



**Australian Government**

**AusAID**

Office of Development Effectiveness



# **Evaluation of the Australia–Timor-Leste Country Strategy 2009–2012**

## **Evaluation plan**

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# Section 1 Introduction

This evaluation plan provides conceptual, methodological and operational guidance for the conduct of the Office of Development Effectiveness' (ODE) evaluation of the Timor-Leste Country Strategy for the period 2009–2012.

Section 1 discusses the purpose, objectives and scope of the evaluation, notes the evaluation team's understanding of key terms, and introduces the Institutional Analysis and Development (IAD) framework, which will provide conceptual grounding for the evaluation. Section 2 presents the evaluation questions, defines key terms within them, and discusses how these questions address the evaluation objectives. Section 3 introduces the methodological approach, which is based on adaptive theory and includes the use of both qualitative and quantitative methods, presents a rationale for the case study approach selection, and introduces the proposed case studies. Section 3 also includes a description of data collection methods and the evaluation team's approach to data analysis. Section 4 discusses evaluation management, and includes details of timeframes, risk management, work planning, team member roles and responsibilities, and ethical guidelines.

An evaluation matrix is presented in Appendix A. The matrix links the objectives to the primary and secondary evaluation questions, methods that will be used to collect the data required to answer them, and details of data sources. Appendix B presents draft semi-structured interview guides for key informants. Appendix C explains the changes that have been made to this evaluation plan over time, and Appendix D provides further details of the IAD framework.

## 1.1 Evaluation rationale, purpose and objectives

### 1.1.1 Rationale

Timor-Leste was selected for a country strategy evaluation based on:

- The size of the Australian aid program as a proportion of AusAID's budget
- The size of the Australian aid program as a proportion of total ODA to the country
- Timor-Leste's status as a fragile and conflict-affected state
- GoTL's leadership of the g7+ and efforts to lead a national development program and engage more effectively with donors
- Public interest in the Timor-Leste country program
- The evaluation is timely; the country team is currently developing a new country strategy and designing new programs.

### 1.1.2 Purpose

The purpose of this evaluation is to inform country strategy development and execution in Timor-Leste and other country programs.

### 1.1.3 Objectives

The objectives of this evaluation are to:

- assess the Australian aid program's performance in developing and implementing strategies for aid to Timor-Leste that are selective and focused, represent whole-of-government interests, facilitate effective management of the aid program, and produce results; and

- identify lessons learned from the Timor-Leste program over the review period, as a means of informing future directions for the Timor-Leste country program, as well as guidance for country strategy development and execution in the broader aid program.

#### **1.1.4 Audience**

In pursuing these objectives, the evaluation will adopt a balanced approach to addressing the interests and information needs of multiple audiences. The primary audience for the evaluation is AusAID and the other Australian Government agencies and staff that are directly involved in developing and implementing aid policies and strategies in Timor-Leste. Aid program and policy staff involved in providing guidance and developing and implementing country assistance strategies in other programs, particularly in fragile or conflict affected settings, are a secondary audience. The evaluation will also take into account the needs and interests of the Government of Timor-Leste (GoTL), and other external stakeholders (such as bilateral and multilateral donors) with an interest in Timor-Leste and aid planning and strategy development more generally in fragile and conflict affected contexts.

#### **1.1.5 Scope**

The scope of this evaluation, which will be discussed in Section 1.3, focuses on the strategic, institutional and organisational issues relating to the development and implementation of the country strategy. It is not intended to be an ex-post impact assessment or outcome evaluation, but some consideration of results will be necessary to understand the context of country strategy development over time, and the effectiveness of aid program management in this context.

## **1.2 Understanding of key terms**

As specified in Objective 1, the evaluation focuses on AusAID's performance in '...developing and implementing strategies for aid'. It is therefore important to develop a shared understanding of this phrase. The Timor-Leste country strategy could be understood as a single document (the Country Strategy) or as the documents that make up AusAID's strategic programming architecture (the Country Situation Analysis, the Country Strategy and the Delivery Strategies). In addition, the inception and scoping stages of the evaluation found that various other aspects of aid delivery not covered in these formal requirements form an 'implicit implementing strategy', which could also be included in the evaluation. The evaluation team proposes a broad understanding of '...developing and implementing strategies for aid' that includes both the explicit strategic programming architecture and the implicit implementing strategy. These terms are explored in more detail below.

### **1.2.1 Explicit strategy**

The Country Strategy document is the formal document that outlines AusAID's priorities in Timor-Leste for the period 2009-2014. This document is currently being reviewed in light of the Strategic Partnership Agreement for Development (hereafter referred to as the 'Partnership Agreement'), signed by the Governments of Timor-Leste and Australia in November 2011.

Two more elements were added to AusAID's strategic architecture during reforms in May 2010. A Country Program Strategy now comprises the following three documents<sup>1</sup>:

1. **Country Situation Analysis:** outlining a recommended whole-of-government Official Development Assistance (ODA) approach, based on relevant analyses and policies;
2. **Country Strategy:** providing a public statement of the ODA approach and reflecting agreement on this approach with the partner government; and
3. **Delivery Strategies:** describing how AusAID will deliver aid in each sector or priority area as outlined in the ODA approach and how it will ensure operational consistency.

Together, these three documents represent AusAID's corporate strategic programming requirements. The scoping study report provided details of all the strategic documents that have been produced by AusAID for the Timor-Leste program since 2000.

### 1.2.2 Implicit strategy

During the inception and scoping phases of the evaluation, the evaluation team found that the undocumented operational approach to aid delivery (the 'implicit implementing strategy') is a key to understanding how the explicit strategy is implemented.

Currently, the 'implicit implementing strategy' in Timor-Leste includes, but is not limited to: relationship building, being better clients of advice, building a better understanding of political economy, building a portfolio of projects that represent a balanced and appropriate mix of aid, and prioritising working through partner systems. We suggest that a range of cultural, institutional and organisational factors may combine to alter this 'strategy' over time in ways that are not inconsistent with the design of the explicit strategy but which may have ramifications for the effective delivery of aid in a country. The 'implicit implementing strategy' affects how the explicit strategy is operationalised. Including the implicit implementing strategy in the evaluation will provide a fuller understanding of the term 'implementing strategies for aid', and is consistent with the institutional approach adopted in this evaluation.

### 1.2.3 Evaluative criteria

The four evaluative criteria suggested under Objective 1 are: 'selective and focused', 'represent whole-of-government interests', 'effectively managed', and 'produce results'. Our understanding of these terms is discussed below.

*Selective and focused:* refers to a program of aid delivery that focuses resources on a limited number of aid activities based on some aid allocation rationale. It implies fewer and bigger interventions in fewer sectors and the consolidation of aid programming.<sup>2</sup> This is important as it reduces the burden on donors with regards to the design, implementation and administration of aid activities and the burden on recipients with regards to aid activity management. These two issues are commonly referred to as fragmentation and proliferation; see Section 3.2.2 for a further discussion of how these two concepts will be dealt with.

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<sup>1</sup> AusAID (unpublished) Strategic Programming Architecture, unpublished internal document, May 2010

<sup>2</sup> As discussed in Commonwealth of Australia (2011) Independent Review of Aid Effectiveness, April 2011

The evaluation team will consider the guidelines and policies in effect during the review period. Assessment of selectivity and focus will also take into account the prevailing fragile and conflict-affected environment in Timor-Leste, and acknowledge that high levels of proliferation and fragmentation are often present in such contexts.

*Represent whole-of-government interests:* means the interests of the various Australian Government departments that deliver ODA in Timor-Leste. A number of state, and even local governments have been involved in providing assistance of one type or another to Timor-Leste, however, we believe a consideration of these activities is beyond the scope of this review because these agencies are not involved directly in formulating the Australian Government's ODA strategy in Timor-Leste.

*Effectively managed:* Refers to an aid program that is strategic in nature, takes risk into due consideration, deploys human and financial resources efficiently, and uses some form of reflective learning to improve performance over time. This criterion is largely concerned with the management and implementation of the country strategy and program, particularly management issues that are directly under the donor's control.

*Produce results:* refers to the outputs, outcomes or impacts (intended or unintended, positive and/or negative, produced in partnership or alone) of a development cooperation program.<sup>3</sup> This criterion takes into consideration the fact that a program's ability to achieve its objectives depends on exogenous factors, which are outside the donor's control.

### 1.3 Scope of the evaluation

The terms of reference defined the scope of this evaluation as the Timor-Leste Country Strategy implemented between 2009 and 2011, and suggested extending the evaluation period back to 2006 in order to develop a greater understanding of the process of country strategy development. During the scoping mission it became clear that extending the evaluation period forward to December 2012 would also be useful, as significant changes to Australia's aid approach in Timor-Leste occurred during 2011 and 2012. As such, it makes sense to extend the evaluation's scope to ensure that recommendations and 'lessons learned' are germane to the strategic and operational issues currently faced by the Timor-Leste program.

The terms of reference states that '...in order to assess the effectiveness of AusAID country strategies in framing assistance to Timor-Leste, the evaluation will consider available evidence about the effectiveness of Australian assistance, however, a rigorous assessment of the outcomes of all Australian assistance to Timor-Leste is outside the scope of the evaluation'.<sup>4</sup> From this statement, and from the objectives outlined above, it is clear that this evaluation is focused on the role the country strategy plays in framing effective aid delivery. While it is still important to assess the effectiveness of Australia's aid program to Timor-Leste, through a focus on results, a focus will be placed on the country strategy's influence on effectiveness.

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<sup>3</sup> *Ibid*

<sup>4</sup> ODE Draft Evaluation Plan p. 10

## 1.4 The Institutional Analysis and Development conceptual framework

Multiple factors influence country strategy development and implementation. These include organisational factors such as resource availability and policy, and individual factors such as leadership and responding to incentives. A conceptual framework can help make sense of these factors and explain how they interact.

The IAD framework is well-suited to the analysis of country strategy development and implementation, which is a complex process. The IAD is multidisciplinary in nature, operates at multiple levels, and provides a way to analyse the interaction of those factors that influence behaviour in diverse situations.<sup>5</sup> In line with our adaptive theory approach (see Section 3) the evaluation team will not rely prescriptively on this framework, but adopt a balanced approach between theory and empirical observation. The IAD framework simply provides useful conceptual guidance for this evaluation.

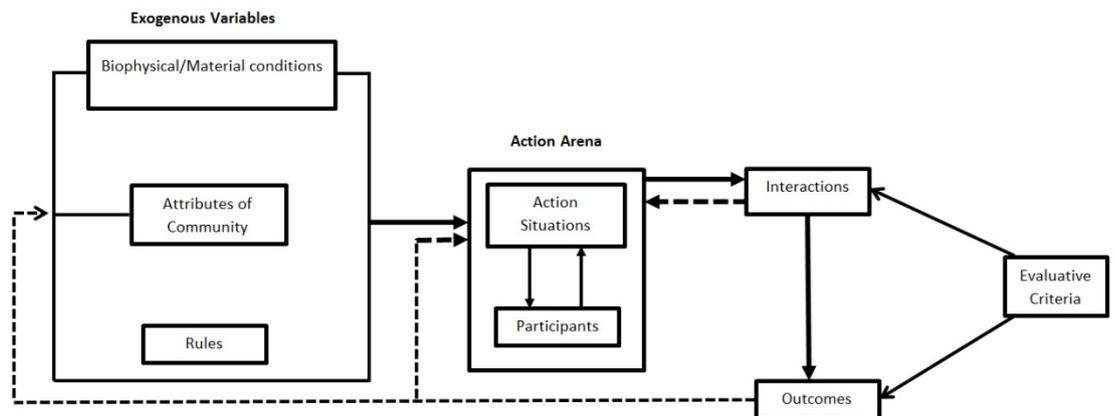
The general elements of the IAD framework are presented in Figure 1 below, and details of key concepts can be found in Appendix E. The framework's primary focal point is the 'action arena'—the space where decisions relating to the program's direction and strategy are made. In this case, AusAID's Timor-Leste Branch is the 'action arena'.

Three variables affect the action arena: rules, attributes of community and biophysical/material conditions. In the context of country strategy development and implementation within AusAID, rules include the policies and guidelines that influence strategy development and implementation, attributes of community include norms of behaviour and the preferences of individuals, and biophysical variables include the flow of financial and human resources. Within the action arena, actors participate in 'action situations' such as the development of the country strategy and the ongoing process of strategy implementation. Analysis at this level focuses on who makes decisions about country strategy development and implementation, the processes through which these decisions are made, and the incentives that influence decision making.

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<sup>5</sup> Ostrom, E (2010) 'Institutional Analysis and Development: Elements of the Framework in Holistic Perspective', *Historical Developments and Theoretical Approaches in Sociology – Vol. II*. Encyclopaedia of Life Support Systems (EOLSS).

**Figure 1 IAD Conceptual Framework**



Source: Ostrom et al (2001) Aid, Incentives, and Sustainability: An Institutional Analysis of Development Cooperation (Main Report), Sida Studies in Evaluation 02/0, Indiana University.

## Section 2 Evaluation questions

The following section provides details of the primary and secondary evaluation questions that will be addressed in this evaluation. The meaning and intent of each evaluation question is explained and important terms are defined.

**Primary evaluation question 1: To what extent was AusAID’s country strategy for Timor-Leste appropriately developed?**

**Secondary evaluation questions:**

**1.1. To what extent did the strategy clearly articulate what the aid program would target and why, what its specific contributions and commitments would be, how it would manage for results, and the amount and type of assistance that would be provided?**

This question will focus on the extent to which the country strategy provided clear direction regarding sectoral investments, financial contributions, performance assessment and the choice of modalities. The aim here is to assess the efficacy of the strategy as an instrument for policy, planning and performance. This question will also involve consideration of internal factors within AusAID, including the incentives generated by corporate processes and procedures and other organisational issues.

**1.2. To what extent was there appropriate involvement of the GoTL, Australian Government agencies, and key stakeholders including other donors in the development of the country strategy?**

In this context, appropriate means what is reasonable to expect considering the circumstances prevailing at the time. It is particularly important to understand the issues that may have constrained GoTL involvement in AusAID country strategy development, and the capacity of the GoTL to engage at the strategic level. Noting the constraints on the GoTL post-2006, one would reasonably expect their capacity to provide clear and substantive contributions to strategy development to be limited; however, the same would not hold for Australian Government agencies or other donors operating in Timor-Leste. Addressing this question will also involve exploring the role of corporate support in the stakeholder consultation process, including the allocation of sufficient resources and the availability of technical guidance and advice.

**1.3. How well did the strategy align with GoTL priorities and plans?**

This question will focus on the aid effectiveness criteria of alignment. In line with the Paris Declaration, this involves a commitment to:

- basing overall support (including country strategy, policy dialogue and development cooperation programmes) on the GoTL’s national development strategies and periodic reviews of progress in implementing these strategies;
- draw[ing] conditions, whenever possible, from a partner’s national development strategy or its annual review of progress in implementing this strategy;
- using existing partner systems and processes (such as budgetary and procurement systems) for the delivery of aid as much as possible;

- link[ing] funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy.<sup>6</sup>

The above assessment needs to be based on an understanding of the adequacy and context of GoTL's priorities and plans over the period in question. Understanding this dimension of the strategy development process also demands consideration of the incentives that arise from factors internal to AusAID and the extent to which these encourage adherence to the abovementioned principles.

#### **1.4. To what extent did the strategy consider Timor-Leste's political, social and economic contexts, development needs and Australia's capacity to respond effectively?**

This question will explore the extent to which the country strategy appropriately considered issues such as conflict and fragility, multidimensional development achievements, and Australia's comparative advantage in aid delivery when developing the country strategy. This will include examining the extent to which the strategy reflected AusAID and OECD-DAC principles for working in fragile states and conflict afflicted settings, a particularly salient feature of the development context in Timor-Leste. This will also encompass consideration of the dynamics internal to AusAID and the extent to which these supported or hindered this aspect of strategy development.

#### **Primary evaluation question 2: To what extent did AusAID effectively manage its assistance program?**

##### **Secondary evaluation questions:**

#### **2.1 To what extent did AusAID apply the 2009-2014 country strategy to program design and implementation activities?**

This question will focus on assessing the influence of the country strategy on program design and implementation during the evaluation period. If the strategy did not directly influence program design and implementation, this evaluation will seek to identify what did. With regard to implementation, this evaluation will also assess the extent to which the strategy influenced how aid was delivered in Timor-Leste at the operational level. This will help to assess the role of strategy in complex, fragile settings with similarities to Timor-Leste. Consideration of this question will include an exploration of the extent to which a strategic approach is incentivised within AusAID.

#### **2.2 To what extent was the country program selective and focused?**

This question will explore the extent to which Australian ODA to Timor-Leste between 2009 and 2012 was fragmented and the factors that contributed to this fragmentation. 'Fragmentation' refers to the number of sectors and partners a donor supports in any given country. Fragmentation results from donor practices that are not selective. Fragmentation is primarily an issue for donors as it implies the sub-optimal use of resources. Addressing this question will

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<sup>6</sup> OECD-DAC (2005/2008) 'The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action', OECD, Paris.

include a consideration of factors internal to AusAID such as leadership and the role of implicit strategy, and external factors such as changes in the political-economic context. This assessment will also take into consideration issues such as path dependency and the programming bottlenecks caused by certain modality choices.

### **2.3 To what extent were approaches to aid delivery appropriate and selected on the basis of thorough assessments of risk?**

This question will focus on the appropriate deployment of aid modalities and the incorporation of risk in the assessment of modality use. These risks include fiduciary, political, conflict, economic, social and development risks. Conflict constitutes a particularly salient risk in Timor-Leste. Recent empirical research has demonstrated the negative impacts of conflict on multidimensional development outcomes, including infant mortality and access to potable water.<sup>7</sup> As such, this evaluation will pay particularly close attention to this area. However, it will also consider the role of factors internal to AusAID, including the availability of technical advice and guidance.

### **2.4 To what extent did AusAID make sound decisions to harmonise with the programs of other donors and whole-of-government partners?**

This question will focus on the issue of harmonisation as defined in the aid effectiveness literature. Harmonisation is characterised by the implementation of common arrangements and simplified procedures, the more effective division of labour between donors, and the strengthening of incentives for collaborative behaviour.<sup>8</sup> In the context of a fragile state such as Timor-Leste, where government systems are particularly weak, the aid effectiveness literature calls for donors to:

- focus on upstream analysis, joint assessments, joint strategies, coordination of political engagement; and practical initiatives such as the establishment of joint donor offices;
- align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems;
- avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff; and
- use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.<sup>9</sup>

This question will explore these issues as much as is possible within the scope of this evaluation with reference to the prevailing context.

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<sup>7</sup> Gates, S., H. Haavard, Haavard Mokliev Nygaard, (2012), *Development Consequences of Armed Conflict*, Oslo: Peace Research Institute Oslo (PRIO)

<sup>8</sup> OECD/DAC 2005/8

<sup>9</sup> Feeny, S., and M. McGillivray (2011), "Scaling-up Foreign Aid: Will the 'Big Push' Work?" *The World Economy*, 34(1): 54–73.

## **2.5 To what extent did AusAID respond appropriately to changes in the country context during the period 2006-2012, including the development and release of the GoTL's Strategic Plan for Development and feedback from the GoTL on the performance of its activities?**

This question will focus in particular on AusAID's responsiveness to GoTL issues and concerns in the implementation of its program of assistance. This assessment will take into consideration the changing nature of the relationship between the two countries over the course of the evaluation period and the changes in capacity of the GoTL since 2006. It will also consider internal organisational issues such as the supply of sufficient financial and human resources and the provision of technical advice.

## **2.6 To what extent was Monitoring and Evaluation (M&E) appropriately conducted and used?**

This question will focus on the extent to which the country strategy was informed by lessons learned from previous experience in Timor-Leste as evidenced by the evaluation and review findings. It will also assess which program designs were influenced by lessons learned from M&E and whether indicators related to gender and other cross-cutting issues were monitored effectively.

### **Primary evaluation question 3: What were the results of Australia's program of assistance between 2006 and 2012?**

There are no secondary questions under question 3. For the purpose of this evaluation, results refer to 'the outputs, outcomes or impacts (intended or unintended, positive and/or negative) of a development cooperation program'.<sup>10</sup> For the reasons mentioned in Section 1 this evaluation will focus only on those results that have been documented in previous evaluations and reports, it is beyond the scope of this evaluation to undertake extensive collection of primary data on results; however some substantiation of reported results will be possible. The assessment of results will therefore be based on a review of secondary material (reviews and evaluations) relating to the results of initiatives. This assessment will take into consideration various developmental factors such as the fragility context and the low absorptive capacity of the GoTL. The quantitative and qualitative analysis of proliferation in Timor-Leste will also provide important context in this regard as explained further in Section 3.2.2

### **Primary evaluation question 4: What lessons can be learned about country strategy development and effective delivery of aid?**

- This question addresses a key objective of the evaluation, which is to "identify lessons learned from the Timor-Leste program over the review period, as a means of informing future directions for the Timor-Leste country program, as well as guidance for country strategy development and execution in the broader aid program."

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<sup>10</sup> OECD-DAC (2010) *op cit*

#### **4.1 What lessons about corporate support for country strategy development and implementation can be learned from this evaluation?**

This question focuses on organisational issues such as financial and human resourcing, clear and consistent guidelines regarding country strategy development and leadership issues. It aims to generate lessons that are applicable to a broad AusAID audience.

#### **4.2. What general lessons can be learned about the role of AusAID's country strategy architecture in the effective delivery of aid to Timor-Leste?**

This question will provide some general lessons regarding country strategy development and implementation in Timor-Leste and the effective delivery of aid. These lessons will emerge in answer to evaluation questions 1, 2 and 3. It aims to generate lessons that are applicable to the Timor-Leste Branch and other program areas involved in country strategy development.

## Section 3 Methodology

The following section explains the evaluation team's methodological approach with an introduction to adaptive theory and a discussion of the characteristics of rigorous qualitative research. This is followed by a discussion of the data collection methods that will be used in this evaluation and a comment on mixed methods. We present the rationale for adopting a case study approach and introduce the various program-based case studies. This section concludes with an outline of our approach to data analysis, including the use of the qualitative software package NVivo.

### 3.1 Adaptive theory and rigorous qualitative research

This methodology for this evaluation is based on Layder's adaptive theory. Adaptive theory is underpinned by the idea that the researcher's interpretation of the phenomena under investigation should develop through the linkages between theoretical knowledge and empirical data.<sup>11</sup> Adaptive theory facilitates the use of both qualitative and quantitative methods. As discussed in Section 1, understanding the institutional context and settings, the behaviour of key actors and the incentives that have guided their actions are central to this evaluation. Qualitative research methods will be primarily used to explore the complex nature of institutions and actions in this evaluation.

Rigour in qualitative research needs to be embedded in the research design,<sup>12</sup> and requires triangulation. There are four types of triangulation that will be used in this evaluation. First is methods triangulation. In social research this often involves the use of both qualitative and quantitative data to elucidate complementary aspects of the same phenomena.<sup>13</sup> One particular example of how this will be undertaken is in the area of proliferation and fragmentation, which will be discussed further in Section 3.2.3. The second is the triangulation of data sources, which involves examining the consistency of different data sources within the same method. An example of this would be comparing the insights of a range of key informants on the same topic and/or comparing consistency across time. The credibility of this approach is improved through the consistent use of good semi-structured interview guides, which is the approach being adopted in this evaluation.

The third type of triangulation is investigator triangulation, where multiple analysts interpret the same data. Each member of the evaluation team will have access to NVivo and will code a sample of the data using pre-existing theory-based orienting concepts and observation-based concepts; these concepts will be debated amongst the team in a process of verification and refinement. The fourth form of triangulation is theory triangulation, which involves using multiple theories to interpret and examine the data. This will involve the application of theoretical insights from the IAD literature and other literatures such as organisation systems

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<sup>11</sup> *Ibid*

<sup>12</sup> Hay, I. 2008. *Qualitative Research Methods in Human Geography*. Victoria, Oxford University Press.

<sup>13</sup> Patton MQ (1999) 'Enhancing the quality and credibility of qualitative analysis', *Health Research Services*, 34:5, pp.1189–1208.

theory and structure and agency theory, and the confirmation/refutation of those insights through a process of adaptation in line with our adaptive theory approach.

## 3.2 Methods of data collection

### 3.2.1 Qualitative methods

The qualitative methods that will be used in this evaluation are semi-structured key informant interviews and document analysis.

*Key informants* are individuals who are likely to possess information and insights on the topic being investigated, especially those who have first-hand knowledge about the specific situation under investigation.<sup>14</sup> In our case we are particularly interested in the actors who were engaged in the development and implementation of the Timor-Leste Country Strategy and those who can provide important information on the context of strategy development and implementation. Referring to the framework presented in Figure 1 we are interested in key informants who can provide us with information on the dynamics of the action arena, as well as those who can provide details of the exogenous variables (rules-in-use, material conditions and norms) which may have affected that arena.

Key informants for this project will include:

- AusAID government officials directly involved in country strategy development and implementation (Key Informant Category 1 – KIC1)
- AusAID government officials who can provide important contextual information on rules-in-use, community attributes and other exogenous variables that may have affected the development and implementation of the country strategy (Key Informant Category 2 – KIC2)
- Australian government officials (non-AusAID) who have been involved in the delivery of ODA in Timor-Leste and who may have been involved in country strategy development and/or implementation (Key Informant Category 3 – KIC3)
- GoTL officials who can provide information on country strategy development and implementation and the context for aid delivery in Timor-Leste (Key Informant Category 4 – KIC4)
- Other non-government actors who have directly or indirectly been involved in the development and implementation of the country strategy (such as private contractors, other donors and NGOs) (Key Informant Category 5 – KIC5)
- Other key informants with particular knowledge of Australia’s program of development assistance in Timor-Leste (Key Informant Category 6 – KIC6).

The key informant interviews will be semi-structured. Questions and topics will be prepared in advance but the interviewer will also explore other topics that arise during the interview and

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<sup>14</sup> Kumar K (1989) Conducting Key Informant Interviews In Developing Countries, A.I.D. Program Design and Evaluation Methodology Report No. 13, Center for Development Information and Evaluation, Agency for International Development, Washington D.C.

probe into thematic issues of interest. Semi-structured interview guides have been prepared for each of the categories of key informant – see Appendix B. These questions will guide discussion in areas of interest to this evaluation, and suggest areas for probing. The semi-structured interview guides have been developed with the evaluation questions and IAD framework in mind. These guides may change ahead of the planned field trip as more information comes to light regarding the topics of interest.

In addition to the qualitative data gathered through the semi-structured interviews, a significant amount of data has already been collected during the scoping phase of this assignment; this data has provided important information that has informed the development of this evaluation plan and the emerging issues and orienting concepts. This scoping data will be included in the qualitative data to be analysed in NVivo, allowing for a more in-depth analysis.

*Document analysis* will be used to identify common emerging themes. A series of documents will be analysed during this evaluation, including:

- quality at implementation (QAI) reports
- independent evaluation reports
- annual program performance reports (APPRs)
- project design documents
- monitoring and evaluation reports
- AusAID publically available documents
- peer-reviewed literature from academic journals
- books
- reports from multilateral institutions
- official documents from the Government of Timor-Leste
- reports from other major ODA agencies operating in Timor-Leste

### **3.2.2 Quantitative methods**

This evaluation's focus on the process of country strategy development and implementation in Timor-Leste, and people's interpretation of that process, limits the use of analytical quantitative methods to the areas discussed below. Quantitative analysis will be used to triangulate insights arising from qualitative data and will be interpreted within the broader political-economic and institutional context, as discussed in Section 3.2.3 below.

#### **Proliferation and fragmentation**

The first area where analytical quantitative methods can be used is in the assessment of proliferation and fragmentation. As explained in Section 1, an important objective of this evaluation is to assess the extent to which Australia's aid to Timor-Leste was 'selective and focused'. As explained in Section 2, we propose to use fragmentation as a measure of whether or not the program was selective and focused, while proliferation will be used to provide important context regarding the effectiveness of AusAID's program. Our team is in the process of developing a quantitative framework that can be used to assess the extent to which Australia's program of assistance to Timor-Leste was subject to proliferation and fragmentation

over the evaluation period.<sup>15</sup> This is tentatively called the Proliferation and Fragmentation Assessment Framework (PFAF), and is being developed in cooperation with Professor Mark McGillivray from the Alfred Deakin Research Institute. This framework is in a preliminary stage of development, and unforeseen data issues may affect its utility. The evaluation team will work closely with ODE to develop the framework and source data.

Proliferation refers to the number of donors in a country or sector and the number of activities supported by them. Proliferation is largely a concern for aid recipients as it increases the transaction costs associated with aid delivery so that aid effectiveness is significantly reduced.<sup>16</sup> Proliferation places a burden on aid recipients and can overwhelm local capacity to manage aid flows. The proliferation component of the PFAF will focus on the quantitative analysis of aid activities as reported by AusAID (and other donors) in the OECD-DAC Creditor Reporting System.

An aid activity, as defined by the OECD-DAC<sup>17</sup> is a discrete entity or exercise that can take many forms, such as a project or program or a component thereof, a cash transfer or delivery of goods, a training course, a research project, a debt-relief operation or a contribution to a non-government organisation. For example, an ‘activity’ as defined by OECD-DAC may be called an ‘initiative’ in AusAID’s AidWorks financial administration system. This AidWorks initiative may be composed of a number of ‘activities,’ which may or may not correlate with the OECD-DAC definition. In order to develop a meaningful account of aid proliferation in Timor-Leste, and AusAID’s role therein, we need to use data that is comparable across donors, and the OECD-DAC CRS database is the only appropriate data source for this purpose. Our analysis will take into consideration the variable reporting practices of donors and some degree of incomparability will be factored into the analysis using statistical methods.

Analysis of proliferation will include details of the number of donors in Timor-Leste during the evaluation period, and the number and size of activities funded by them. This will include an analysis of AusAID activities. This analysis will compare these levels of proliferation with those in other post-conflict countries facing similar absorptive capacity constraints. As mentioned in Section 2 this analysis of proliferation will provide important context for the assessment of effectiveness and results.

Fragmentation refers to the sectoral spread of aid activities supported by a donor. It is largely a concern for donors as it implies the sub-optimal use of resources. The assessment of fragmentation under the PFAF will include analyses of sectoral spread and the number of counterparts and modalities through which aid was delivered in Timor-Leste between 2006 and 2012. AidWorks data will be analysed to determine the number of specific ‘activities’<sup>18</sup> in each sector with an associated analysis of counterparts and modalities, which will be categorised. It

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<sup>15</sup> As this possibility was only broached with ODE on 11 February 2013 the evaluation team has not yet had the time to develop this metric. This metric will be developed in cooperation with the ODE over the coming 6 weeks and finalised prior to the field trip in April 2013.

<sup>16</sup> Acharya, Arnab, Ana Teresa Fuzzo de Lima, and Mick Moore (2006), “Proliferation and Fragmentation: Transaction Costs and the Value of Aid.” *Journal of Development Studies*, vol. 42, no. 1, pp. 1-21.

<sup>17</sup> OECD-DAC (2011) *User’s Guide to the Creditor Reporting System Aid Activities Database*, Paris: OECD-DAC.

<sup>18</sup> In this context an ‘activity’ is defined as the agreement level within AidWorks.

may also be possible to categorise the different types of modalities based on the burden of implementation from the donors perspective, which would paint a more nuanced and context specific picture of fragmentation.<sup>19</sup>

### **Human resource management analysis**

The second area where quantitative data will be analysed is in the area of human resource management. During the scoping phase of this evaluation, human resource capability emerged as an important issue in country strategy development and implementation. The IAD framework calls for a thorough understanding of the policies and incentives that influence the action arena; this should include an assessment of AusAID corporate policies and other rules-in-use that structure the incentives of people tasked to develop and implement the Timor-Leste Country Strategy. The Program Effectiveness and Performance Division's (PEPD) recent rapid assessment of AusAID's strategic programming architecture has identified organisational issues around incentives and leadership as fundamentally important to country strategy development; this evaluation will seek to build on these insights. Quantitative human resource data from AusAID on the movements of people within the Timor-Leste program will be analysed and the patterns described, this will augment the insights arising from the qualitative research on incentives, the role of policy and other organisational issues. This analysis will provide important information on average retention periods between 2006 and 2012, and average retention per APS classification and the patterns of staff movement.

### **Descriptive quantitative data**

Aside from the analysis described above, quantitative data from the AusAID AidWorks system will also be used to present important contextual information on changes to the Timor-Leste program over time. This will include changes in the quantum of the program, changes in the sectoral configuration, and changes in the funding for the major modalities. This information will augment the qualitative data to paint a more thorough picture of the main changes in the program over time.

Quantitative data, cleansed and coded by the evaluation team, will also be used to describe the changing context in Timor-Leste since 2006, the start of the evaluation period. This is an important component of the 'biophysical/material context' in the IAD framework. This will include presenting data on changes in the Official Development Assistance/Gross Domestic Product ratio, increases in the GoTL budget, changes in Human Development Indicators, and changes in certain other governance indicators that shed light on the public financial management capacity of the GoTL.<sup>20</sup>

### **3.2.3 Using mixed methods to assess proliferation and fragmentation**

The quantitative framework described above will provide data on proliferation and fragmentation in Timor-Leste, but it will not say much about the appropriateness of these levels

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<sup>19</sup> For example, it may be possible to weight the respective modalities from the perspective of ease of implementation from the donor side. Qualitative research could be used to good effect here, for example, if a bilateral partnership with a government agency is significantly more burdensome to design and implement than a multi-donor trust fund then it may be useful to recognise that through some differential weighting.

<sup>20</sup> This may include the use of internal AusAID consultancy reports on fiduciary and development risk, which would provide important context for the PFM case study in particular.

within the prevailing context. Qualitative research is useful in this area, and we will employ a mixed method approach. The quantitative framework will help determine whether or not proliferation and fragmentation was present, and identify any contributing factors using the Timor-Leste program itself as a comparator over time. Qualitative research will provide more contextual information on the relative importance of these elements, the incentives structures that influenced proliferation and fragmentation (or otherwise), and the strategy's influence.

The PFAF will form part of the evaluation team's analysis. Information about the political and institutional context will provide evidence of the drivers of proliferation and fragmentation. Analysis of the PFAF, interviews, publications, and other sources will allow the team to consider the implications of fragmentation and proliferation in the development and implementation of the strategy, within the post-conflict context in Timor-Leste and the actions of donors in responding to this context. AusAID's strategy in Timor-Leste needs to be considered within the broader context of international community response and interaction. This contextual information will be taken into consideration when assessing effectiveness and results.

### **3.3 Methods of data analysis**

As discussed in Section 3.1, adaptive theory will be used to guide qualitative data analysis, with theory and empirical observations informing each other as the research progresses.

The first stage of qualitative analysis will involve refining a list of orienting concepts that map directly against the evaluation questions. Section 1.4 outlined some orienting concepts from the IAD literature and explained why these concepts were particularly relevant to an assessment of country strategy development and implementation in an aid agency. The qualitative data will be coded against these theory-based concepts.

During this process, additional codes will be generated from concepts emerging from empirical observations. The data will also be coded against these observation-based concepts, and then coding will continue drawing on both theory and observations.<sup>21</sup>

The next stage will involve refining and improving this coding, and using comparison and pattern analysis to refine and relate categories or themes. Investigator triangulation will be used at this stage, with themes verified and refined by different members of the team. Conflicts, contradictions, confirmations and expansions of our prior concepts will be examined closely in relation to the original data sources, and the themes will be revised as indicated by the data.

In the final stage, additional analysis will be conducted to build a more robust explanatory model for the data. This may include exploring divergent views or 'negative cases' (instances where the data may contradict the emerging theories) to challenge generalisations; returning to the literature for additional explanatory concepts; or creating displays such as matrices and charts.

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<sup>21</sup> Bazeley, P. (2009). Analysing qualitative data: more than 'identifying themes', *Malaysian Journal of Qualitative Research*, 2, pp.6-22

Software for qualitative research allows an efficient means of managing and organising data.<sup>22</sup> The software package NVivo will be used to manage the data during this process. NVivo allows for coding, thematic development and analysis across multiple documents and sources. It also supports systematic queries of data and comparisons across different data sources and attributes, and the construction of conceptual models. Furthermore, the use of software enhances analysis because data organisation and management is simplified.<sup>23</sup> Importantly, NVivo means that the analysis is ‘auditable’ — all files are saved in the one place, along with investigator notes and memos, and particular codes can be traced back to the original data sources.

## 3.4 Case studies

### 3.4.1 Rationale for case study selection

Case studies — specific units of analysis with clearly defined boundaries — will be used to explore the evaluation questions in a context-specific way. Case studies are of particular relevance for their potential to build an in-depth understanding of the interplay between strategy and operational decision-making over the six-year period encompassed by this evaluation.

For the purposes of this evaluation, two types of case studies will be used. The first type will focus on a thread of temporally connected initiatives, typically successive phases of a selected program over the six-year evaluation period. These are referred to as ‘**longitudinal case studies**’. Longitudinal case studies that concentrate at the initiative rather than sector-level provide a more focused means of exploring the dynamic between strategy and operational decision-making. A longitudinal approach will allow us to highlight the major changes in programs, and to identify the endogenous (e.g. AusAID strategies, policies, key actors) and exogenous factors that influenced these changes over time. This exposes the incentives that underpin shifts in initiatives and helps to understand the extent to which strategy plays a role in such shifts. These shifts may encompass such issues as the choice of modality and the objectives of the programs. The case studies will also discuss the results of the selected programs and discuss performance assessment issues, such as the quality of M&E. This analysis will draw on the IAD framework described in Section 1.4. Analysing one intervention or a connected set of interventions in this way speaks to questions of the responsiveness, relevance, and efficiency of Australia’s ODA to Timor-Leste over time.

A second type of case study focuses on a particular theme of salience during the evaluation period. This type of case study – which we call a ‘**thematic case study**’ – takes a theme as its point of departure, and explores this through a range of relevant initiatives. The case study will take a comparative approach to build a rich picture of the factors and conditions that influence changes in strategy as well as the results that have eventuated across the evaluation period.

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<sup>22</sup> Banner, D.J. and Albarran, JQ. (2009). Computer-assisted qualitative data analysis software: a review. *Canadian Journal of Cardiovascular Nursing*, 19: 3, pp.24-31

<sup>23</sup> John, W.S. and Johnson, P. (2000). The pros and cons of data analysis software for qualitative research. *Journal of Nursing Scholarship*, 32: 4, pp.393-397

The selection of case studies is a fundamental component of our qualitative approach. Qualitative approaches usually work with small samples that are selected purposively rather than randomly.<sup>24</sup> Purposive sampling (that is, selecting cases for their richness of information in relation to key time periods, people, events and impacts) is pertinent here for two reasons. First, such sampling is consistent with the adaptive theory approach, where cases are selected for their value in exploring predefined questions and concepts.<sup>25</sup> Cases are therefore selected for their likely contribution to understanding the changing development strategies over time. Second, purposive sampling enables the richest access to data given the available time and resources.

More specifically, longitudinal cases have been identified purposively on the basis of the following four criteria that reflect the above principles:

- i. Initiatives that represent a relatively large commitment of Australian ODA funds.
- ii. Initiatives in areas where Australia has had a long-running engagement that stretches throughout the evaluation period.
- iii. Initiatives that provide an opportunity to explore issues of particular relevance to specific evaluation questions, such as Whole-of-Government stakeholder involvement and coordination.
- iv. Initiatives in sectors of particular relevance to the country strategy being developed by the AusAID Timor-Leste Branch during 2013.

Considering these criteria, three longitudinal case studies have been identified for the evaluation through the desk study and scoping mission, focusing on Australia’s assistance for:

- Agriculture through successive phases of the Seeds of Life (SOL) Program;
- Policing through the Timor-Leste Police Development Program (TLPDP); and
- Public financial management through two initiatives: the second phase Ministry of Planning and Finance Capacity Building Program (MoPF CBP) bilateral program, and the Planning and Financial Management Capacity Building Program (PFMCBP), implemented by the Ministry of Finance and supervised by the World Bank.

These three cases were identified initially through consultations with ODE and AusAID Timor-Leste Branch. The evaluation team subsequently developed and applied the set of qualitative criteria described above to review the selection of cases for inclusion. Table 1 below summarises the degree to which each longitudinal case satisfies the four criteria.

**Table 1: Longitudinal case study alignment with sampling criteria**

Initiative	Criterion i	Criterion ii	Criterion iii	Criterion iv
<b>Support to agriculture through the SOL Program</b>	✓	✓✓	✓✓	✓✓

<sup>24</sup> Miles, M.B. and Huberman, A.M. (1994). *Qualitative Data Analysis*, 2<sup>nd</sup> Edition. Newbury Park, CA: Sage.

<sup>25</sup> Denzin N. and Lincoln Y. (Eds.) (2000). *Handbook of Qualitative Research*. London: Sage.

<b>Support for policing through the TLPDP</b>	✓✓	✓✓	✓✓	✓✓
<b>Support for public financial management through the MoPFCBP and PFMCBP</b>	✓✓	✓✓	✓	✓✓

Scale: ✓ = partially satisfies criterion ✓✓ = fully satisfies criterion

The fourth case study will be a thematic case study focusing on the issue of service delivery. Service delivery has been an ongoing theme in analytical and strategic documents relating to the Timor-Leste country program but has received renewed focus in the country strategy development process in 2013. This is not surprising. Improving service delivery is a particularly high priority in fragile contexts such as Timor-Leste where developing the links between the state and its citizens can further legitimacy.<sup>26</sup> This thematic case study will explore Australian assistance to service delivery in Timor-Leste through two initiatives in the areas of rural water supply, sanitation and hygiene (RWASH) and health: the BESIK Program<sup>27</sup>; and the Health Sector Strategic Plan – Support Project (HSSP-SP).

Each of these longitudinal and thematic cases identified above is discussed in further detail below. As mentioned, these cases will be used to explore the evaluation questions in a context-specific way, rather than attempting a comprehensive evaluation of each initiative. In particular, the case studies will be relevant for primary evaluation questions 2 (effective management of the country program) and 3 (the development results achieved through Australia’s assistance). Each case study will include consideration of results over the review period.

### 3.4.2 Longitudinal Case Study 1: Australia’s support to public financial management in the Ministry of Planning and Finance

The first case study will focus on Australia’s support to public financial management through two closely related initiatives: the Ministry of Planning and Finance Capacity Building Project (MoPFCBP) and its successor, the Public Financial Management Capacity Building Program (PFMCBP).

Australia’s sustained involvement in public financial management capacity building in Timor-Leste presents a valuable opportunity to trace the interplay between shifts in strategy and initiative-level decision-making. Australia’s assistance began through advisors mobilised through another AusAID initiative – the Capacity Building Facility – in 2002. This assistance morphed into a major bilateral program (MoPFCBP) implemented over two phases between 2003 and 2009. Thereafter, Australian assistance was delivered through a contribution to the World Bank-administered PFMCBP, which began in 2006 and was completed in 2012.

This case study is an opportunity to comparatively assess the experience of two channels for delivery of development assistance to the same ministry: a bilateral program managed by a managing contractor, and a World Bank-supervised, partner government-implemented program. AusAID Timor-Leste Branch has expressed a particular interest in learning from

<sup>26</sup> See ODE (2009), *Service Delivery for the Poor: Lessons from recent evaluations of Australian aid*, Report prepared by M. Baird, Canberra: AusAID

<sup>27</sup> Officially called the Australia East Timor Rural Water Supply and Sanitation Program (RWSSP) but known locally as ‘Bee, Saneamentu no Ijene iha Komunitade’, or BESIK.

Australia's experience in supporting improved public financial management. The design of a new initiative encompassing public financial management (the 'Governance for Development' Program – or 'G4D') is being finalised at the time of this evaluation. Public financial management—and governance more broadly—is likely to be a significant element of the country strategy being prepared at the time of this study.

The case study will pick up the 'thread' of Australia's support to the Ministry of Planning and Finance in 2006 but concentrate on significant shifts in approach between that time and 2012. Particular issues of interest include the decision to support the PFM CBP through a multilateral arrangement, and the experience of Phase 2 of the MoPF CBP during the turbulent period of 2006-2007 following the crisis. Following on from this, the end of the bilateral program in 2008 and channelling of Australia's support through the PFM CBP are significant turning points at which the relative influence of strategy on decision-making can be assessed.

Understanding how these transitions played out with reference to major changes in Australia's strategy will be a particular emphasis of the case study. No official country strategy governing Australia's ODA relationship with Timor-Leste was in place between 2006 and 2009. A new country strategy was developed in 2009, followed by the emergence of the Strategic Development Plan (SDP) and the Strategic Partnership Agreement for Development. How did these developments influence the approach? What were the incentives and the context that shaped the behaviour of the key actors at these points? These questions, and others, will inform the qualitative research process associated with this case study.

### **3.4.3 Longitudinal Case Study 2: Australian assistance to agriculture through the Seeds of Life Program**

The Seeds of Life Program (SOL) will be the focus of the second case study. Funded jointly by AusAID and the Australian Centre for International Agricultural Research (ACIAR), this program aims to build the nation's food security by establishing its capacity to release and distribute improved varieties of key crops (mainly maize, rice, cassava, sweet potato and peanut). The case study will focus on Stages 2 and 3 of the Program. Stage 2 commenced in 2005, while implementation of Stage 3 begun in 2010 and continues to the present day.

SOL is a significant example of Australian ODA to Timor-Leste in several respects. Stages 2 and 3 of SOL received a total of \$17 million between the 2005-2006 and 2011-2012 financial years.<sup>28</sup> In terms of financial size, SOL ranks among the larger initiatives funded by Australian ODA during this period, although much smaller than BESIK and Australian assistance in policing (see Case Study 3 below). SOL nevertheless enjoys a high profile among the partner government agencies and other donors in Timor-Leste, owing partly to its longevity and its particular focus on seed provision for food security.<sup>29</sup>

The SOL case study provides an opportunity to explore the role of strategy in the evolution of a long-running program. Having begun in 2000 as a small-scale ACIAR project involving a single Australian agricultural scientist working with Timorese colleagues, SOL has evolved into a

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<sup>28</sup> AidWorks data provided by AusAID ODE to the Evaluation Team.

<sup>29</sup> Reference to the high profile of the SOL Program was noted by during discussions with AusAID, the World Bank, and Ministry of Agriculture personnel during the scoping visit to Dili.

complex major bilateral initiative. Over this time, SOL has expanded in size and moved closer to the Ministry of Agriculture and Fisheries (MAF) in the GoTL. Shifts in focus have included a growing concern with change management and the capacity development of MAF. This case study will assess this experience with particular attention to the country strategy.

SOL remains the only Australian initiative in agriculture, an area of particular interest to the Timor-Leste Branch at the present time. As AusAID considers the strategic direction of future support to agriculture and rural development more broadly, a case study of SOL is rich in potential for relevant lessons.

#### **3.4.4 Longitudinal Case Study 3: Australian assistance to policing through the Timor-Leste Police Development Program**

The third case study will focus on the Timor-Leste Police Development Program (TLPDP). The TLPDP ultimately aims ‘to contribute to the maintenance of a safe, stable environment in Timor-Leste conducive to economic and social development and sustainable poverty reduction’.<sup>30</sup> The purpose of TLPDP is ‘to strengthen the capacity of the police service in Timor-Leste to maintain law and order effectively and professionally and with full respect for human rights’.<sup>31</sup> The initiative commenced in 2004 and continues to the present day.

As a case study, TLPDP is well-suited to the evaluation questions underpinning this study. TLPDP is a significant example of the whole-of-government delivery of Australian ODA. With overall funding of \$62 million between 2006-2007 and 2011-2012, TLPDP represents the second largest single initiative supported by Australia in Timor-Leste.<sup>32</sup> When implementation began in July 2004, TLPDP’s delivery arrangements involved a managing contractor engaged by AusAID to work alongside an Australian Federal Police (AFP) team, each developing the PNTL capacity in different areas. In 2007, this arrangement came to an end and the AFP assumed management of the program.

Throughout this period, there have been significant changes in direction and emphasis as well as shifts in delivery arrangements. These include an expansion in the 2007-2009 period followed by significant reduction in the program in 2010 which precipitated some major changes. A longitudinal case study can shed light on how these changes evolved in light of Australia’s ODA strategy.

#### **3.4.5 Thematic Case Study: Australian assistance to service delivery in WASH and health**

The fourth case study will focus on service delivery, a current priority for the Timor-Leste Branch. Lessons relating to service delivery are particularly important for the Timor-Leste country strategy currently being developed because of their relevance to donor programming priorities in fragile settings. While previous ODE evaluations have considered service delivery in terms of program implementation, this case study will concentrate on the role of the country

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<sup>30</sup>The goal of the TLPDP as expressed in the original Program Design Framework. See HAI (2007), Activity Completion Report: Timor-Leste Police Development Program, Canberra: 2007

<sup>31</sup> *Ibid*

<sup>32</sup> The largest commitment in financial terms was Australia’s contribution to the UN Peacekeeping operation that followed the 2006 crisis. From AidWorks data supplied by AusAID ODE.

strategy.<sup>33</sup> The evaluation team will compare the experiences of two initiatives: the Rural Water Supply and Sanitation Program known as Be'e Saneamentu no Ijiene iha Komunidade (BESIK), and the Health Sector Strategic Plan (HSSP).

Service delivery lies at the heart of the BESIK. BESIK works with communities to stimulate demand for services, and with civil society and government to improve the provision of these services. This approach has been developed over a long period of evolution and iterative development. The first phase of BESIK (2007-2012) aimed to increase rural communities' (including women, men, girls and boys) access to sustainable clean water supplies and adequate sanitation and to improve people's hygiene and sanitation practices.<sup>34</sup> The second phase, which commenced in September 2012, appears to have retained the same goal, although the program design document distinguishes Phases I and II on several matters relating to approach.

Australia has supported rural water supply and sanitation in Timor-Leste in various ways since the 1990s, when it was a province of Indonesia. Australian assistance in this area to the independent nation of Timor-Leste has its roots in humanitarian and relief efforts, and in the upheaval that followed the vote for independence in 1999. A bilateral program implemented through a managing contractor begun in 2003, initially working in four districts. This initiative – the Australia-East Timor Community Water Supply and Sanitation Program (AETCWSSP) was BESIK's predecessor, which commenced in 2007 and now works in every district of Timor-Leste. BESIK can be considered an example of how a major donor-funded initiative can improve service delivery.<sup>35</sup>

Service delivery also figures prominently in the HSSP's goals and objectives. The project's high level goal is to contribute to acceleration of Timor-Leste's progress toward Millennium Development Goals 4 and 5. The HSSP design seeks to achieve this by improving the quality and coverage of preventive and curative health services, particularly for women and children.<sup>36</sup>

HSSP's approach to improving service delivery differs from BESIK's in several important respects. Rather than employing a managing contractor, Australia's support for HSSP is channelled through a multi-donor trust fund administered by the World Bank and implemented by the GoTL's Ministry of Health. The initiative was conceived in 2005, when a program identification mission commissioned by AusAID recommended that the majority of Australian support be channelled through a sector support mechanism.<sup>37</sup> Operationally, AusAID's focus under HSSP has been overwhelmingly on the supply side, through developing capacity for health services delivery. Activities have included supporting mobile health clinics, procuring medical equipment and pharmaceuticals, providing scholarships and training for staff, and the provision of technical assistance. A twinning arrangement with the Institute of Health Sciences and Menzies Research Institute in Australia also forms a key element of the project's strategy. A

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<sup>33</sup> See for instance ODE (2009), *Service Delivery for the Poor: Lessons from recent evaluations of Australian aid*, Report prepared by M. Baird, Canberra: AusAID

<sup>34</sup> Crawford P. and J. Willets (2012), *BESIK: Independent Completion Report*, Canberra: AusAID.

<sup>35</sup> *Ibid*

<sup>36</sup> AusAID (2012), *Quality at Implementation Report: Health Sector Strategic Plan – Assistance Project*, unpublished report by AusAID

<sup>37</sup> AusAID (2005), *East Timor Health Sector Identification: Mission Report*, unpublished report for AusAID

review of relevant documentation on the performance of HSSP suggests it has not enjoyed the same success as BESIK in improving service delivery.<sup>38</sup>

A comparison of these two initiatives will help clarify a series of issues relevant to this evaluation. For instance: what are the conditions for successful service delivery in Timor-Leste? What is an appropriate balance between Dili and district-based interventions? How has strategic programming architecture influenced the contrasting experiences of the two initiatives? Why has it taken so long to develop a health delivery strategy? Is the guidance with regard to delivery strategies sufficient? What are the pros and cons of different service delivery modalities with respect to efficiency, ownership, use of partner systems and government engagement? How can institutional strengthening outcomes and more immediate improvements in service delivery be balanced and reinforce each other?

Service delivery is an issue of direct relevance to the Timor-Leste Branch, and this thematic case study will provide salient insights for the country program at this important juncture.

### **3.5 Constraints and limitations**

This evaluation will draw heavily on the recall of individuals involved in Timor-Leste Country Strategy development and implementation and will therefore be subject to inherent recall bias. A rigorous and systematic approach to qualitative data analysis will be adopted as explained in Section 3.3 above. Triangulation methods will be deployed to mitigate recall bias and to corroborate the insights emerging from the qualitative data. In particular, the evaluation will review contemporaneous documentation and data relating to evidence gathered through interviews. This will include analysis of the coherence and focus of Australian aid using the PFAF methodology.

The discussion of results is also subject to some limitations, not the least of which is the inability to collect data to assess impact. The scope of this evaluation is such that only secondary data can be used to discuss the results of Australia's aid to Timor-Leste. The analysis undertaken as part of the PFAF, and the analysis of development achievements in Timor-Leste more generally, will provide some context for the discussion of results, but the collection of primary quantitative and qualitative data on results is beyond the scope of this evaluation.

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<sup>38</sup> *Ibid*

## Section 4 Evaluation management

The following section discusses the operational aspects of the evaluation. It begins with an introduction to the evaluation team and a discussion of roles and responsibilities; this is followed by the presentation of the evaluation workplan, and a discussion of risk management.

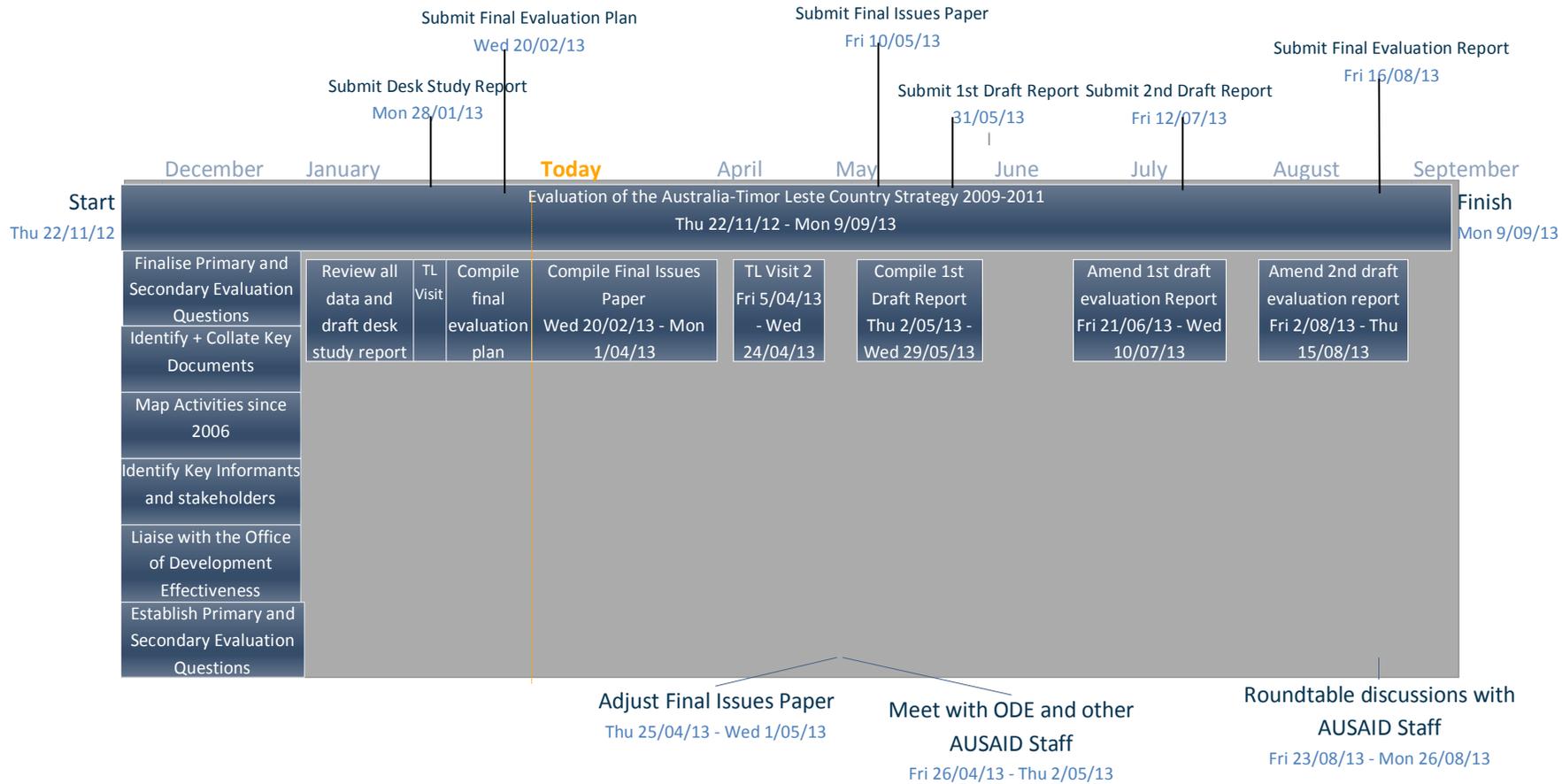
### 4.1 Evaluation team

The table below provides details of the roles and responsibilities of the evaluation team.

**Table 2: Team roles and responsibilities**

<b>Name</b>	<b>Role</b>	<b>Responsibilities</b>
Dr David Carpenter	Team Leader	Draft evaluation plan and methodology, undertake qualitative research in Canberra and Dili, analyse all data and code using NVivo, undertake desk review of documentation, lead author of all reports, and lead in the dissemination of results in coordination with ODE.
Mr Stewart Norup	Senior Evaluation Advisor	Provide advice on case study selection and approach, undertake qualitative research in Canberra and Dili, analyse all data using NVivo, undertake desk review, provide advice on M&E components, contribute to writing all reports.
Ms Ruth Pitt	Evaluation Advisor	Provide support in the analysis of qualitative data, particularly in the coding of data using NVivo, assist in the drafting of reports, support in desk review of documents, and contribute to writing all reports.
Professor Mark McGillivray	Quantitative Methods Advisor	Develop, in cooperation with evaluation team and ODE, a Proliferation and Fragmentation Assessment Framework (PFAF) for use in quantitative analysis.
Ms Louisa Dow	Evaluation Manager, ODE	Provide direction, quality assurance, and support from ODE, liaise with AusAID counterparts on logistical and technical issues, engage with relevant stakeholders, and disseminate results.

## 4.2 Workplan



### 4.3 Risk management

Key risks for the conduct of the evaluation are outlined in the table below, with proposed mitigation/treatment actions.

**Table 3: Risk analysis matrix**

<b>Risk Category</b>	<b>Hazard</b>	<b>Consequence</b>	<b>Mitigation / Treatment</b>
<i>Travel</i>	Illness / accident	Injury / incapacitation	Comprehensive medical and evacuation insurance and support from Head Office
	Travel delays	Minimal – may require additional days in the field if significant delays are experienced	Nil
<i>Team</i>	Unavailability of team member	Loss of capability within the team, potential source of delay – minimal consequence with a team of three over a short-term project	Additional consultants with experience in Timor-Leste are available within the Sustineo team if necessary
<i>Project</i>	Inability to gain access to key informants	Limitation on data collection, with subsequent impact on analysis and report conclusions	Over-sampling where possible Interviews by telephone for informants not based in Timor-Leste or Canberra
	Internal documents not available to the team	Limitation on analysis and possible inaccuracy in reporting	Comprehensive support from ODE to identify and source internal documents / information
	Existing reports have insufficient information	Limitation on analysis and possible inaccuracy in reporting	Comprehensive support from ODE to identify and source internal documents / information
	PFAF not ready to use in time for the evaluation	Limitation on analysis and possible inaccuracy in reporting	Time built in for an advisor focused solely on PFAF

## 4.4 Ethical guidelines

The evaluation will be undertaken in accordance with the *Code of Ethics of the Australasian Evaluation Society* and the *Guidelines for Ethical Conduct of Evaluations*. Before evaluation activities commence, members of the management team will confirm that all other team members are aware of the code; and during the evaluation they will ensure that appropriate ethical practices are followed. Ethical practices in accordance with the Code and Guidelines include:

- disclosure of conflicts of interest
- data protection and management of personal information in accordance with the Privacy Act
  
- consideration of the interests of a range of stakeholders, particularly potential impacts of marginalised groups
- ensuring that participants in the evaluation are provided with clear information about the evaluation and how the collected data will be used, including assurances of confidentiality where appropriate
- discussing findings, particularly negative findings, with relevant partners before presenting them
- being direct, comprehensive and honest in the disclosure of findings and the limitations of the evaluation.



## Appendix A – Evaluation matrix

Primary evaluation questions	Secondary evaluation questions	Method and data source	
		Qualitative	Quantitative
1. To what extent was AusAID's country strategy for Timor-Leste appropriately developed?	1.1. To what extent did the strategy clearly articulate what the aid program would target and why, what its specific contributions would be, how it would manage for results, and the amount and type of assistance that would be provided?	Semi-structured interviews with key informants (Category 1,2); analysis of country strategy documentation	Analysis of human resource data from AusAID
	1.2. To what extent was there appropriate involvement of the GoTL, Australian Government agencies, and key stakeholders including other donors in the development of the country strategy?	Semi-structured interviews with key informants (Categories 1,2,3,4,5)	
	1.3. How well did the strategy align with GoTL priorities and plans?	Semi-structured interviews with key informants (Categories 1,2,3,4); analysis of GoTL policy documents	
	1.4. To what extent did the strategy consider Timor-Leste's political, social and economic contexts, development needs and Australia's capacity to respond?	Semi-structured interviews with key informants (Categories 1,2,4,6), analysis of relevant AusAID policies	Analysis of Timor-Leste HDI data, macroeconomic and development assistance data, and fiduciary and development risk data
2. To what extent did AusAID effectively manage its assistance program?	2.1. To what extent did AusAID apply the 2009-2014 country strategy to program design and implementation activities?	Semi-structured interviews with key informants (Categories 1,4); analysis of programs design documents, sectoral delivery strategies and program-level M&E documentation; case studies 1-4	

Primary evaluation questions	Secondary evaluation questions	Method and data source	
		Qualitative	Quantitative
	2.2. To what extent was the country program selective and focused?	Semi-structured interviews with key informants (Categories 1,2,4,5,6); analysis of sector-level evaluation reports, and APPRs	Assessment of fragmentation under the Proliferation and Fragmentation Assessment Framework (PFAF) – including quantitative analysis of sectoral, and activity level data from AidWorks
2. To what extent did AusAID effectively manage its program of assistance?	2.3. To what extent were approaches to aid delivery appropriate and selected on the basis of thorough assessments of risk?	Semi-structured interviews with key informants (Categories 1,2,3,4,5,6); analysis of program design documents; case studies 1-4	Analysis of fiduciary and development risk data particularly for the PFM case study
	2.4. To what extent did AusAID make sound decisions to harmonise with the programs of other donors and whole-of-government partners?	Semi-structured interviews with key informants (Categories 1,3,4,5); analysis of program design documents; case studies 1-4	Analysis of Timor-Leste HDI data, macroeconomic and development assistance data, and fiduciary and development risk data
	2.5. To what extent did AusAID respond appropriately to changes in the country context during the period 2006-2012, including the development and release of the GoTL’s Strategic Plan for Development and feedback from the GoTL on the performance of its activities?	Semi-structured interviews with key informants (Categories 1,2,6); analysis of program design documents; case studies 1-4	Analysis of human resource data from AusAID

Primary evaluation questions	Secondary evaluation questions	Method and data source	
		Qualitative	Quantitative
	2.6 To what extent was M&E appropriately conducted and used?	Semi-structured interviews with key informants (Categories 1,3,5); analysis of ICRs, APPRs, MTRs, program-level M&E data, country-level PAF; case studies 1-4	
3. What results were achieved by Australia's program of assistance between 2006 and 2012?	There are no secondary questions under question 3.	Semi-structured interviews with key informants (Categories 1,4,5,6); case studies 1-4; analysis of ICRs, APPRs, MTRs, ODE and other external evaluations	Assessment of proliferation under the Proliferation and Fragmentation Framework (PFAF) including analysis of activity data under the OECD-DAC CRS database
4. What lessons can be learned about country strategy development and effective delivery of aid?		Synthesis of all the above methods and analysis	
	4.1 What lessons about corporate support for country strategy development and implementation can be learned from this evaluation?	Meta-analysis of all qualitative and quantitative data generated in response to questions 1, 2 and 3	
	4.2. What general lessons can be learned about the role of AusAID's country strategy architecture in the effective delivery of aid to Timor-Leste?	Meta-analysis of all qualitative and quantitative data generated in response to questions 1, 2 and 3	

## Appendix B – Semi-structured interview guides

The following question guides, are just that – guides. These are not structured questionnaires. The questions asked should be customised according to the interviewee's particular context and experience. This requires some research on behalf of the interviewer and a sound understanding of the key informant's role in the development and implementation of the country strategy, or their knowledge of important contextual issues.

### Semi-structured interview guide – Key Informant Category 1 (KIC1)

#### Topic: Strategy development (evaluation question 1)

1. Please tell us about your role in the development of the 2009-2014 Country Strategy (or in the new strategy's development, as appropriate)
2. Who else played (plays) an important role?
  - Probe: perceived role of key actors, incentives for action, pressure to complete, expectations;
  - Probe: dynamics of the team, leadership;
3. Why do you think AusAID has country strategies?
  - Probe: what does it take to get a country strategy approved?
4. What policies informed/inform the strategy?
  - Probe: prioritisation of policies, key actors from other areas
  - Probe: what policies must be included, what would happen if they weren't (rules-in-use)
5. What is the role of the CSA in country strategy development?
  - Probe: how well was/is that contextual information incorporated?
  - Probe: Is it more at the level of delivery strategy
6. Please describe the relation between the CSA, CS and DS?
7. If you could describe the process of CS development you went through (are going through) in one sentence what would that be?
8. Why do you think it took so long for a CS to be developed (to those involved in 2009 CS only)?
9. How well were/are GoTL priorities incorporated into CS?
  - Probe: relationship at the time, capacity to engage, leadership in engagement, patterns of policy dialogue
10. Could you please comment on the currency of the 2009-2014 CS?
  - Probe: changes since signing of Partnership Agreement, steps taken to ensure new CS maintains currency

### **Topic: Strategy implementation (evaluation questions 2 and 3)**

1. Please tell us more about the program you managed/manage and your role in TLB
  - Probe: other key actors, other tasks, perceived role in TLB
2. What key considerations influenced the design and implementation of that program?
  - Probe: relative importance of country strategy compared to other factors
  - Probe: financing, risk, leadership, GoTL influence, AA policies, M&E, PAF
3. What are greatest risks to the success of this program in your view?
  - Probe: fiduciary, development, political, social?
4. Please describe the rationale for the selection of the aid modality (ies)
  - Probe: risk, influence from AA policies, leadership, role of private contractors
5. How would you describe the working relationship with counterparts?
  - Probe: how capacity has changed over time, key actors in GoTL, WoG actors
6. How has the signing of the Partnership Agreement changed things?
  - Probe: risks in this and in using partner systems more generally
7. What attempts to harmonise with other donors have been made, is it possible?
8. What changes in the external context (e.g. GoTL policies, politics, conflict) have most affected the implementation your program?
9. What changes in the internal (i.e. AusAID context) have most affected the implementation of your program?
  - Probe: resources, implicit strategy, management etc
10. Do you (did you) feel sufficiently well supported to do your job?
  - Probe: time pressures, leadership, human resources, advice, analytical work
11. What are the most significant achieved/expected from AusAID's program of assistance to Timor-Leste?

### **Topic – Lessons learned (evaluation question 3)**

1. What three lessons have you learned about implementing aid programs (from your experience in Timor-Leste) that you will bring to other jobs in AusAID?

## **Semi-structured interview guide – Key Informant Category 2 (KIC2)**

### **Topic: Strategy development (evaluation question 1)**

1. Please tell us about your role in country strategy development/approval/oversight in AusAID?
2. Who else plays an important role?
  - Probe: perceived role of key actors, incentives for action, pressure to complete, expectations
3. Why does AusAID have country strategies?
  - Probe: what does it take to get a country strategy approved?
  - Probe: relative importance of a CS
4. What should a good country strategy look like?
  - Probe: prioritisation of policies, focus
  - Probe: what policies must be included, what would happen if they weren't (rules-in-use)
5. Please describe the relation between a CSA, CS and a DS?
6. Can you describe your role in the development of 2009-2014 Timor-Leste CS?
7. Why do you think it took so long to develop a CS for Timor-Leste?
  - Probe: prioritise factors that may have contributed
8. How has GoA relationship with GoTL changed over time?
  - Probe: Partnership Agreement, risks and opportunities, partnership agreements more generally

**Topic: Strategy implementation (evaluation question 2)**

1. Please tell us more about your involvement in/interventions in the Timor-Leste program over time
2. What key issues have driven Australia's engagement in Timor-Leste?
3. What are the greatest risks to the success of this program in your view?
  - Probe: fiduciary, development, political, social?
4. What changes in the external context (e.g. GoTL policies, politics, conflict) have most affected the implementation of that program?
5. What changes in the internal (i.e. AusAID context) have most affected the implementation of the program?
  - Probe: resources, implicit strategy, management, senior executive engagement etc

**Topic – Lessons learned (evaluation question 3)**

1. What three lessons have you learned about implementing aid programs (from your experience with Timor-Leste)?

## **Semi-structured interview guide – Key Informant Category 3 (KIC3)**

### **Topic: Strategy development (evaluation question 1)**

1. Please tell us about your role, if any, in the development of the Australian Governments 2009-2014 Country Strategy to Timor-Leste (or in the new strategy's development, as appropriate)
2. Who else from your organisation played (plays) an important role?
  - Probe: perceived role of key actors, incentives for action, pressure to complete, expectations
3. Why do you think it took so long for a CS to be developed?
4. What policies within your organisation influence the design and delivery of aid programs? Please tell us more about them.

### **Topic: Strategy implementation (evaluation question 2 and 3)**

1. Please tell us more about the program you managed/manage?
  - Probe: other key actors, other tasks, perceived role as WoG actor
  - Probe: what does it aim to do?
2. What key considerations influenced the design and implementation of that program?
  - Probe: relative importance of country strategy compared to other factors
  - Probe: financing, risk, leadership, GoTL influence, AA policies, WoG policies, M&E, PAF
3. What are greatest risks to the success of this program in your view?
  - Probe: fiduciary, development, political, social?
4. Please describe the rationale for the selection of the aid modality (ies)
  - Probe: risk, influence from AA policies, own policies, leadership, role of private contractors
5. How would you describe the working relationship with counterparts?
  - Probe: relationship with AusAID, key actors in GoTL, other WoG actors
6. How has the signing of the Partnership Agreement changed things?
7. What attempts to harmonise with other donors have been made, is it possible?
8. What changes in the external context (e.g. GoTL policies, politics, conflict) have most affected the implementation your program?
9. What changes in the internal (i.e. agency context) have most affected the implementation of your program?
  - Probe: resources, implicit strategy, management etc
10. Do you (did you) feel sufficiently well supported to do your job?
  - Probe: time pressures, leadership, human resources, advice, analytical work

11. What results does your agency expect from this program?

**Topic – Lessons learned (evaluation question 3)**

1. What three lessons have you learned about implementing aid programs (from your experience in Timor-Leste) that you will bring to other jobs in your Agency?

**Semi-structured interview guide – Key Informant Category 4 (KIC4)**

**Topic: Strategy development (evaluation question 1)**

1. Please tell us about your role, if any, in the development of the Australian Governments 2009-2014 Country Strategy (or in the new strategy's development, as appropriate)
2. Who else played (plays) an important role from your organisation/government?
3. Why do you think AusAID has country strategies?
4. What role should recipient government's play in the development of country strategies in your opinion?

**Topic: Strategy implementation (evaluation questions 2 and 3)**

1. Please tell us more about the key programs under your direction funded by AusAID or another Australian Government agency
  - Probe: priority to GoTL
2. What key GoTL considerations influenced the design and implementation of that program in your view?
3. To what extent were these considerations incorporated into program design and implementation?
4. What results do you expect from this program?
5. What are the greatest risks to the success of this program in your view?
  - Probe: development, political, social?
6. How would you describe the working relationship with AusAID/AFP? How has this changed over time?
7. How has the signing of the Partnership Agreement changed things?
8. What attempts have donors made to harmonise their aid in Timor-Leste? Have these attempts been sufficient?
9. What changes in the internal context (e.g. GoTL capacity) have most affected the implementation of your program?

10. How has AusAID's approach to development assistance in Timor-Leste changed over time?

### **Topic – Lessons learned (evaluation question 3)**

1. What three lessons have you learned from your engagement with AusAID in the implementation of aid programs that you bring with you to other tasks in the GoTL?

## **Semi-structured interview guide – Key Informant Category 5 (KIC5)**

Topic: Strategy implementation (evaluation questions 2 and 3)

1. Please tell us more about the program you managed/manage and your role in implementing Australian aid programs in Timor-Leste
2. What key considerations influenced the design and implementation of that program?
  - Probe: relative importance of country strategy compared to other factors
  - Probe: financing, risk, leadership, GoTL influence, AA policies, M&E, PAF
3. What are greatest risks to the success of this program in your view?
  - Probe: fiduciary, development, political, social?
4. Please describe the rationale for the selection of the aid modality(ies)
  - Probe: risk, influence from AA policies, leadership, role of private contractors
5. How would you describe the working relationship with counterparts?
  - Probe: include AusAID, GoTL, other WoG actors
6. How has the signing of the Partnership Agreement changed things?
7. What changes in the external context (e.g. GoTL policies, politics, conflict) have most affected the implementation your program?
8. What changes in the internal (i.e. AusAID/organisational context) have most affected the implementation of your program?
9. What have the results of this program been?

### **Topic – Lessons learned (evaluation question 3)**

1. What three lessons have you learned about implementing aid programs (from your experience in Timor-Leste) that you will bring to other jobs?

## **Semi-structured interview guide – Key Informant Category 6 (KIC6)**

Topic: Context (all questions)

1. Please tell us about your expertise and knowledge of the Australian aid program in Timor-Leste and any engagement you have had with AusAID
2. How appropriate is Australia's program of development assistance to Timor-Leste considering the development challenges that country faces?
3. What are the greatest risks to the success of Australia's development assistance program to Timor-Leste in your view?
  - Probe: development, political, social, relevance, competition for influence?
4. How would you describe the relationship between the GoTL and the GoA and how has this changed over time?
5. How has the signing of the Partnership Agreement changed things?
6. What attempts have donors made to harmonise their aid in Timor-Leste? Have these attempts been sufficient?
7. What changes in the internal context (e.g. GoTL capacity) have occurred that have influenced the donor-recipient relationship and the effectiveness of aid delivery in Timor-Leste?
8. What changes in the Australian Government context have occurred that have influenced the donor-recipient relationship and the effectiveness of aid delivery in Timor-Leste?
9. Considering the significant changes that Timor-Leste has gone through how would you characterise the future of the donor-recipient relationship?
10. What three things has AusAID done to improve the effectiveness of aid delivery in Timor-Leste?
11. What remains to be done to improve this?
12. What is the most significant contribution Australia has made to development in Timor-Leste?

## Appendix C – Explanation of changes

The following section outlines and explains the changes made to evaluation questions and objectives provided in ODE's draft evaluation plan.

### **Modification of Objective 1**

Objective 1 has been modified slightly from the draft evaluation plan developed by ODE , adding the words 'and produce development results'. This focus on results was requested by ODE officers and AusAID program managers. Furthermore, the fourth evaluation question in the draft evaluation plan included a sub-question on results; a focus not reflected in the original wording of Objective 1.

### **Primary evaluation question 4**

For reasons of clarity, primary evaluation question 4 in the draft evaluation plan was disaggregated into two separate questions: question 3, which focuses exclusively on results, and question 4, which focuses on lessons learned. These are different questions that should not be conflated. The question regarding effectiveness under secondary question 3.2 in the draft plan has been incorporated into the wording of question 4 above. The questions regarding AusAID's policy guidance in the development of the strategy were duplicative and have been removed. This will be sufficiently addressed under question 1, which focuses on strategy development.

## Appendix D – Institutional analysis and development – some fundamental concepts

In 2001, Elinor Ostrom led a multidisciplinary team in the review of Sweden’s development cooperation. This review focused on the incentives around aid delivery and the ramifications of this for sustainability.<sup>39</sup> This was the first time the IAD framework had been used to analyse the institutional factors that influence aid delivery. The framework had previously been used in a wide range of areas including the use of irrigation systems, the governance of service delivery and the effect of incentives on infrastructure sustainability in developing countries.<sup>40</sup> The Ostrom review found that perverse incentives in a large number of areas affect the sustainability of Sweden’s aid delivery and the outcomes on the ground; these areas included incentives for individual and organisational learning, incentives related to the budgeting process and the incentive structures of contractors.<sup>41</sup>

Institutional analysis makes a fundamental distinction between organisations, defined as ‘groups of individuals bound by some common purpose to achieve objectives’<sup>42</sup>, (such as AusAID), and institutions, defined as shared concepts used by humans in repetitive situations organised by rules, norms and strategies.<sup>43</sup> In this context rules are shared prescriptions that are mutually understood and predictably enforced by those with the power to sanction. This includes both formal rules or rules-in-form and rules-in-use. Rules-in-use are essentially the dos and don’ts that one learns on the ground in a new situation, these are typically not codified and may in fact be contrary to rules-in-form. Norms are the shared prescriptions that affect everyone in a particular group. They are enforced by the group through internally and externally imposed costs and sanctions. Everyone in a group is affected by norms, which typically seek to regulate behavioural and mental patterns. Strategies are the plans that individuals make within the structure of incentives produced by the pattern of rules, norms and expectations and in response to physical and material conditions.

Rules and norms interact to structure incentives. Incentives are the rewards and punishments perceived by individuals to be related to their actions and the actions of others.<sup>44</sup> Incentives are central to institutional analysis. The work undertaken by Ostrom *et al* for the Swedish government outlined how incentives have significant ramifications for the impact and sustainability of development cooperation activities. We would suggest that the development and implementation of country strategies, whether explicit or otherwise, are also strongly influenced by incentive structures of various kinds.

The IAD framework introduced in Section 1.4 includes a number of important concepts, which are defined and discussed with reference to this evaluation in the following section.

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<sup>39</sup> Ostrom, E., Gibson, C., Shivakumar, S., and K. Andersson (2001) *Aid, Incentives and Sustainability: An Institutional Analysis of Development Cooperation*, Workshop in Political Theory and Policy Analysis, Indiana University, Stockholm: Swedish International Development Cooperation Agency 02/01

<sup>40</sup> *Ibid*

<sup>41</sup> *Ibid*, see pp. xix–xxvi

<sup>42</sup> North, D. C. (1991). Institutions, *The Journal of Economic Perspectives*, 5:1, pp. 97-112

<sup>43</sup> Crawford, S.E and E. Ostrom (1995) A Grammar of Institutions, *American Political Science Review*, 89:3, pp. 582-600

<sup>44</sup> Ostrom et al 2001

*Rules-in-use* are particularly important for the issue we are exploring, namely country strategy development and implementation. As noted by Ostrom *et al*, government agencies are faced with three levels of rules-in-use: constitutional, policy and operational. In the case of AusAID, constitutional rules would include those policies that define the overall purpose of Australian aid such as budget documents and the Comprehensive Aid Policy Framework (CAPF). At the next level are those policy rules that guide aid delivery. These rules are used to organise the development cooperation system. They might include HR policies or guidelines on strategic programming architecture. Operational rules are results of decisions made at higher policy levels and may include guidelines for what should be in contracts, or what should be in bilateral agreements.

*The attributes of a community*: this includes the norms of behaviour accepted with AusAID and the culture of that organisation as well as shared understandings within the Timor-Leste Branch. At a broader level it could also include those cultural factors that influence the operationalisation of AusAID's country strategy with Timor-Leste.

*The material context*: for the purposes of this evaluation we consider this to be those exogenous factors that influence the development and implementation of AusAID's country strategy in Timor-Leste. This includes financial and human resource flows to the Timor-Leste Branch.

The *action arena* is influenced by the abovementioned rules, norms, cultural attributes and material conditions. This arena itself is a conceptual unit comprised of action situations and actors. It is the place where the focus of the institutional analysis resides. In this case the Timor-Leste Branch.

*Action situations* are 'structured interactions among participants where individuals make decisions about actions that affect them and others'<sup>45</sup>; for the purposes of this evaluation this includes the development and implementation of the Timor-Leste country strategy by the Timor-Leste Branch. Action situations have seven key components: 1) the participants in the situation, 2) the participants' positions, 3) the outcomes of participants' decisions, 4) the payoffs or costs and benefits associated with outcomes, 5) the linkages between actions and outcomes, 6) the participants' control in the situation, and 7) information.

*Actors* play an important role in influencing the action situation in four ways: 1) their information processing capabilities, 2) their preferences or values for different actions, 3) their resources, and 4) the processes they use for choosing actions.

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<sup>45</sup> Ostrom et al (2001) p 23