of improving educational conditions: student-teacher ratios had fallen, from around 50:1 in the early years of the decade to 29:1 in 2008-2009.

2.10 **Pre-secondary education** is also expanding quickly, given the increased number of students completing primary school and new policy of requiring 9 years of basic education. The Net Enrollment at this level has increased by about 25% over the past two years, but at 28% in 2010, it is nowhere near the 100 percent envisioned under the new basic education law. A new lower secondary curriculum has been produced which is more integrated with basic education cycles 1 and 2 (grades 1-6).

⁵ This is based on EMIS data reported in the 2008-2009 T-L *Education Statistical Yearbook*.

⁶ See World Bank (2011), *Implementation Completion Report: Timor-Leste 2009 EFA-FTI Bridging Project*.

⁷ There have been some studies by UNICEF and USAID on student dropout, but they have not been completed (USAID) or are inconclusive.

⁸ The Early Grades Reading Assessment (EGRA) undertaken in 2008-09 to establish a baseline for assessing student reading skills, revealed that 40% of the children sampled were unable to read a single word at the end of year 2 (see World Bank (2009) *Timor-Leste Early Grade Reading Report*). Concerning numeracy, the 2006 Measuring of Learning Achievement Study (MLA) showed that 80% of grade 3 students failed to meet a minimum level of learning in mathematics (see UNTL and UNICEF (2006), *Measuring Learning Achievement, Pilot Study*).

2.11 **Secondary education** is not expanding nearly as quickly as pre-secondary, having only grown about 4 percent over 2006 – 2009, reaching a Net Enrollment Ratio of about 18 percent. About 40 percent of the participants at this level are enrolled in private schools. Also general secondary schools outnumber technical ones by more than 3 to 1. One of the reasons that secondary school enrollment is so sluggish is that it is still using a pre-independence era curriculum, taught through the medium of Bahasa Indonesia. Also, despite the country's growing need for medium level technicians and other skilled workers, there are few Ministry programs geared specifically to the country's manpower needs.

2.12 After getting off to a slow start in post-independence Timor-Leste, **higher education** expanded from a student base of around 2000 to a current enrollment of about 17,000 (in 14 institutions of higher learning, a majority of which are private). These institutions are in the process of being accredited by the newly established National Agency for Academic Assessment and Accreditation (ANAAA). So far the country's only public higher education institution, Universidade Nacional Timor Loro Sa'e (UNTL), has been accredited, as have two private institutions. Accreditation of the national university does not necessarily make for high-quality, regionally-competitive institutions. T-L is coming out of an era of relative government neglect of higher education, in which little oversight was provided by the Ministry; quality standards were unspecified and unclear (expected to be addressed by the establishment of a National Qualifications Framework); instructors and managers were underqualified and (often) inexperienced; and facilities -- textbooks, library resources, computer connectivity, laboratories, and lecture halls -- were inadequate.

2.13 **Teacher qualifications and teaching quality.** Creating a quality teaching force and improving classroom teaching are such important cross-cutting concerns in Timor-Leste that in the NESP they are covered within their own "priority program." Much of the concern is based on acknowledged current weaknesses, in part a consequence of teacher flight during the transition to independence and the need to fill gaps with those having limited academic backgrounds and professional training.⁹ Since the 2005 Sector Plan for Universal Primary Completion the national goal has been for all teachers to meet MOE quality standards (50% by 2008/09 and 100% by 2015), but progress towards this has been unclear, since the quality standards themselves have been in flux and the number of teachers meeting them is not clearly documented. The best available estimates show the education system falling short on the 2008/09 goal by 10-30 percentage points.¹⁰ The situation is further complicated by the fact that a significant number of teachers are partly qualified, that is, they have embarked on a course leading to formal qualifications but because of political upheaval or policy changes have not been able to complete their studies. This suggests the need for targeted upgrading.

⁹ The Program of the 4th Constitutional Government pointed to an "insufficiency of qualified teaching resources."

¹⁰ The Ministry began drafting minimum competencies for teachers in 2006 and completed them in 2008/09. They cover four areas: language, technical knowledge, teaching and learning, and professionalism; however, it is not yet clear how many teachers have acquired these competencies or even how many teachers of various levels of training there are in the system (there is an ongoing teacher census). Also, the 2008 Education Act set minimum qualifications for primary teachers at the *Bacharelato* level and for secondary at the *licenciatura*; but it is not clear how many teachers are qualified by these standards. NESP estimated that more than 9000 teachers are unqualified (80% using EMIS 2008/09 data as a base); but other tables from EMIS 2008/09 show a more positive picture of about 40% basic education teachers being "college" or "university" graduates.

2.14 Concerning teacher competencies, observers have noted how most teachers are not fully proficient in either writing or speaking the official languages of instruction and/or those in practice being used for instruction,. Also, there is evidence of low capacity with new learner-centered methodologies, witnessed (in at least one study) by teachers speaking well over 90 percent of time. MOE strategy has been to address such weaknesses with more in-service training (some accompanying the introduction of new curricula and some to increase instructional language proficiency), but, despite progress in recent years, in-service has not been sufficient nor as coordinated and aligned as it should have been. In addition, there are reports of poor teacher professionalism, witnessed by high levels of absenteeism and some violence against children. A teacher Career Regime Law was passed --and is in the early stage of implementation -- to help establish and enforce professional conduct norms; in addition, a new teacher training institution, INFORDEPE, has been created and is expected to contribute to improvements on class preparation and teacher commitment. However, it is too early to tell how influential these reforms will be in significantly improving teacher performance in the classroom.

2.15 Gender **parity** is a critical MDG and gender “mainstreaming” is an important policy goal in Timor-Leste. In fact, the gender balance is quite even for primary education, but becomes progressively less so at higher levels of education and in the professional world. For example recent EMIS data reveal that girls’ primary school enrollments are commensurate with their proportion in the population (.48), and that they outperform boys slightly in both grade repetition and retention (e.g., their repetition rate in primary is 18 percent compared to 21 for boys). At the pre-secondary level, they have a higher NER than boys, but more boys complete that level than girls (31 vs 24 percent). Similarly, at the Secondary level, a higher proportion of females *attend* school, but a higher proportion of boys *graduate* (18 vs 12%). In higher education, the gender divide becomes even deeper, with only 38 percent of the students at the National University being female. In the education workforce, women are increasingly outnumbered as the level increases: they are 39 percent of primary school teachers; 27 percent of those at the secondary school level, and 18 percent of university lecturers. Moreover, they are underrepresented in management positions: 10 percent of school directors (principals) are women, as are 28 percent of Ministry Heads of Department.

2.16 Another theme that cuts across all levels of higher education in the country is **social inclusion**. Even though Timor-Leste is a small country with a low population base, its difficult terrain and tumultuous recent history have led to a number of groups being socially and economically marginalized. In order to fulfill the equal access promise the *National Education Policy* the Government is building and will continue to build programs at all education levels that reach out to those whose participation has been hindered by socio-economic conditions, ethnicity, language, age, gender, disability, HIV or migrant status, and remote location. The newly designed “cluster school” system also provides outreach through its filial schools that provide remote area children access to basic education cycle 1; however, careful planning will be needed to ensure that filial school completers will have easy access to the subsequent stages of basic education.

Year 2005 Strategic Plan and FTI appraisal/endorsement

2.17 The Government’s first formal education strategic plan, the *Strategic Plan for Universal Primary Completion by 2015*(SP-UPC) was finalized in 2005 and submitted that year for FTI appraisal and endorsement. What the document presented was not a full sector plan, but a focus on the MDG of reaching universal primary education completion (through grade 6) by 2015. While SP-UPC provided a program framework for the period 2006-2015, it concentrated on government strategies

over the medium term, 2006/07 through 2008/09. Its three key priorities and related strategies were:

- **Improved access and equity in access** – strategies include school construction and rehabilitation and measures to lower the cost of schooling for the poorest households;
- **Improved quality and relevance of primary education** – strategies include developing a quality curriculum; teacher development and the provision of adequate and relevant materials and books;
- **Improved education system and school management** – strategies include institutional development and capacity building at all levels.

2.18 Appraisal and endorsement. The Plan was submitted to the FTI Partners for appraisal and FTI endorsement. It was positively appraised by the partnership with these words: “Overall, the technical interventions identified to address these problems over the medium-term are viable and well thought through. Importantly, we note that the interventions are particularly well focused and that they are not ‘padded’ in any way. In fact, we see the entire program as necessary and timely. As the reader progresses through this assessment, however, they will see that attention is continually drawn to the issue of institutional capacity. There can be little doubt that, above all else, the Government must maintain a substantial commitment to address the service delivery capacity shortfall (at all levels) for some years to come.” (SP-UPC Appraisal and Recommendation for Endorsement (2005), p 8). Among the Key Performance indicators for SP-UPC (also reflected in the appraisal) were:

<u>SP-UPC Key Performance Indicator</u>	<u>06/07</u>	<u>08/09</u>	<u>14/15</u>
% of age group entering 1st grade in primary cycle	80	85	100
% of age group completing grade 6 in primary cycle	37	51	100
% repeaters grade 1-4	23 ^a	15	5 ^b
Gender equity index			
% of classrooms with complete set of learning materials	30 ^c	60 ^d	100
% of deployed teachers meeting MOE standards	10	50 ^e	100
% of classes with STR 40:1 or less	---	92	100
Annual instructional hours	---	800	1000
% of national budget going to education	20	20	20
% of recurrent sub-sector budget that is non-salary	12 ^f	20 ^g	25 ^h
(Values in the SP Appraisal differ, as follows: ^a 20; ^b 4; ^c 0; ^d 25; ^e 30; ^f 14; ^g 18; ^h 22)			

2.19 FTI Grants. In support of SP-UPC the partners requested financing from the FTI Catalytic Fund (now called the FTI Fund), and a grant for \$3 million was awarded in 2006, expanded by another \$5.2 million in 2007. In 2008 the Government, with the endorsement of the Partner Agencies, submitted a request for an additional expansion, a one year “bridging grant,” for \$4.9 million and that was awarded in 2009. The award was to help fund the SP implementation during a period in which the full education strategic plan (2011-2030) was being finalized submitted for endorsement and FTI funding support.

2.20 SP-UPC Outcomes. There has been no formal evaluation of the implementation and effectiveness of SP-UPC; however, a review of accomplishments under the Plan is contained in the application for “FTI bridging funds,” and that project’s Completion Report. These only reported results on a few of the SP’s Key Performance Indicators of the plan.¹¹For example, they cited figures on primary school completion rates, which they assessed to be between 54 and 68 percent in 2007-08, positive compared to the SP-UPC goal of 51 percent. (Figures compiled by the FTI Secretariat from the UNESCO Institute of Statistics for 2009 show 65 percent for both boys and girls). The intake rate of 6 year olds into the first grade was far below its 85 percent 2008-09 target (having reached only 30 percent in 2007-08) but the baseline for this was highly exaggerated; by the completion report in 2011 the rate was assessed at an improved 49 percent.¹²Also, grade repetition was an SP-UPC indicator covered by the review and it was recorded as under the targeted 15 percent (12 percent for girls; 14 for boys), although EMIS data for 2008-09 shows it as having surged again to 18 and 21 percent respectively.¹³Disappointingly there was no information on the attainment of the goals on teacher qualifications, learning materials, time on task, and percent of national budget going to education, all ongoing systemic challenges.

2.21 SP-UPC Outputs. Among the notable outputs generated by FTI supported SP-UPC were:

- The delivery of school grants (quadrupled in size);
- The creation of an Infrastructure Unit in the MoE which oversaw the construction of 192 new or renovated schools (albeit about ½ of the target and little progress in installing water and sanitation facilities);
- School feeding programs in all primary schools (with decentralized management);
- The creation of a new Curriculum and Learning Materials Directorate;
- *Lafaek* magazine (Portuguese and Tetum language curriculum based magazine) distributed to all schools;
- Piloting of a new decentralized in-service teacher training system and the holding of sessions during school holidays.

2.22 2009 FTI bridge funding and catalytic nature of the support. The 2009 FTI bridge funding underwent Implementation Completion and Results review upon closure. The report indicates a satisfactory implementation of the project, with 70% achievement on the Project Development Objective indicator (Net Intake Rate in Grades 1-3, including a 13 percent increase in grade 1 intake in remote areas schools), full achievement on the intermediate outcome indicator (measurement of reading at the early grades), and the growth in available learning materials. It is interesting to note that both FTI support operations were highly catalytic in nature, as both resulted in the scale-up of the activities: by joint AusAID/IDA funding in the case of FSQP and by government funding and IDA support in the case of the bridge funding.

¹¹ Some but not all of these indicators were also tracked during Annual Joint Reviews in 2006 and 2008. In 2009 and 2010 the AJRs were devoted mostly to discussions of the National Education Strategic Plan 2011-2030.

¹² Given the significant proportion of children who enter school before the legal age, the share of six year olds enrolled in school was actually more like 72% in 2010.

¹³ Note: this surge may be an artifact of flawed data. The 2008-09 EMIS data also show significant variations in repetition across grades and geographical areas. For example, it shows the overall grade 1 repetition rate to be above 30 percent (somewhat lower for girls) but below 5 percent for 6th grade boys and girls); on regional variations, the average rate in Oecusse was in 2008-09 between 25-30 percent; in Dili below 15% (see *Education Statistical Yearbook 2008/09*).

2.23 Regional Disparities. One important observation for both outcomes and outputs was the existence of sharp regional disparities. For example, for primary school graduation rates, the NER is near 100 percent in Viqueque District but only around 70 percent in Oecusse; the Net Intake Ratio is around 63 percent in Viqueque but on 35 in Ermera; and primary school repetition is stands at less than 5 percent for girls in Dili but almost 25 for boys in Lautem. Similarly, in some districts there are isolated areas where no access exists, and some population centers where certain children are hindered from entering schools that are available. For the above reasons, the Partners agreed to focus the FTI Bridging Project on: a) expanding access to education by marginalized groups; and b) improving the quality of the learning experience for these groups.

Current Issues and Challenges

2.25 After almost a decade of national independence, Timor-Leste has made much progress in its efforts to educate its people, for example by reaching more than 80 percent levels of age-group participation in primary education, male-female parity in primary school enrollment, and 85 percent literacy (86 male; 84 female) among its 15-24 year olds.¹⁴ However, the country still has a long way to go before it has reached the 2015 Millennium Development Goals of 100 percent completion of primary education, gender parity at *all levels* of education, and universal literacy among 15-24 year olds. For basic education, besides the call to ensure universal participation in 6 years of primary education, the new National Education Law calls for extending mandatory education to 9 years (primary plus pre-secondary). On gender parity the nation cannot rest, since after primary education parity begins to decline steadily until at the level of higher education males (in the National University) outnumber females by almost 2 to 1.

2.26 Besides the areas covered by MDGs the country faces other access issues, such regional and socio-cultural disparities, low participation levels in early childhood education (limited mainly to cities), uneven involvement in literacy acquisition by older adults, and limited participation in post-basic education (with 2010 NERs at the secondary and tertiary education levels being 18 percent and undetermined, respectively). Also unclear and under-elaborated is how remote-area children served by filial schools in the first primary cycle will be able to continue their basic education once they move into the second and third cycles of basic education.

2.27 Also, just as important as equitable access are the challenges in the area of education quality, with studies showing less than optimal conditions for learning, and lower than desired learning outcomes, again at all levels. Of special concern at the basic education level is the inadequate provision of basic learning conditions, and consequent low acquisition of basic math and reading skills (learning outcomes). Similar quality concerns have been noted at the pre-primary, secondary and higher education levels. The challenge of improve learning conditions and outcomes has been noted already for many years (e.g., for basic education in the SP-UPC), and improvements have been made, for example, with new curricula and learning materials, a new teacher career regime, reforms in teacher training programs and the school inspectorate, a promising cluster management system, and the deployment of new teachers. The main challenge in the next phase appears to be transforming such improved material conditions into new levels of learning.

2.28 Concerning education system management, the Government has taken progressive steps in recent years to reform educational management (the *2008 Organic Law, approved by Council of*

¹⁴ See NSD Report, Nov. 2010.

Ministers in 2010), aligning structures with the basic outlines of the Sector Plan, thus improving the prospect of increased accountability, but the structures are new, many managers are inexperienced, and the demands of a rapidly mobilizing education system are great. The Achilles Heel of weak implementation management is fully recognized by the Ministry of Education, and a strong framework for capacity building at all levels is about to be put in place.

Main Features of the National Education Strategic Plan (NESP)

2.29 The strategic vision of the National Education Strategic Plan is put forward as follows:

“In 2025 the population of Timor-Leste will be educated, knowledgeable and qualified to live a long and productive life, respectful of peace, family and positive traditional values. All individuals will have the same opportunities to access to a quality education that will allow them to participate in the economic, social and political development process, ensuring social equity and national unity” (p.7).

2.30 This vision is operationalized in the Plan through the establishment of 7 Priority Programs, each aligned with the 2008 *National Education Policy* and *National Education Law*, and each having both long-term (2011-2030) and short-term (2011-2015) goals. In addition, the Plan envisions goals for reforming the management of education, for which there are 6 Management Reform Priorities. The Priority Programs and Management Reform priorities, which are all set forth with logical frameworks (showing long and short-term goals, results, activities, indicators, means of verification, and main assumptions) and implementation matrices (showing targets, activities, time frame and responsible party), are presented in Annex A.

Country Ownership, In-Country Donor Support, Aid Harmonization, and Alignment¹⁵

2.31 This Strategic Plan was originally conceived, assembled and promoted by the Timor-Leste Ministry of Education. It was initiated by the Minister himself in October 2008 with his presentation of “Working Towards a Sector-Wide Approach to Education (SWAP),” which was then followed by a series of steps to formulate an Education Sector Strategic Plan. Another catalytic event was the release of the National Education Policy and its discussion at the Ministry of Foreign Affairs among significant education stakeholders. That led to the formation of Working Groups to undertake situation analyses of the various subsectors. By May of 2009 the main strategies, targets, and actions for the sub-sectors were formulated, and the need to consider capacity and funding limitations were identified. By mid-2009 the Minister presented the first version of the plan “The Strategic Plan 2010-2020 and the Investment in Education.” A list of cooperation needs for each priority program was made and different development agencies were engaged in furthering Plan development, providing advisors to refine programs and related implementation matrices, and cooperating in the identification of the SP’s most critical demands. In March 2010 at the home of the Prime Minister a First Draft of the National Education Strategic Plan (NESP) was presented to the Government and two months later delivered to the Development Partners. In November the Final

¹⁵ This is largely based on a PowerPoint presentation by the Ministry’ Director of Planning, Alfonso Soares, “The Road to the NESP 2011-2030.

Draft of the NESP was reviewed and “endorsed”¹⁶ by the Partners during an Annual Joint Supervision Mission (November 2010); at the same time the Partners pledged to align their financial and technical support to the Strategic Plan.

2.32 This was not the first time partner agencies came to the support of a government education plan. Beginning in 2006, after the FTI endorsement of the limited sector plan (for SP-UPC), the agencies provided coordinated support, with UNICEF focused on school infrastructure, management (EMIS), curriculum, and teacher training; Portugal on teacher training and language programs; Brazil on Teacher training and materials development; New Zealand on capacity building (mainly for management); Australia on capacity building and wider sector support; the World Bank (IDA) on sector support, outreach to marginal children, and second chance education; CARE on teacher training and learning materials; WFP on school feeding; and many other examples. Annex Table 3 summarizes the external assistance areas and amounts, for the 2011-2015 period.

2.33 In most cases this support was provided through small, independent projects (grants or TA), creating high transactional costs for the government (only 2 projects plus the FTI “catalytic fund” grant provided for joint funding).¹⁷ Aid harmonization was, in fact, often constrained by poor inter-donor communication and difficulties in coming to cooperative agreements. By the end of the century’s first decade there had not yet been any multi-donor budget support projects in Timor-Leste, nor the use of pooled funding.¹⁸

2.34 Nevertheless, it should also be considered that the donor-recipient relationship is not the only modality guiding international engagement in the education sector in Timor-Leste. South-South cooperation modalities of partnership between developing countries are also playing a relevant and complementary role. Timor-Leste has a cooperation attaché in Indonesia, for where thousands of Timorese students go every year searching opportunities for graduate studies, a type of cooperation whose costs are not easily calculated. Cuba has been contributing to change the pattern of illiteracy, supporting the implementation of “Sim eu posso” program. Brazil has been involved with public teachers training, particularly in the areas of science (Biology, Maths, Chemistry, Physics), both supporting the production of materials and providing training for teachers and for Timorese trainers. In South-South modalities, cooperation is usually part of the regular budget of the foreign institutions that are engaged, as an extension of their regular work. Timor-Leste has been recognizing the need for review in the concepts of aid harmonization to better reflect South-South modalities of cooperation.

3 Technical Appraisal

Appropriateness of Long-Term Objectives

3.1 The Strategic Plan has set out a comprehensive long-term vision for education development covering a 20 years period (2011-2030). In that vision subsectors are expected to grow in an

¹⁶ This was an endorsement “in principle,” not the kind required by FTI that is preceded by a formal SP appraisal by the Development Partners.

¹⁷ In addition to the 2006 CF Project (Primary Education Support Project) these were the 2007 Education Sector Support Project (IDA and AusAID), capacity building (NZ and AusAID).

¹⁸ This was to some extent based a widespread perception of ineffective and inefficient government financial management and budget execution. This appears to be changing: the last IDA project (Second Chance Education) is basically a budget support effort, and preliminary discussions of a management strengthening project linked to NESP implementation include the possible use of pooled funds.

integrated manner, and to improve in quality, with the ultimate objective of providing all individuals the same opportunities of access to a quality education. Although the Plan covers all subsectors, its most fundamental priority is, appropriately enough, reaching the Millennium Development Goals of universal basic education, gender parity at all levels, and full literacy for young adults (age 15-24). The priority is evidenced by the heavy investment in these areas during the first years of the Plan: in 2011 the expected investment in basic education (covering basic schooling, pre-school education, adult literacy, and outreach to marginalized children will be around 73 percent of the total). In 2015, when the MDGs are expected to be reached or nearly so, this proportion evens out to around 59 percent, still above the FTI benchmark value of 50 percent for basic. Given the increased pressure for access to secondary school education at that time, the SP appropriately increases the share of planned revenue for secondary education from around 15 to 20 percent. Also, by 2015, when full literacy is expected among young adults, the basic literacy program is reasonably planned to diminish, and turn mainly to providing alternate routes to basic education, like the National Education Equivalency Program.

3.2 As Plan implementation moves beyond 2015, Basic Education is expected to lose its majority share (moving to 47, 47 and 45 percent by 2020, 2025 and 2030 respectively), but will still remain near the FTI benchmark.¹⁹ As the SP nears 2030, when the country is optimistically expected to reach upper middle class status, the share of resources devoted to higher education is projected to climb to about 33 percent of all education resources, a reasonable share. The strategic plan for secondary education is for it to shift progressively more towards the technical track, with “Secondary Technical” planned to take in about 60 percent of all secondary students by 2030. *This share is very high by regional as well as global standards, and may need to be revised as the market demand for this kind of secondary education, from the point of view of both employers and students, becomes clearer over the years.*

3.3 Another approach to assessing appropriateness of objectives is to compare the goals of the SP with the “issues and challenges” that have been identified for the education sector in T-Lin this document (see section 2.3c above). There is clearly a consistency between the SP and our issues/challenges list in their focus on reaching the MDGs. In particular, both the SP and the issues list highlight the need for improved gender equity at the post-basic levels and in access to teaching and management positions. For this issue the Plan advances Social Inclusion priority program, including girls’ scholarships for secondary and tertiary education; changes in the way curricula at basic and post-basic levels treat gender differences; and opportunities for women to train as professionals overseas. Financial allocation for this increases progressively through 2020, given the fact that a higher proportion of the cohort will then be attending post-basic education. However, it is not clear yet whether the magnitude of the proposed investment (around ½ of 1 percent during the years 2011 to 2020), will be sufficient to make an appreciable difference equitable access.

3.4 The issues section also raises concerns about other socio-economic disparities (low access and achievement for the marginalized and disabled), and these concerns are also addressed by the SP Social Inclusion priority program, through mechanisms such as school feeding, conditional cash transfers, scholarships, awareness raising (e.g., for the disabled), and bottom up planning at the school cluster level. Although such efforts are part of the Social Inclusion PP, which has its own (modest) budget, they are also funded through allocations embedded in other sub-sectors, such as

¹⁹ These observations are based on the original NESP costings (in the May 2011 draft), and not subsequent revisions, since those only went through 2015.

school feeding under basic education, and social outreach within clusters under the Deconcentrated Management efforts.

3.5 Education quality is also a major issue for the nation as it contemplates being an effective player in a very competitive part of the world. The long range objectives of the SP have clearly addressed general quality issues identified in Section 2, including improved learning outcomes and strengthened conditions for learning, including creating and managing a quality teaching force. However, the Plan is, rather vague what learning outcomes are expected at the different education levels (pre-school to higher education) and how to measure and improve them (one exception is the recent adoption of EGRA for assessing early reading fluency). It is also not clear whether the Plan has powerful enough reform features to improve the professional performance of teachers and to put textbooks in the hands of students (the recent track record is still poor). For teachers, the system will need more than improved pre- and in-service training and a more promising career path and reward structure (covered in the new Teacher Career Regime). For example, in exchange for professional upgrading and rewards the government should expect better teacher performance such as regular attendance and more classroom teaching hours (the total in T-L now being far below international norms).²⁰

3.6 It can be noted that, in particular in a context of high prevalence of malnutrition and anemia amongst children, as well as malaria and dengue fever, few linkages exist between the education and health sector within the NESP. Although issues related to hygiene and good health practices are addressed as part of the curriculum in basic education, stronger connections could be made between the two sectors, with for instance a joint Ministry of Education and Ministry of Health School Health program. International experience, as for instance the inter-agency Focusing Resources on Effective School Health (FRESH) Framework, could provide guidance in this endeavour.

3.7 Finally, the issues section raises serious concerns about weak education sector management, including teacher management, and implementation capacity. This concern is being addressed in the SP by 6 Priority Management Reform Areas (see appraisal section on Institutional Capacity). It will also be better understood and more systematically dealt with when the forthcoming Capacity Development Action Framework, expected for the end of 2011, is in place.

Trade-Offs Between Expansion and Quality

3.8 Unlike many other education strategic plans, this one does not contain any wholesale trade-offs between program expansion and quality. In fact, the pace of planned expansion at the core of the Plan, basic education, is quite modest, with NER expected to increase from .90 to .92 over 2011-2015, it is geared to allow quality improvement efforts to accompany or even outstrip expansion. In addition, most of the expansion that is envisioned in basic education is at the margins through reaching out to formally excluded children. In the short-run there is one factor that will compromise quality under even modest expansion and that is the high rates of late student enrollment and student repetition (around 20% in the first years of primary). In 2010 this meant more than 70,000 overall age students in basic education (about 30% of the total) (see Figure 1), with that rising to almost 90,000 in 2015, if the rates of late enrollment and repetition are not curtailed. Even if they are curtailed (and the plan accounts for a moderate reduction), there is still a dangerous indicator of

²⁰ Sensitive negotiating will be required of the government, since teacher labor unions are gaining strength and will demand a balanced package of rewards and responsibilities.

potential loss of quality, namely, student-teacher ratios. In the current plan, the ratio is estimated to start well below the 40:1 FTI benchmark in 2011 (32.7:1), but will rise to well over the benchmark in 2015 (48); only to recede again to below the benchmark in by 2025. There will need to be serious thought about how to avoid overcrowded classrooms and their ill effects at pinnacle year of 2015.

3.9 Tradeoffs are less clear for other levels of education. Pre-school education is expected to grow very rapidly, and, although teacher production is expected to keep pace, this could be a vulnerable area. Also, there is little discussion of how quality improvement in higher education will keep pace with the planned 300 percent expansion in enrollments over the SP's 20 year period.

Resilience to Systemic Challenges and Political Change

3.10 Timor-Leste was born through social unrest and has been through some turbulent times since then (e.g., the social upheaval in 2006). Since 2006, and with the reorganization of government institutions and changed national priorities, a period of relative calm has settled in, including a reduction in forced migration, setting the stage for increased school participation. Renewed government emphasis on social equity in education appears to be one way to assure that this continues. The NESP and the legal documents that undergird it are appropriately pro-active in promoting social equality as another means of treat and preventing social conflict. The outreach programs within the Plan's Social Inclusion Program are meant to address the social alienation that comes from blocked accessing to social services and opportunities available to others. In addition, the planned drive to eradicate illiteracy within the next five years is well established means of treating alienation and building national cohesion. Finally, emerging programs in mother tongue instruction, improvements in school feeding, and student housing for filial school completers, among other initiatives, are suggested as new ways of engaging alienated communities, reducing school dropout and repetition, and accelerating the acquisition of basic skills.

3.11 In addition to the features built into the delivery of education, the Government, together with Partner Agencies, is developing emergency preparedness plans, focusing on mitigation of and preparedness for threats from natural disasters (like tsunamis) and social conflict. This year there has been a revival of an emergency preparedness "Education Emergency Cluster," with UNICEF and Plan International leading the way for the development agencies to complement the government's plans for emergency response. So far the revived cluster has developed ideas about interagency communication during emergencies, ways of keeping educational services operational before, during and after emergencies, and conducted mapping on Education in Emergency preparedness and response for capacity development. Sources of funds for emergency prevention and abatement efforts are pending mobilization. It is anticipated that 2012, national elections will present some special challenges in the area of social unrest, and thus the cluster in coordination with the MoE will continue to develop ways in which the GoTL can anticipate and be resilient to both natural and man-made emergencies. The Education Emergency Cluster recommends that GoTL identify the source of fund to be accessed in the event of emergency.

3.12 Besides emergency preparedness, the Ministry is also seeking resilience of its major reforms to political or regime change. The Legal Office of the MoE is currently very busy codifying the laws and regulations needed for effective NESP implementation and will continue to do so until early 2012, at which point it will turn its attention to implementing them and demonstrating their viability/effectiveness. A solid legal framework and a good track record are considered by the Minister as insurance against important policies being changed in after the electoral period.

Equity and Social Inclusion

3.13 Equity has become a fundamental pillar of recent national educational policies and permeates the education strategic plan, as demonstrated in the Plan's Vision Statement, "... All individuals will have the same opportunities to access to a quality education that will allow them to participate in the economic, social, and political development process, ensuring social equity and national unity." Equity is at the heart of the government's intention to provide a universal and free basic education to all citizens within the life of the strategic plan. Concerning gender equity, evidence is already available that girls fare well in the early, basic years of education, but not so well in later more advance years (secondary and higher education, and professional positions). The Plan recognizes this and has built in programs and incentives to improved gender equity at these levels.

3.14 Not satisfied that supply-side solutions (building more schools and providing better teachers) will make will by themselves lead to social equality, the Plan has built important "demand-side" features within its Social Inclusion Priority Program (such as conditional cash transfers, school feeding programs, scholarships (especially for girls), and programs for the disabled). Also, the new Basic Education law, with its cluster schools and their responsibility for locating and reaching out to all learners, is another equity feature.

3.15 Additional policy documents complement the NESP on specific dimensions of exclusion, with strategies elaborated in more detail. These include the Gender Policy, finalized in 2009, the Mother Tongue-Based Multilingual Education policy, approved in mid-2011 and the Inclusive Education Policy, being finalized in late 2011.

3.16 In the preliminary costing of the NESP, the Social Inclusion PP only received about 0.5% of yearly allocations, although of course, a large proportion of the supply-side activities in favour of equity are in fact included under the other priority programs. If in the course of the Plan's implementation more emphasis on demand-side approaches to equity appear to be necessary, there would be good reason for revisiting the share of Plan funds being applied to it.

Strategy Costing and Financing

Reasonable Costing

3.17 A positive feature of the NESP is its detailed costing of each of its priority programs, over the entire period of the Plan (i.e., though 2030). Also positive are the Plan's: a) costing of both short term and long term programs; b) its cross-sector investment approach, with integrated scale-up plans across all major sub-sectors; c) an unprecedented emphasis on current system performance (baseline) data and on quantitative modeling, in part enabled by the functionality of the EMIS and new population data from the 2010 Census;²¹ d) attention to the macro-economic conditions and government revenue streams; e) educational financing in other parts of the Asia-Pacific region. In appraising the reasonableness of the Plan's costing, the following questions addressed:

- How appropriate/accurate are the units, unit costs and forecasts upon which the overall costing has been done?
- What different costing scenarios have been used?

²¹ These data were not yet available when the initial costing was done in 2010. Having become available in April-May of 2011, they were for the revision of the costing of the first 5 years of the Strategic Plan.

3.18 How appropriate/accurate are the units, unit costs, and forecasts upon which the overall costing has been done? In education the units upon which everything else is based are students. The Plan presented some carefully drawn projection of student numbers at levels with baselines coming from the 2004 census. Given an unexpected decline in fertility in recent years, it now appears the original projections led to excessive numbers. The 2010 census provides a more accurate baseline for projections, and these have led to estimates that are far below the originals. Also, the way that the original projections counted overage students led to inflated numbers of overage students. Taking both factors into consideration the appraisal found over-counting of units in the original projections in the range of 110-120,000 for basic education in 2015 (see Table 1), which at 30 students per classroom/teacher amounts to 3,700-4,000 fewer classrooms and teachers needed).

Table 1: Impact of new Census data on enrolment projections

	Pre-School Enrolment		Basic Education Enrolment		Secondary School Enrolment	
	Original Plan	Revised	Original Plan	Revised	Original Plan	Revised
2010	10,000	10,159	274,722	290,764	32,798	40,910
2011 Estimate	20,468	16,737	311,898	306,180	41,898	46,054
2015 Projection	62,341	43,048	460,602	344,864	78,698	61,639

3.19 Similar issues have been identified with respect to unit costs. The SP was being drafted just at the time that a new Teacher Career Regime Law was being formulated. Although not all implications of the law have been sorted out, initial reassessment of teacher salary requirements shows under counting of about 30% (less the outlay for ghost teachers who are now being identified).²² In addition, there is new information about costs of new or renovated classrooms (previously overestimated) and school meals (underestimated), which now allow for more accurate estimations.

3.20 The integration of all these new elements into the revised costing of the Strategic Plan addresses much of the concerns with the original costing. Enrolment projections based on the 2010 census and 2011 enrolment data were developed and integrated in the costing, with gains in internal efficiency (lower repetition and dropouts) expected from the improvement of quality planned in the Strategy resulting in reduced numbers of overaged children. Sensitivity analysis of the costing indicates that it is quite robust, and it is estimated that for the 2012-2015 period the costing of the policies described in the NESP should be approximately 90% accurate.

Table 2: Unit costs per level of education

Recurrent Unit Cost (2012)	Unit Cost (\$ per student)	Ratio (Basic Educ =1)	As % of GDP/capita
Pre-School	159	0.95	24%
Basic Education	166	1.00	25%
Secondary – General	207	1.25	31%
Secondary - Technical	341	2.05	51%
Polytechnic (est)	600	3.60	90%

3.21 The analysis of the unit costs for each level of education, as presented in Table 2, indicates an expected increase of these costs in higher levels of the system, but this increase appears reasonable. There is thus no capture of resources by the few who reach higher levels of education; instead, it guarantees equity by ensuring that the vast majority of the users, in basic education, receive a fair share of the resources. This is also reflected in the share of basic education representing a sound 65% of the costs of all levels of education in 2011 (cf. Table 3), with a decrease to 53% in 2015 as increasing numbers of students will transition to secondary education.

3.22 Also, when expressed as percentages of the GDP per capita, unit costs appear to be within the usual range of costs witnessed in countries of similar levels of development. Only the unit costs in basic education appear to be in the higher range of developing countries (although similar to that witnessed in low income African countries²³), as they are driven up by low pupil-teacher ratios compared to most otherwise comparable countries. However, this is the result not of unrealistic standards but of the government's efforts to provide education services to a highly rural and sparsely spread population. As this also offers the opportunity of better quality of teaching, it should be seen as a positive thing.

Feasibility of Financing

3.23 The NESP presented an ambitious financing agenda, based on 2004 population data. It originally proposed funding support in the first year, 2011, of around \$150million, which is significantly higher the budget for 2010 (around \$90 million) and the expected 2011 government allocations for education of around \$95 million. Financing requirements of the NESP under that costing plan were projected to escalate rapidly during the Plan's life, reaching \$388million by year 2030. The arguments made for this escalation of funding for education are: 1) These amounts represent about 20% of government revenues, a share which is typical of the countries in the region (Indonesia, Malaysia, Thailand and the Philippines) – by comparison education in T-L has been underfunded (its share in 2009, 12%); and 2) the Ministry of Education has a very strong record of budget execution (about 97% of cash allocations in 2010), especially compared to other T-L ministries, which typically in a year leave large unused portions of their allotments; thus, the MOE could use budget funds that are wasted elsewhere.

²³ Such as Burkina Faso, Niger, Comoros, Maldives, Djibouti, Lesotho, United Republic of Tanzania.

3.24 An updated plan costing effort, based on 2010 census data and updated information on teachers (numbers and salaries) and school capital costs, and a reworking of data on recurrent education, polytechnics, higher education and teacher quality, has produced more realistic figures, with 2011 implementation now viewed as requiring about \$111.8 million, followed by a steep escalation in 2012 and moderate increases after that. The figures presented in this section were not officially endorsed by the government at the time of finalization of this report, but are analyzed here as they represent the most up-to-date and realistic estimates of costs at this stage. Table 3 below presents these revised costings by sub-sector.

Table 3: Revised costing of the NESP Priority Programs

Programme (\$ Million)	2011	2012	2013	2014	2015
Pre-School	2.5	7.3	8.3	9.3	10.4
Basic Education	44.4	58.3	60.9	60.1	60.4
Secondary General	2,359,425	8,730,433	7,828,146	9,269,958	10,252,769
Basic Education	48,769,591	64,465,301	62,170,873	62,332,139	62,036,659
Secondary Technical	5,154,848	8,573,331	8,033,226	8,735,674	9,774,681
Secondary Education - Gen	15,150,351	31,38,209,727	36,709,797	41,213,929	45,773,141
Higher Education - Tech	15,172,450	31,294,975	36,709,797	41,213,929	45,773,141
Higher Ed - Polytechnics	4,008,000	5,488,000	3,515,000	3,301,000	2,759,000
Recurrent Education	0.6	0.6	0.7	0.6	0.6
Social Inclusion	2,841,817	3,563,601	4,156,686	4,215,870	4,952,054
Teaching Quality	9,886,000	18,676,000	19,126,000	11,341,000	9,434,000
Teaching Quality Management Reform	7,580,000	11,7615,000	10,7995,150	8,395,378	8,815,314
Management Reforms					
TOTAL PLAN SPENDING	111.8	149.0	155.8	164.0	171.8
Share of basic education	65%	59%	57%	55%	53%

3.25 The feasibility of the revised Plan costing has not yet been systematically tested. The revised costing amounts for the Plan's first year (totaling \$111.8 million) put them above what the government has allocated (\$95 million) plus DP financial contributions (around \$11.4 million). Some of this shortfall (about \$5.3 million) could be covered by DP pledges that so far have not been counted as direct contributions to NESP.²⁴ However, the sharp costing increases in 2012 and beyond put the needed funding far beyond the expected revenue stream (both government funds and DP contributions).

3.26 **Financing gap analysis.** To examine these issues the appraisal conducted a gap analysis. The analysis was limited by the fact that there is no explicit government estimate of future funding envelopes for education, partly for lack of projections for the total government budget. The very nature of the Timorese budget, directly dependant on the size of the drawings made from the

²⁴As mentioned before, a considerable amount of international cooperative support (training, technical assistance, piloting, and studies) has been provided to T-L for activities which have not been specifically costed in the NESP and thus cannot be counted as a direct financial contribution to it. However, it is conceivable that the Plan could be modified in such a way that many of these resources could be counted as quantifiable and direct contributions to the SP, thus reducing the funding gap.

special funds that contain the oils revenues and decided upon year by year by the government, makes such projections more difficult than in other countries (where budgets are more directly linked to the economic growth). To estimate government contributions, the appraisal used two scenarios, as shown in Table 4. The first one is based on a steady increase of the education budget by 10% per year. The second scenario assumes a similar steady increase, but by 13% per year. Table 5 summarizes the projections for 2011 to 2015 using these funding scenarios. The \$5.3 million gap mentioned above can be seen for 2011. Under the two scenarios for the education budget in 2012, the gap (even after adding DP contributions) rises to around \$26-31 million. Depending on the actual increase of the government budget for education, this gap might either remain in the vicinity of \$30 million per year, or slowly decrease to about \$5 million in 2015 (although this figure doesn't account for much external support, most of it being still undetermined for that year).

Table 4: NESP Costs and Financing Gap

		2011	2012	2013	2014 ^a	2015 ^a
Estimated cost of NESP		111,800,000	149,000,000	155,800,000	164,000,000	171,800,000
Government contribution	Scenario 1	95,100,000	104,610,000	115,071,000	126,578,100	139,235,910
	Scenario 2	95,100,000	109,365,000	125,769,750	144,635,213	166,330,494
Partner agency contribution		11,400,000	11,400,000	13,550,000	10,750,000	2,250,000
Bilateral ^b		5,000,000	5,000,000	6,300,000	3,500,000	1,250,000
Multilateral ^c		6,400,000	6,400,000	7,250,000	7,250,000	1,000,000
Total	Scenario 1	5,300,000	30,840,000	29,979,000	35,171,900	31,564,090
Financing Gap	Scenario 2	5,300,000	26,085,000	19,280,250	17,114,788	4,469,506

Notes: a. External funding for 2015 mostly not yet determined

b. Does not include international cooperation funding (ODA and non-ODA, estimated at above \$12 m per year) that do not come in support of explicit NESP targets.

c. Does not include new support sought from FTI in support of NESP.

3.27 In a situation similar to the second scenario, a modest increase in external funding (complementing the assumed increase in government funding levels) would succeed in closing the expected financing gap. These levels of government support will probably remain below the FTI benchmark level of 20 percent of the national budget allocated to education, but may be as much as the government can manage in the short-term, given that: a) overall government revenues are expected to increase sharply, and b) capacity for effective management and implementation of the Plan will still be being built over the period. Also, an important caveat is needed. This gap analysis only covers the next five years. The long-term Sector Plan so far presents costings (still being revised) that increase rapidly to a level in 2030 that would require a 20 percent share of the government budget for education plus continued DP support.

3.28 If the government is not in a position to increase the proportion of its spending going to education to these extents, the other alternative would be for the Ministry to scale back or rephase education development plans, especially in the middle years (2012 and 2013), when a large increase in spending is required by the Plan. Such scaling back is, in fact, an option already provided by the Plan itself, in case funding or capacity are found to be insufficient. The Annual Action Plans (AAP) constitute the key tools for the re-adjustments of implementations programs, as the different directorates adjust their annual goals and budgets to the resources available that year (both human and financial).

3.29 The Ministry has requested that Development Partners prioritize support for the NESP capacity building agenda whatever the financing gaps might be. This seems reasonable since successful implementation of the Plan depends in early strengthening of management expertise, an agenda which is estimated to require about 7-12 percent of the SP overall budget. Given that most of this funding would be for technical assistance (difficult to finance with domestic funds), it is particularly appropriate that this be supported by external agencies.

Implementation Capacity

3.30 The implementation capacity of the Ministry of Education has significantly improved over the last few years. The education budget execution rate, which was below 85% in most of the 2000's (and as low as 60% in the early years) consistently been around 97% over the past 3 years, despite the budget increasing by 60% in real terms over that period.

3.31 Some of the NESP programs rely on partnership with the civil society, with for instance early childhood education being provided in close partnership with NGOs and the Church. The capacity of the civil society to respond to this has not yet been properly assessed, although the Church has an important and wide-spread presence over the country, and it is expected that CSOs supply will expand once partnership frameworks are developed. The timely and proper development of these partnership frameworks with civil society and private sector will be a key factor in the success of programs such as early childhood and secondary technical. Successful experiences in this area, for example the use of the National Agency for Academic Assessment and Accreditation for accrediting private providers of higher education, and of the Skills Training Partnership for the training of Polytechnic tutors by local private providers, are encouraging and will be guiding this development.

Institutional Capacity to Implement NESP

3.32 One of the outstanding aspects of the NESP is its comprehensive treatment of institutional capacity development. Unlike many Sector Plans, this one makes management reform and strengthening *an integral part of its overall strategy*, based upon an acknowledgement in the NESP situation analysis that weak capacity of the Ministry of Education is a "recurrent issue." Having effectively gained its independence only in 2002 and having lost many of its key managers in the flight to Indonesia prior to that, it is understandable that management structures and capacity are still in the formative stage.

3.33 Capacity for policy making, planning, program development and teacher management were elements of development support even before independence and expanded during the first Sector Plan (SP-UPC), with many agencies engaged in capacity building either through the FTI grant or separate arrangements. In particular, the AusAID and the New Zealand mission provided capacity building support over the past several years, assisting with the design of management roles and skills, teacher management (including teacher census), and use of the internet, all geared towards improved delivery of services. Financial management has been another vulnerability, although significant improvements have been demonstrated in budget development and execution, with some support from the DP also being provided. The preliminary results of the PEFA-like assessment of the education sector²⁵ indicate great progress over the last couple of years, and performance above that of the whole-of-government. Financial management functions remain however

²⁵ As part of the forthcoming Economic and Efficiency Analysis (2011). PEFA: Public Expenditure and Financial Accountability

significantly reliant on international technical assistance, and doubts about MoE's capacity to implement its ambitious Strategic Plan have been voiced.

3.34 The new Sector Plan expects to address the various kinds of management shortcomings through 6 Management Priority Projects, each designed help overcome management weaknesses *in the course of the implementation of the core priority programs of the Strategic Plan*. Treated like the other 7 priority programs, these management programs are also appropriately designed with logical frameworks, implementation matrices, and results oriented budgets. Planning details also include when certain activities are to be done and under who's direction.

3.35 This building of management capacity in the course of implementing the other parts of the Plan is one of the strengths of the management strengthening plan, but also one of its weaknesses. Many features of the core priority projects require scarce expertise and experience and these are scheduled to be available in a "just in time" manner. But the Plan seems to be overly optimistic in how much capacity can be built in a short of amount of time. Of the 94 management strengthening activities in the Plan, 87 percent are scheduled to begin in 2011 and 43 percent to begin and end in that Plan's first year. Add to this the further complication that much of the needed technical assistance (to be supported by Partner Agencies) will not be provided until after the middle of 2011, and it is clear that the training boost needed to get certain activities going will come later than expected. *This is not to say that the capacity development agenda is misguided or inappropriate – the six management priority programs are essential, it is just that more time than planned seems to be needed for them to bear fruit, and that will also affect the pace of implementing activities within the core priority projects.*

3.36 Another concern with the management reform section of the Plan is its incomplete situation analysis, a full assessment of the reasons for weak management capacity, and a better description of who is responsible for what, particularly in the context of deconcentration and delegation of responsibility to cluster centers. Such issues could be addressed by the forthcoming Capacity Development Action Framework (CDAF). Building such a framework is a complex task, especially if it is to be driven by the Ministry of Education, and may not be fully completed within the first year of the project. This is another reason that capacity development will need to be considered a long-range process not an immediate fix. *When the CDAF is finished it needs to be appended to, and reconciled with the NESP.*

3.37 Finally, and this will likely be taken up by the Action Framework, there must be a recognition that capacity development (individual and institutional) is more than just training and providing job descriptions. This also requires attention to the incentives provided for good management as well as accountability frameworks for assuring responsible performance.

3.38 The recent establishment of the Cabinet for Strategic Advice and Modernisation, in fact in charge of the coordination and Supervision of the NESP implementation, is a key element of the potential for success of the NESP. The immediate support provided by Development Partners (WB-AusAID funded ESSP) and the further support sought from FTI funding will be key to the successful coordination and monitoring of closely linked and sequenced activities planned during the first couple of years of implementation of the plan.

Readiness of Action Plan for Implementation

3.39 NESP contains a relatively strong and comprehensive action plan for implementation, covering: a) implementation management; b) a monitoring framework; c) an evaluation framework; d) start-up plans, e) dissemination and promotion; and f) success factors and risk management. The intention to implement the plan mainly through existing management units is commendable (made possible, in part, through the recent alignment of Ministry directorates with the main themes of NESP). Also noteworthy is requiring each “Priority Program Implementation Team” (generally a MoE Directorate) to translate NESP goals and results statements into Annual Action Plans, which will also be the focus of ongoing implementation monitoring. Likewise the implementation plan appropriately emphasizes MoE connections to other parts of the government (Prime Minister’s Office, Ministry of Finance, Civil Service Commission) and to partner agencies, both international and domestic, for which reasonable mechanisms for cooperation and coordination are delineated.

3.40 Clearly one of the most important features of the NESP Implementation Plan is its provision for periodical and experience-based adjustments the Annual Action Plans (AAP). In making the AAPs the Teams will be expected to adjust their annual goals and budgets to the *resources available that year* (both human and financial), which in some cases may mean reducing the pace of SP implementation. *The appraisal sees this as reasonable and flexible, but cautions that too much flexibility would put the overall Plan goals in jeopardy, and that at some point, perhaps every two to three years, there would need to be a major NESP review meeting to determine whether and how SP strategic goals need to be adjusted (see also appraisal comments on “feasibility of financing”).*

3.41 Given the NESP is for 2011-2030, it is already half-way into its first year and there are signs that it is falling behind its implement schedule. A full review of progress will be done during the next Annual Joint Review, scheduled for November 2011, which will provide an opportunity to assess and respond to any delays experienced during the Plan’s first year. One concern is that by early June 2011 some of the Priority Programme’s 2011 Annual Actions had not yet been completed and endorsed, although this is to some extent compensated for by the fact that 2012 action planning was already underway. Finally, some of the external support for capacity building (e.g., Australian/New Zealand interim support; a possible FTI grant) will be only delivered in the second half of 2011 and 2012), putting some capacity development behind schedule.

4. Assessment of the Consultative Process

4.1 During the more than two years of NESP preparation the Ministry of Education led a highly participatory process, involving key government officials from many ministries, the Prime Minister and other political figures, local development partners (and through them their regional or central offices), NGOs, and various experts. Consultations were done through Annual Joint Reviews, special seminars and workshops, working group deliberations, and the inputs of consultants which have led to further partnership consultations (see section 2.5). There is some concern that the process has not adequately engaged school level stakeholders most of whom know little about it, that development partners have not always acted in a harmonious manner, and that there were sometimes gaps (times when the Minister was under too much pressure to consult). Also, some of the main analytical underpinnings of the SP (the Strategic Plan Costing Report; the Capacity Development Action Framework; and the work of a Strategic Plan Implementation and Monitoring consultant) have only become/are becoming available during the Plan’s first year. Although this

may make the first year's implementation somewhat uneven, it is to the Government's credit that it continues to work on the Plan's grounding and credibility.

5. Summary of Appraisal Results

Data and Information Gaps

5.1 The bulk of the data used in the SP, particularly for basic education, comes from the Ministry of Education's Management Information System, which has been up and running since mid 2000's with the help of UNICEF and other agencies. The appraisal of the 2005 Strategic Plan for UPE described the database at that time as "incomplete and unreliable," suggesting the need for a "considerable and sustained effort" to improve the Ministry's information system. As of 2010/2011 the EMIS is much improved, especially in generating information on basic education indicators. Some quality problems do still exist, but the error level is now estimated to be around 5-10 percent.²⁶ (Since school grants are sized on the basis of enrolled students, there is a temptation at the school level to inflate the figures, but some cross checks are now being employed to help minimize that.) There is still much less coverage in the Ministry database for pre-primary and post-secondary education, but these sub-sectors are expected to be added to EMIS in 2012. Finally, planning is limited by the absence of official population projections for 2011-2030 (expected end of 2011), but projections made by the Ministry of Education are being used for updating the situation analysis and targets presented in the NESP.

5.2 There have also been some recurrent difficulties in obtaining needed management information on the functioning of education system, e.g., the status of teachers (ghost teachers?); teacher qualifications and training needs; the cost of teacher training; the condition of buildings; existing Ministry and school assets; the best unit costs for construction and renovation; the minimum standards against which to assess BE Cluster needs; and the efficiency of the financial management system. During the appraisal it was clear that many ambiguities will be cleared up by an ongoing teacher census, reports on capacity development, education sector financing and efficiency, and service delivery bottlenecks, but steps still need to be taken to make school information gathering routine (e.g., through an enriched EMIS or the Inspectorate). In addition, the Plan has been constrained by lack of evaluation and baseline data of various kinds, such as that providing evidence of the impact of several years of capacity building support at the Ministry of Education. Much of this will be treated within the management reform priority projects and the under this SP.

Monitoring and Evaluation Design

5.3 The Timor-Leste's SP is remarkable in that it includes a detailed description of both implementation monitoring and outcomes evaluation (the latter through a "performance assessment framework"). It also raises the important issue of establishing good baselines for both monitoring and evaluation. With respect to the baseline data, it is appropriate as the Plan specifies that 2010 EMIS data be used together with 2010 Census data to create baseline values of indicators, but it also should be pointed out that there are many Plan indicators (e.g., for post-basic education and management change) for which there is no EMIS data and for which other sources will be

²⁶ A 5-10 error is still serious, making the difference between a 93% NER and a 83-88% one, a crucial difference in the Education for All quest.

needed to establish baselines, a challenge which should be faced right away, since the Plan is already well into its first year.

5.4 Concerning performance assessment, there is an ambivalence in the Plan as to how complicated this should be and as to what outcomes should be assessed. The Plan calls for simplicity on the one hand but on the other recommends a rather complicated design, including, at the school level, assessing the school “social atmosphere.” At one point it suggests that indicators should be chosen by the Government and Partners (the Local Education Group). However, good practice suggests that all major project outcomes should appear in the evaluation design, and be measured on a periodic basis, at least halfway through the short-term plan period (between 2011 and 2015), and that results should be the focus of various Joint Reviews. Partner choice would come in at the point of deciding which of the indicators in the Plan would be the focus of a particular Joint Review.

5.5 At this point the indicators in the Plan are mostly output indicators; as mentioned above, it would be desirable in addition to formulate some “behavioral change” outcome indicators, such as improved student learning outcomes, improved teacher performance, and improved management performance.

Strengths of the Strategic Plan

5.6 As a result of this appraisal, including interviews with MoE and Development Partner representatives, the following strengths in the National Education Strategic Plan have been identified:

- Strong ownership of the Strategic Plan (SP) by the Ministry of Education (particularly the Minister who is the SP’s Champion), familiarity with the SP (especially at upper MOE levels), and strong MOE promotion of the SP and its goals.
- A comprehensive long-term vision conveyed by the plan, based on solid legal documents and situation analyses in most subsectors;
- A reasonable national adaptation of Millennium Development Goal #2 (universal primary school completion) toward the objective of *universal basic education completion (primary plus lower secondary) by 2030*;
- Strong consultative and iterative planning processes involving a wide range of national and partner agency stakeholders;
- A strong equity agenda, with demand-side features (such as cash transfers and scholarships) for outreach to marginalized groups (including girls at the post-basic levels);
- A recognition of the need to improve educational quality at all levels, using solid assessment instruments like EGRA (less clarity for post-basic education);
- The use of planning instruments, both logical (results) frameworks, and linked implementation matrices, for organizing priority programs and facilitating their monitoring and evaluation, and intentions to use other instruments like the Annual Action Plan and a “management by results tool”;
- A built-in and fully integrated management reform agenda, also using results frameworks; promoting results-based management;
- Priority Programs that are aligned in substance with recently restructured Ministry directorates, making it clear which offices are responsible for which priority programs, and facilitating improved accountability, for example through the Action Plans they create and will be held accountable for;

- Full evidence-based costing of the Plan both in the short term and on a long-term basis;
- A detailed section on Plan Implementation, including, the using of Annual Action Plans for detailed planning and monitoring implementation, M&E Frameworks and plans for the “implementation start-up process;”
- Strong support for the Plan by the Development Partners, including a written pledge (in the “Dili Declaration”) to align agency support with it.

Concerns about the Strategic Plan

5.7 Appraisal of the SP has given rise to the following concerns:

- More clarity is needed on what learning outcomes (acquired knowledge and skills) are expected at each level and how the outcomes will be assessed;
- More clarity is needed on how the quality improvement inputs will be transformed into improved teaching and learning, including what teachers will need to commit to in exchange for improvements in their career paths and compensation package (i.e., from the Teacher Career Regime), although some detailed work is underway at the Ministry, with the help of consultants, that will address that ;
- The proposed emphasis on technical secondary education (absorbing 60% of all secondary students by 2030) may be reasonable, but also could exceed the demand for it on the part of employers and students (and student families);
- The Management Reform agenda, although appropriately ambitious and comprehensive, may load too many activities and expected results in the first year of the project, which if not fulfilled may slow implementation down instead of speeding it up;
- The management reforms envisioned have been built on a relatively thin situation analysis, at least as reported in the NESP. Although the SP shows more insight than previous plans into management constraints, the *reasons* for poor management performance have not been fully elaborated; nor is there a full delineation of what levels of management are responsible for what, especially under deconcentration. It is encouraging that some additional analyses and plan making are expected as part of the forthcoming Capacity Development Action Framework;
- Original costing of the NESP was based on 2004 data and somewhat outdated projections, but the recent availability of 2010 Census and improved EMIS data have allowed more accurate costings to be made, which need to be fully integrated into planning and budgeting documents; moreover, longer-term projections need similar updating;
- The increase in funding required under the Strategic Plan, according to July 2011 costings, is estimated to be beyond what the government can cover with its own revenue in 2011 (by about \$17 million) and, even after pledged DP financial support is added there could be a financial gap of about \$5 million. Substantial escalation of expenses in 2012 can be expected to create an ever wider gap, which pledged DP financing may only bring down to around \$20 million. Given planned increases in government revenues during the succeeded years and moderated expenditure increases, the financing gap can be expected to narrow, even to the point of closing in 2015 -- but expected to rise again with accelerating costs from then until 2030. Based on current estimates the government could approach closing the financing gap in the medium term by increasing the share of its budget provided to education to 14 and 13 percent in 2012/2013 respectively, and by maintaining or increasing DP financial support (nearer 2030 it is estimated an increase to 20 percent) would be needed). If the share of the budget for education cannot be increased, the Ministry will face

the need to downsize the NESP (especially in the middle years – 2012 and 2013)²⁷, consistent with the Plans provision that “...it will be necessary to adapt the original estimates made in this plan according to the effectiveness of the capacity building process of the Ministry and the available funding for Education” (p. 242).

- The Plan is already falling behind in its execution, suggesting the need for a target and timing adjustment already in 2012.

Conclusions

5.8 This Strategic Plan has already been formally reviewed by the Development Partners and endorsed by them in principle on November 9, 2010. This review also finds the SP to be comprehensive and appropriate in scope and purpose, and credible enough to guide the Ministry in improving the reach, equity and quality of its education system. The appraisal identified some concerns, especially about management reform/capacity building and SP costing/financing, that call for some attention. It recommends the following:

- The expected gaps in the financing of the NESP (based on current best estimates and analyses), particularly wide during 2012 and 2013 (given no changes in education’s share of the national budget), need to be considered by Development Partners in their formulation of support initiatives. Included should be consideration of ways to count -- as direct contributions to the NESP -- the large international cooperative support now provided by some partners. Also, the Ministry of Education could cite the impending financing gap as evidence of its need for a greater share of the national budget (currently at 12 percent, far below regional and FTI norms). Additional policy/spending options should draw from the forthcoming complete “Education Sector Economic and Efficiency Analysis,” which will reveal where efficiency gains can be made, provided macro-economic justification for increased government investment in education, and develop new funding scenarios and simulations;
- That the pathway to more efficient provision of universal basic education place a high priority on reducing student repetition, which, even more than drop-out, is currently driving up the cost of basic education;
- That the Management Reform priority projects take into consideration new information and insights from the forthcoming Capacity Development Action Framework (including deeper insights into reasons for past management weakness), taking care not to overload the management reform agenda too much during the first project year;
- That performance indicators be revised to include indicators of student learning outcomes at various educational levels as part of a comprehensive SP assessment framework;
- That planners carefully monitor the market for technical-track secondary school graduates over the years, with goal of adjusting the output of such programs to actual demands by students and the labor market;
- That among the Programme Coordination Support Groups called for in the NESP (involving both Ministry and Development Partners) one on Management Strengthening should receive a high priority, given the Ministry’s urgent request for DP support in this part of the Sector Plan.

²⁷ Substantial increases in NESP activities and funding in 2012 may be difficult given the fact that it is an election year.

5.9 As mentioned in the November 9, 2010 Declaration by the Development Partners, the partner agencies are committed to supporting the process for a new EFA FTI funding request, and anticipate that the Local Education Group will be strengthened and a roadmap developed to ensure effective and timely future use of new, aligned external resources. Having perceived wide financing gaps for Plan execution, especially in 2012 and 2013, the Partners commit to providing continued financial and technical support to the Ministry and to supporting its efforts to gain an increased share of the national budget plus new external support. In this context, they formally recommend the re-endorsement of Timor-Leste and its Education Sector Plan by the EFA Fast Track Initiative, and pledge to support the government in its preparation of a new request for funding from the EFA FTI fund.

ANNEX 1

Long & Short-Term Goals for NESP Priority Programmes

Priority Programmes

1: Pre-School Education

Long-term Goal: *“By 2030, parents and other care givers from all the 442 sucos of the country should have access to send their children to a good quality kindergarten or classroom located at a reasonably short distance from their house”*

Short-term Goal: *By 2015 at least one half of the total number of children between 3 and 5 years old will be enrolled and receive quality Pre-School education.*

2: Basic Education

Long-term Goal: *By 2030 all children, boys and girls alike, will be able to complete a full course of quality Basic Education*

Short-term Goal: *By 2015 quality basic education is available for 88% of the children, and drop outs are drastically reduced.*

3: Secondary Education

Long-term Goal: *By no later than 2025, all children, all boys and girls alike will be able to complete a full course of quality and relevant Secondary Education.*

Short-term Goal: *Introduce a paradigm shift of quality and relevance of secondary education allowing students to learn the core of scientific-humanistic knowledge needed to continue studies in higher education or to enter employment.*

4: Higher Education

Long-term Goal: *Graduates of the higher education system will have the advanced skills and knowledge to analyse, design, build and maintain the social and economic infrastructure of Timor-Leste.*

Short-term Goal: *To consolidate the establishment of a comprehensive, integrated system of higher education, which: (i) is regulated by rigorous quality standards for the operation of public and private institutions; (ii) provides relevant technical and university education and (iii) develops solid links and partnerships with the private sector.*

5: Recurrent Education

Long-term Goal: *As all Timorese are literate, the system recurrent education is mainly concentrated in providing the National Equivalence Program for adults*

Short-term Goal: *By 2015, completely eradicate illiteracy in all age groups of the population and complete the introduction of the National Equivalence Program that will allow accelerated completion of basic education for all graduates of Recurrent Education.*

6: Social Inclusion

Long-term Goal: *To promote the educational rights of socially marginalized groups (those groups which are systematically denied access to entitlements and services because of their socio-economic condition, ethnicity, language, race, religion, age, gender, disability, HIV status, migrant status, or where they live) ensuring that they gain full access to the same opportunities, rights and services that are accessed by the mainstream of society.*

Short-term Goal: *A Social Inclusion Policy is developed, fully implemented and adequately financed by 2015.*

7: Teaching Quality

Overall Goal: *Improve the quality of education by substantially increasing the quality of teaching in Pre-school, Basic and Secondary education.*

Management Reform Programs

8: General Management

Overall Goal: *Ensure that, by 2012 the general management functions are strengthened to provide the capacity to manage the strategic and administrative processes necessary to achieve the outcomes of the strategic plan.*

9: Human Resources

Overall Goal: *All systems and procedures required for effective Human Resource Management are developed and implemented by 2012 and improve the quality of education service delivery.*

10: Deconcentration

Overall Goal: *Ensure that, by 2012 the Regional Structure, its organisational systems and human resources are capable of implementing the actions required by the Strategic Plan.*

11: Introducing ICTs and MIS

Overall Goal: *By 2012 the Ministry will be capable of developing effective management systems by appropriately using Information Technologies and integrated Management Information Systems at the central, regional and school management levels.*

12: Planning and Budget Excellence

Overall Goal: *By 2012 the Ministry will be capable of producing quality plans based on real evidence and precise information which will be integrated in transparent and well-defined budgets by programs that will sustain the process of management by results.*

13: Donor Coordination

Overall Goal: *By 2012 the Ministry will develop a sector-wide approach to coordinate the support of all development partners to make possible the smooth implementation of all the targets of the plan as well as their sustainability.*

Annex Table 1. Documents Available for ESP Appraisal

Document	Date	Authorship/ Sponsorship	Document Length
East Timor, National Development Plan	2002	Planning Commission	
The Development Partners Appraisal of the Strategic Plan for Universal Primary Education Completion by 2015	November 2005	FTI Development Partners in Timor-Leste	26
Timor-Leste Ministry of Education Capacity Building Programme Document	July 2008	NZAID	
National Education Policy 2007-2012 <i>Building the Nation with Quality Education</i>	2008	Jornal da Republica	
National Education Act. Law Nr. 14	2008	Ministry of Education	
Ministry of Education Organic Structure, Ministerial Diploma Nr.1/2008	2008	Jornal da Republica	
Macroeconomic Framework for the Timor-Leste Economy: Linking Government Finances and Economic Outcomes	2009	Ministry of Finance	
Are Girls and Boys Equally Represented in Education? A Gender Assessment (Timor-Leste)	2009 (or 2010)	Afonso Soares Muriel Lauvige	50
Expenditure Review: Education Sector, Timor Leste	Feb 2010	Expenditure Review Unit, Min. of Finance	21
National Education Strategic Plan (2011-2030)	November 2010	Ministry of Education	309
Statement from Annual Joint Review Meeting, Dili	November 2010	Partner Agencies	4
The Timor-Leste National Education Strategic Plan & National Education Budget	December 2010	Who?	2
Implementation Completion Report for 2009 Fast Track Initiative Bridging Project	March 2011	World Bank	40
Revised Costing of the NESP (draft)	2011	Consultant	41
Education Sector Economic and Efficiency Analysis (Preliminary Results)	2011	Consultant	Not yet ready

Annex Table 2. Population and Education Indicators Selected from the Assessment Documents

Domain/Indicator	2002/2003	2004/2005	2006/2007	2008/2009
Selected population characteristics				
Total size ¹	872,000	925,000	--	1,080,742 ¹¹
% of population below the poverty line	40 ²	--	--	--
Number of HIV positive cases	--	25	--	--
Primary education enrollments and student flow				
Total enrollments	185,600 ³	177,000 ⁵	192,000 ⁸	215,000 ⁸
Net enrollment ratio	75 ³	78 ⁵	76 ⁸	83 ^{8,9}
Gross enrollment ratio	117 ³	114	1.11 ⁸	1.14 ⁸
Apparent intake rate (%)	--	119 ⁵	--	130 ⁹
Repeaters as % of enrollments	20 ³	--	f/m14/15 ¹²	f/m 18/21 ¹³
Girls as % of total enrollments	--	48 ⁴	--	48
Primary School Completion Rate	--	--	70 ¹² (07)	65 ¹²
Govt. primary school service delivery indicators				
Years in cycle (1 st and 2 nd)	6	6	6	6
Pupil-teacher ratio (government teachers only)	51 ¹²	51 ¹²	31 ¹²	29 ¹²
Pupil-classroom ratio (overall)	--	44:1 ⁴	--	29 ⁹
Number of teachers (including voluntary teachers)	--	5,441 ⁴	--	7,358 ⁹
Number of government teachers	4,248 ³	4,298	--	--
Number of volunteer teachers	--	1,143	--	--
Civil servants as % of total	--	79	--	--
Average annual wage bill per primary teacher (civil servant; incl. benefits) as a % of GDP/capita	27	24	--	--
Annual instructional hours for pupils	500 ⁷	500	--	--
Average pupils' instructional hours per week	12	24	--	--
Public spending on education				
Public expenditure on education as a share of total public expenditure	24	19 ⁹	11 ⁹	13 ⁹
Recurrent spending on education (all levels) as % of GDP	4.8	4.7	--	--
Primary education's share of total education recurrent spending	48	56	--	--
Share of recurrent primary education spending used on inputs other than teachers (%)	20	11	--	--

¹ Ministry of Planning and Finance. 2005. Demographic Projections.

² World Bank. 2003. Timor-Leste Poverty Assessment. Washington DC. Figure refers to 2001 data.

³ Ministry of Education and Culture. 2004. Timor-Leste: Education and Training Sector Investment Program.

⁴ EMIS; girls are 48% of the population, so parity has been achieved.

⁵ Estimate based on incomplete EMIS and preliminary census data.

⁶ No data for number of teachers for 2003/04, only number of newly recruited teachers from 2003/04 to 2004/05. Thus, figure does not reflect attrition rate through retirement, illness or death.

⁷ 1 hour = 2 classes - 30 minutes each.

⁸ NESP – Report of AJR 2008 shows .85

⁹ Education Statistical Yearbook 2008-2009

¹⁰ Ed Stat Yearbook for Cycle 1 (gr 1-4) only

¹¹ NSD Estimate

¹² FTI Secretariat (drawing from UNESCO Institute of Statistics database); Bridging Project PAD shows 12/14%

¹³ EMIS data for 2008/09

Annex Table 3: Estimated External Funding for Education: 2011-2015

Aid			Estimated Annual Distribution in \$m				
Agency	Program	Timing	2011	2012	2013	2014	2015
AusAID	Youth Empl Promotion	2008-2012	2.6	2.6			
AusAID/IDA	Ed Sector Support Proj	2007-2013	2	2	2		
IDA	Add'l Funding for ESSP	2011-2013	1	2	2		
IDA	Second Change Ed Proj	2010-2015	1	1	1	1	1
UNICEF	Basic Ed Programme	2009-2013	3.2	3.2	3.2		
UNESCO	Capacity Devt for EFA	2010-2011	0.13				
UNESCO	EMIS	2010-2011	0.03				
New Zealand	Interim Extension	2011-2012	0.75	0.75			
New Zealand	New Ed Support Prog	2012-2014		0.65	1.3	0.65	
New Zealand	NZDS & Internships	2011-2014	0.6	1.2	1.2	0.6	
Plan Int'l	Vocational Training	2010-2012	0.1	0.1			
Total			11.41	13.5	10.7	2.25	1
<u>Activities administered outside the Government</u>							
USAID	Drop out pilot		2.3	2.3	2.3		
	Higher Education			2.3	2.3	2.3	2.3
	HE scholarships		0.5	0.5	0.5	0.5	0.5
	Prep Ourselves for Work		1				
Portuguese	Cooperation		7.6	7.6			
Brazilian	Cooperation		1.5	1.5	1.5	1.5	
Total			12.9	14.2	6.6	2.8	2.8