Submission No 44

Inquiry into Australia’s Relationship with Timor-Leste

Name: Mr Tom Hoyer

Organisation: Rotary Club of Byford & Districts
Timor Leste – OUR SERVICE PHILOSOPHY

Lautem Village & District - Water & Sanitation Project

“Buy Local, Employ Local, Train and Adopt a Skills Transfer approach, Make friends, Work together, Laugh, Be successful, Leave a lasting legacy”.

Go to the people   Live with them
Learn from them

Begin with what they know
Build with what they have
Be committed

But of the true leader;

When the work is done and the task is accomplished,

People will say, "we did it ourselves"

Lao Tse

To whom it may concern – 28th March, 2013.

Introduction:

I write this submission for your consideration, because we can all do better.

After several years of engagement with East Timor, I am guided by Rotary’s International project obligations and the “Debt of Honour” Australia is still repaying to our new neighbour. I believe this country is at a cross roads. Over the next 10 years if the low level, yet important issues of unemployment, a general impoverishment, poor literacy and a lack of economic opportunity are Left under attended, drugs, people smuggling, and conflict may emerge, OR enhanced help by Australian partners and friends to contribute to a better future. A future that denies the 1st scenario.
There are some Service, aid and public relations opportunities that we can consider as a means to demonstrate Australia’s appropriateness and to convey services and supports that clearly display the effort and the shared benefits. Rotary can do this.

There are 22 Rotary districts in Australia with around 50 clubs per district. Many of these clubs have partnered with other Rotary Clubs, here and abroad and with the many “Friends of East Timor” groups.

Rotary Australia, via its many individual and independent clubs has had a presence in East Timor since before 2000. For all of the following years Rotary Districts and these individual Clubs have progressed their international obligations by funding and working on various community service projects in East Timor.

This obligation is guided by the current Rotary International World President’s theme of “Peace through Service” 2012-2013. The International project profile for all Rotary Clubs includes Water & Sanitation, Literacy, Poverty Reduction, the Promotion of the Status of Women, Maternal Health, Economic Development and other service areas.

For the last few years we have witnessed the significant effort many Rotary Clubs and partners/friends have made in the new and emerging country of Timor Leste. But due to the nature of each project and service delivery in a maturing, yet ill equipped governmental and departmental environment, the effort is disconnected, with much duplication and is potentially unsustainable without ‘in country’ partnerships and trained local people to take up the effort when we go home.

But this is no longer good enough.

We are aware of the absence of a cohesive and collated report that adequately describes the Australian Rotary effort in East Timor. This diminishes our standing and our contribution. We are also aware that the absence of a Rotary “Shop Front” in Dili harms the effort and reflects poorly on Rotary and on the Australian commitment. Anecdotally, there seems to be an emerging belief that the Australian aid effort is generally self-serving, without the shared economic and project effort that is implied and has been promised to ordinary East Timorese. This is not new, as various submissions have been made to substantiate and verify these concerns and the potential negative ramifications of such beliefs.

Please see attached the internal approach Rotary is progressing for completion by the May Rotary Conference in Dili, May 2013. Attachment 1. Parts 1 & 2.
As the Water & Sanitation focus is of primary importance for many Rotary Clubs in East Timor, we are also aware of the AusAid sponsored RWSSP -“Rural Water Supply and Sanitation Programme”. For many years we have tried to get our efforts included in the “mapping” programme of RWSSP, without much success. This in itself is not vital, but the absence of any recognition contributes to the absence of maintenance, regular checks and the overall workability and sustainability of the projects. I refer the committee to the 5th of May 2011 AusAid report for a more in depth appreciation of the issues and imbedded contradictions. See Attachment 2.

Our efforts are usually “at site” across all of rural East Timor, where the provision of safe potable water in the community is the most important service we can provide.

As we travel around the country it is not unusual to see many broken hand pumps. After inspecting some of these, many are in a state of disrepair, corrosion, seals worn, handle snapped off or just not serviced. While we leave our pumps and gear with some sense of workability and maintenance support, this is not the sustainable model we would wish.

A Proposal:

That the Australian Government recognise the significant effort Australian Rotarians, Districts, Clubs and Friends have made to the wellbeing of East Timor over many years and into the future.

That based on the Rotary evidence and AusAid report, along with a wide range of supporting real and anecdotal responses about the service and aid effort in the country, that the Australian Government support the East Timorese Ambassador Mr Abel Guterres in his efforts to secure lands for the Rotary effort in East Timor.

Should the committee believe that the Rotary effort is significant and that the entire Australian effort will be enhanced with central “shop front” in Dili, that funding be made available to purchase appropriate land for this purpose. PS: Rotary will build, equip and secure the lands for operational and training outcomes.

That AusAid personnel formally include Rotary project leaders and club officials to investigate the maintenance, training, and workability of all rural water supplies in rural East Timor as a contractual and funding outcome.

Thank you

PP Tom Hoyer
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Collation of the Australian Rotary Project effort in East Timor

Attachment 1 - Part 1.

Start Date: Nov 2012 to Dec 2012  Completion Date: April/May 2013

After meetings and suggestions by Jill Coen (PA to the Australian Ambassador in Dili) and the East Timorese Ambassador Abel Guterres in Canberra, in October 2012, and from our own discussions, our next area of focus has to be directed at the evidence platform that adequately describes the Australian Rotary effort in East Timor.

With such evidence, both the Australian Embassy people, generally and specifically with AusAid, and the ET Ambassador with links to the President and other Ministerial decision makers, can be encouraged to find and allocate adequate land and a “Shop Front” for the Rotary effort in Dili.

Further, with such a central space and distribution point, the alignment and cooperation with Australian aid bodies, other NGO’s and relevant government agencies can be defined and be more effective in the country and in our areas of project work.

This central land space/place will also offer:

- a potential training venue for local people and inbound Rotarians
- linkages with government departments, Ausaid and related NGO’s
- office space and meeting rooms for the DIK and ET Rotarian in Dili
- warehousing and maintenance facilities for Rotary tools, machinery and vehicles
- a central distribution point for all inbound containers and goods
- a ‘shop front’ the East Timor Roofing Company and a sales and distribution point in Dili
- a safe haven and contactable place for Rotarians and friends
- a space to report on new opportunities, initiatives and issues
- the promotion of sustainable and durable project outcomes

After many years of hearing anecdotal responses and observing the inevitable “duplication of resources and machinery, avoidable repeat funding losses, poor decision making and unnecessary hardship”, we as Rotarians and professional persons can do better.

To secure the best Rotary effort in the international environs, I see each Rotary district developing a disciplined sub group related to each district’s international committee, with a particular focus on collating all Australian Rotary (and others) experiences in the international community. That this database of empirical knowledge, collected, collated and recorded by past and current Rotary experiences and projects, will be the basis of essential information and communication outcomes for all Rotarians and Clubs who are considering a new international project.

However, right now, we need this project database to be ready for delivery to the East Timorese and Embassy decision makers, ASAP. PS: It does not have to be complete, just reflective of the overall Australian project effort in East Timor.

While there are many sources of information, I believe that much of the information and report outcomes already exist within “RAWCS” (Rotary Australia World Community Service) and with the District “Matching Grants and with the District Simplified Grants” that have reporting requirements in place.
I now think that this is a whole of Australia approach including all Rotary Districts and we should communicating with each DG in Australia, firstly to get the East Timor project information and secondly to encourage an ongoing district role in the reporting and collation of all project works in the international arena.

While all of these deliberations and contacts are being progressed, I am also thinking of the broader outcomes related to a consolidation of our efforts in ET.

1. That we are worthy of their consideration by demonstrating to the East Timorese Government that we are a cohesive and competent service provider of note, providing good works to East Timor and its people.
2. That we do get some appropriate, adequate, assessable and central land and or facilities in Dili
3. That the Districts’ declared leadership model will be the basis of certainty and purpose expected from our future ‘ in country’ and with our future external funding partners. AusAid, Woodside, Chevron etc.
4. That we demonstrate a project leadership model in ET-Dili, including a training approach that will go to supporting the repair and maintenance program for all projects.
5. That we support Daryl Mills (the in country Rotarian) or his successor in Dili
6. That we offer a central and effective central place in Dili as a 1st port of call for all inbound Rotarians, clubs and “friends” as they equip and acquaint themselves with the requirements of the project logistics and the country.
7. That we contribute to the reduction of project costs, waste, potential risks and harms and ensure that the public monies provided are put to the best and most effective/efficient and sustainable use.
8. That the central space be strong enough and professional enough to secure contract and service/maintenance outcomes from AusAid and other funding bodies.
9. That this central space in Dili be a “shop front” for other related Rotary works and that Rotary as an Australian Service Provider reflects a positive and beneficial face to East Timor and its people.
10. That we accept that one of the essential outcomes we require is that this be an economically sustainable model.
11. That we consolidate and promote the diplomatic and ambassadorial reflections of all of the Australian effort in Timor Leste.
Attachment 1 - Part 2.

There are 46 RAWCS projects listed, with responses from 10 Rotary Clubs and Districts to date. The figure already exceeds 4 million dollars. I surmise that the true Australian Rotary effort in East Timor will go beyond 10 million. With this evidence, we will be promoting a better and more substantive partnership with East Timor and our partners.

Rotary Project Locations In East Timor
Dili, Baucau, Ermera, Gleno, Hatolia, Lautem, Laga, Soiqili, Com, Los Palos, Balibo, Natarbora, Fatuhada, Balibar, Maubisse, Lekitei, Groto, Manatuto, Flecha, Maubara, Bobonaro, Fatumaca, Darasula, Moto Ulan, Fatu Hada, San Miguel, Funah

Expenditure:

D9680 COMMITTEE - RET(Rotarians Education Training)
Accumulated Expenditure for East Timor
Years 2007-2013
Project Expenditure (Labour, Funding, Sundries):
Total $ = $328,600.00

Rotary Club of Beecroft & District 9680 Expenditure for East Timor
RAWCS Project 85/2010-11 - Biblioteka Ermera
Years 2010-2013
Project Expenditure (Labour, Funding, Sundries):
Total $ = $69,200.00

Rotary Club of Byford & Districts Expenditure for East Timor
Years 2007/8-2013
Project Expenditure (Labour, Funding, Sundries):
Total $ = $83,100.00

Rotary Club of Cairns Mulgrave Expenditure for East Timor
Years 2012-2013
Project Expenditure (Labour, Funding, Sundries):
Total $ = $107,500.00
Rotary Club of Kwinana Expenditure for East Timor
Years 2011-2013
Project Expenditure (Labour, Funding, Sundries):
Total $ = $231,864.00

Rotary Club of Port Melbourne, and others, East Timor projects
Years 2009-2013
Project Expenditure (Labour, Funding, Sundries):
SIGNIFICANT CONTRIBUTORS
Balibo House Trust & R.C. Bentleigh Moorabbin and RCPM
Total $ = $520,420.00

Rotary Club of PAMBULA & Districts Expenditure for East Timor
Years 2005-2013
Project Expenditure (Labour, Funding, Sundries):
Total $ = $277,147.98

Rotary Districts 9550 - Expenditure for East Timor
Years 2009-2013
Project Expenditure (Labour, Funding, Sundries):
Total $ = $385,299.00

Rotary Club of Eaglehawk - Expenditure for East Timor
Years – 2002-2013
Project Expenditure:
Total $ = $1,845,020.00

Rotary Club of Ascot - Expenditure for East Timor
Years – 2012-2013
Project Expenditure:
Total $ = $72,000.00 (No Labour values)
5 May 2011


Australia and East Timor agreed in the Australia-Timor-Leste Country Strategy 2009-2014 that Australia would continue to support improved rural access to clean water and sanitation. Sector delivery strategies are being progressively developed to supplement the Country Strategy. This Rural Water, Sanitation and Hygiene Behaviour Change Delivery Strategy results from consultation with government and stakeholders and represents a consensus view. It is an operational guide to assist AusAID to redesign and implement Australia’s water and sanitation program in East Timor.

1. What is the issue?

East Timor still lacks sufficient access to clean water and sanitation. In rural areas, 63 per cent of aldeias have access to a system that is likely to provide safe water, and only 39 per cent of rural households have access to adequate sanitation. Poor access to clean water and sanitation increases morbidity and mortality and undermines people’s ability to participate in education and the economy.

Planning and resourcing

There are indications that access and coverage have in fact decreased in the past ten years for a number of reasons, including the collapse of Indonesian bureaucratic systems, sabotage during periods of civil conflict and a lack of maintenance of existing water and sanitation facilities. New schools and health centres have been built with poor access to water and sanitation largely due to weak links between relevant ministries. The added strains of population growth – the rapid growth rate is set to continue with the population projected to increase by one-third between 2008 and 2015 – and the likely early effects of changing weather patterns due to climate change impacting on water catchment areas add further challenges to planning and resourcing.

The current government’s commitment to rural water supply is strong, with its budget increasing six-fold from US$1.5 million in 2008 to US$8.9 million in 2011, in addition to a $20 million allocation to suco (village)-level MDG projects, up to half of which is likely to be directed to small-scale water supply and sanitation infrastructure. The draft Strategic Development Plan 2011-2030 signals significant further increases. However, most of the increase has been allocated for capital development. Allocations to recurrent costs remain low – in 2010, the personnel budget remained the same, the operational budget decreased, and only US$200,000 was allocated for rural sanitation. Yet 2011 saw positive signs here too: US$750,000 was allocated to rural water activities and the Ministry of Infrastructure (MoI) plans to invest this in community planning and operation and maintenance of rural water systems. Investment in rural sanitation almost quadrupled, to US$760,000.

Government funding has to date been considerably outweighed by donor support, although recent budget increases mean that the government funded 50 per cent of total systems in 2010. Limited availability of reliable data has reduced the ability of government or donors to conduct evidence-based planning and resourcing.

Building and maintaining facilities

In May 2010, it was estimated that if 100 per cent access to a reliable water source were to be achieved in rural areas approximately 740 aldeias would require either a new water system or major rehabilitation and 679 aldeias would need further investment spent on their partially functioning systems, costing around US$61 million. It would cost about US$50 million to reach the government target of 75 per cent coverage by 2015. Approximately US$12.2 million would be needed to reach the 60 per cent of rural households without access to improved sanitation by 2015. While these targets and the Millennium Development Goal on water and sanitation are achievable (particularly with current water supply funding levels), concerns about sustainability remain. The primary concern is government commitment to maintenance. In addition to the low budget allocation for recurrent costs mentioned above, concerns include: the quality of designs, building materials and contractors; consistency of construction supervision; depth of community engagement at all stages in the project cycle; and the availability of operation and maintenance funding to accompany community contributions.
11 Factoring in population growth, RWSSP Mid-term Review.
12 MDG 7.3 to halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.
13 Office of Development Effectiveness, Evaluation of Australian Aid to Water and Sanitation Services in East Timor and Indonesia, 2009 (ODE Evaluation). This is an independent review. Coverage studies conducted in four districts by Oxfam, Triangle GH and Plan show that only 26 per cent of systems built are fully functioning.
14 Although the timeline for the legislative framework and details of services to be decentralised are still being determined, it is likely that water and sanitation and health will be the first sectors to be decentralised. For maintenance of water and sanitation systems, the problem of a low recurrent budget allocation discussed above is compounded by the weak regulatory environment. For example, where responsibility lies for operation and maintenance of systems is unclear. While communities have a mandated role in operation and maintenance of water systems, national and sub-national governments are under-resourced to support this role. This has impacted on sustainability of services and quality and functionality of systems (estimates for functionality range from 10-70 per cent). Decentralisation is likely to muddy these responsibilities further. 14

The quality of infrastructure construction and maintenance is also hampered by weak management and procurement systems, unclear technical standards, and limited access for sub-district facilitators to skills development, particularly in relation to gender-sensitive community engagement approaches.

Behaviour
Data on hygiene practice is weak but anecdotal evidence suggests it is poor. The Ministry of Health says poor hygiene practice has a significant impact of the disease burden of the poor. Hygienic behaviours related to the use of improved latrines and hand washing with soap have 5 May 2011 3 5 May 2011 4 5 May 2011 5 5 May 2011 6 And greater government ownership of operations and maintenance will be critical to improving functionality rates. 5 May 2011 7

RWSSP, other sectoral programs, high-level policy dialogue and partnership with other donors, will continue to encourage the government to establish a multi-year planning process.
In conjunction with Australian assistance to improve public financial management across service delivery sectors, Australia will assist DNSAS to use its evidence-based planning to prepare high quality and persuasive budget bids that improve its ability to secure adequate financial and technical resources in line with its medium term financing framework. Support to strengthen the evidence-base will assist the government to achieve adequate government and development partner capital and recurrent resourcing for the sector. However, that evidence base will take time to produce. In the meantime, policy dialogue on adequate levels of resourcing will need to be based on experience, including in comparable countries. Policy dialogue across government to increase the capital budget allocation for sanitation and recurrent budget for maintenance is a priority. 33 For example the Public Financial Management Capacity Building Program and PFM support in health and education.

34 RWSSP Mid-term Review. 75 per cent coverage equals 1500 systems. Currently 581 systems are fully functioning which leaves 919 new or rehabilitated systems needing to be built by 2015.
Australia will support the government to establish an environmental safeguard system that ensures natural water supplies retain integrity, taking likely climate change impacts into account. This will include ensuring that RWASH activities provide a consistent and sustainable supply of unpolluted water and do not impact negatively on the environment. The main focus will be to support MoI’s DNGRA to strengthen capacity to manage ground water. Australia will increase awareness of the relationship between water catchment and water source reliability and promote policy and planning changes to ensure water resources are protected.
2015 targets to which Australian support will contribute:

- Water, Sanitation, Hygiene and Water Resources Management policies and guidelines are approved and being implemented
- Increased government budget allocated to sustainable rural water and sanitation services
- Water, sanitation and hygiene information systems are managed by DNSAS and data is used in planning
- District Water and Sanitation Service offices are developing priorities in consultation with district agencies and based on need

4.2 Increase in government and community capacity to build, rehabilitate and maintain water supply systems

**Government capacity**
Government’s ability to deliver the services it has planned and resourced is another crucial component of government leadership and ownership and accountability to its citizens. Around 900 hundred new and rehabilitated water systems need to be completed by 2015 to meet the 75 per cent national target. Australia will assist the government to clarify roles and responsibilities of government, water user groups and households and indirectly improve quality and design of construction and maintenance of these systems. To help the government reach its target, Australia will provide direct technical and financial support to build and rehabilitate approximately 50 water supply systems benefiting 65,000 people by June 2012. For these systems, Australia will directly implement services alongside government, to demonstrate good practice. It is likely a new program will need to continue to directly implement a small number of water supply systems to continue the demonstration effect while 5 May 2011.

Providing safe water to schools and health centres will be prioritised with services maintained in partnership with local government authorities. In addition to the systems above, Australia will fund access to sustainable and safe water for around 55 schools and 40 health facilities by 2012.5 May 2011

To increase local governments’ capacity to engage with communities, Australia will support DNSAS and the MoH to lead and build community capacity to monitor, manage and maintain facilities. This will be done by helping the government to employ sub-district facilitators and providing support to these facilitators through training and community development officers in each district. Recruiting and retaining more women sub-district facilitators will be encouraged and all facilitators will be trained in gender issues. Australia will also provide technical support to the district water and sanitation authorities to further strengthen gender-sensitive community engagement.

RWSSP currently relies on government-NGO partnerships to implement many of its activities, which is appropriate given that NGOs house the majority of technical skills in the water and sanitation sector. The number of small contractors in the districts is increasing as a result of the government’s recent program to promote infrastructure spending in the districts, but the quality of implementation has to date been poor and the current model splits responsibility for building and maintaining infrastructure between Ministries which does not promote sustainability. However, as East Timor’s private sector develops, Australia will revisit this assumption to assess whether incentives for promoting the private sector to build infrastructure would lead to more cost effective delivery.

**2015 targets to which Australian support will contribute:**
- 115,000 additional people gain access to safe water (through direct implementation)
  40 This refers to results from direct service implementation by Australia. The redesign will reconsider this target in light of our increasing focus on helping the government to better implement its own budget to deliver sustainable services. That is the target from direct support may decrease and the target from indirect support may increase.
- 80 per cent of aldeias with access to water supply systems more than a year old that are fully functional
- 80 per cent of village water and sanitation management bodies nationwide have at least 30% participation (with responsibility) of women

4.3 Increase in government and community capacity to improve hygiene and sanitation practices

Australia’s contribution will be to provide training and financial support to the government to promote healthy and hygienic behaviours, particularly hand washing with soap and using hygienic toilets. Promoting links with the health program, Australia will support behaviour change programs at the district level. This will be done in conjunction with SISCa health posts and the national school health program, family health promoters and other government departments. Australia will support local governments to prioritise and provide incentives for community management of health and hygiene activities. Local NGOs may be contracted to develop
training and materials, although this will be done in alignment with national and district level environmental health promotion strategy. Options for partnerships with the private sector as it develops, such as soap manufacturers, will be explored. Lessons learned from the current program – including from piloting various models of promoting hygiene behaviour change – will inform the next phase of the support.

2015 targets to which Australian support will contribute:
- 800 aldeais have achieved 100 per cent open defecation-free environments for improved sanitation
- 6,000 additional households have and use hand washing facilities and soap 5 May 2011 10

5. How Australia will deliver its support?

1. Partnerships

As Australia’s water and sanitation activities need to attract greater government ownership, Australia’s core partnerships are with the Ministries of Infrastructure (DNSAS and DNGRA) and Health (National Directorate for Community Health). While Australia will increase engagement with district governments, this will be done hand in hand with central government policy. Australia will be the government’s lead partner for discussing rural water and sanitation policy and programs.

The main vehicle for Australian support has been the managing contractor-implemented RWSSP. This $41 million project working across the RWASH sector began in September 2007 and will finish in June 2012. In the time remaining, the project is taking preparatory steps for the transition to a more government owned, managed and monitored program. The successor program beginning in late 2012 will be designed as a more government owned, managed and monitored program from the outset. This will require a rigorous assessment of public financial management and other fiduciary systems (see 5.4), a balancing of financial risks with development risks and agreement on a shared vision of success and adequate government budget. To achieve this shared vision, Australia will trial a new approach to the design. Experience has shown that our practice of contracting out designs to teams of consultants has led to overly complex designs and not led to sufficient government ownership of Australian-funded programs. With the benefit of the analytical basis provided by this delivery strategy, Australia and East Timor will sit together in a series of workshops with an external facilitator to agree goals, outcomes and the method of implementation for the new phase of Australian support. Concept and design documentation will be succinct and simple. It is intended that this partnership approach to design will flow through to implementation of the program.

5.2 Policy dialogue

Australia will be more engaged in policy dialogue with central and district governments and other donors. Australia will leverage experience as the largest donor in the sector to engage constructively with the government on three key policy issues:

Encourage the government to invest in mechanisms to promote improved sanitation and hygiene behaviour. To date the government has prioritised improving access to water at the expense of improved sanitation. Although the government has created a Department for Sanitation and is finalising the National Sanitation Policy, the government only allocated US$200,000 for rural sanitation in 2010 and US$760,000 in 2011. Australia will make use of a regional study of Indonesia, Philippines, Cambodia and Vietnam which showed an average loss of 2 per cent GDP could be recovered through improvements in sanitation alone. In East Timor this equates to around US$11 million annually. While the evidence base is being developed to determine adequate levels of sanitation resources (see 4.1), Australia will continue to advocate increased government commitment to sanitation. Australia will work with DNSAS and all government stakeholders to advocate for clearer and better operational regulations and guidelines to support maintenance.

The recent reviews of Australia’s engagement in the sector, this delivery strategy and policy and technical analyses commissioned by RWSSP will be used as tools for this policy dialogue. The RWASH Policy Steering and Reference Group (PSRG) is a forum to engage government on policy, program direction and resourcing
needs. Its members include the Ministers of Infrastructure and Health, other relevant ministries and donors. It is meant to meet every six months, but the PSRG has not always been accorded high priority by the government. Australia will work to make this forum more useful, regular and government-led. Australia will also meet with the Minister of Infrastructure at least twice a year to discuss policy positions.

At the officials' level, Australia will revitalise the Program Management Group (PMG) as a regular forum for policy discussion and to make recommendations on policy development to the PSRG. The Director of DNSAS leads the PMG. The PMG meets irregularly but now includes UNICEF and USAID. At the operational level, Australia will engage the Sanitation Working Group which also informs policy making and contributes to research and planning.

5.3 Aid Effectiveness

**Sector coordination**

Australia will continue to play a lead role in donor coordination. In the absence of effective government coordination, Australia has taken a lead role, with donor activities in the sector relatively well coordinated. Australia’s contribution to promoting government coordination will be to encourage DNSAS to coordinate more effectively with the Ministries of Health, State Administration and Finance. Australia will encourage improved inter-ministerial coordination and strengthened ministerial leadership by supporting sector level coordination among ministries, in particular the PMG and Sanitation Working Group, and by linking its water and sanitation work with work in other areas. For instance Australia will leverage support for the Ministry of Finance to improve infrastructure and health ministry budget submissions and financial management. And Australia will work through the health program to integrate local level water and sanitation service delivery, community engagement and behaviour change messages. Promoting coordination at the local level, Australia will support the establishment and maintenance of District Coordination Forums.

**Monitoring and Evaluation**

The program logic underpinning this delivery strategy is being developed with the government in the first stage of the design phase (the concept workshop). It will outline how we expect Australia’s support to contribute to high level development changes in the sector. The plausibility of the assumptions implicit in the diagram will be interrogated in more detail during the design phase. This will occur in stakeholder workshops facilitated by a monitoring and evaluation specialist with expertise in program logic. The design phase will also allow the government and Australia to agree on an approach to monitoring and evaluation that uncovers: What is being achieved? Is change happening as expected? Why or why not? And what are the implications for future policy, resourcing and practice? Australia’s strategy for supporting data collection will be two-pronged: 5 May 2011 12

1. Shared high level and intermediate development outcomes

At the high and intermediate development outcome levels, Australia will support the government to lead on monitoring and evaluation and encourage other development partners to draw on the government’s data rather than collect their own. Implementing the recommendations of the mid term review, good progress was made throughout 2010 in supporting DNSAS to develop simple systems for tracking sector performance. These include:

• Sector Planning and Reporting Tool which is now being used by ten agencies including DNSAS to: report progress towards government targets and global sector level indicators (for example the number of additional people with access to safe water); and to consolidate information on who is doing what in the sector (including government, donors and NGOs). This is updated quarterly by service providers in the sector, including donors and NGOs.

• Water Information System, now populated with data from approx 91 per cent of rural villages, which is providing information on coverage, gaps and functionality for improved resource allocation and decision making (for example the amount of time it takes in each village to access water). This information is regularly collected by sub-district facilitators.

Both tools collect gender-disaggregated data such as the extent of participation (with responsibility) of women in water user groups. They are a step forward in improving government-led performance monitoring in the sector and have required technical assistance from Australia. However, real challenges remain in transitioning
the management of both systems from RWSSP to DNSAS. Including sub-district facilitators on the payroll is crucial to this. As part of the transition plan and 2011 design process, Australia will have realistic discussions with the government about how to ensure this transition occurs at a pace that maintains adequate quality of data while encouraging government ownership and use of the management information system.

Australia will rely on these systems to track shared progress against the indicators for intermediate outcomes 2 (water supply) and 3 (hygiene and sanitation) of this delivery strategy, as well as overall progress toward achievement of MDG 7. A number of these indicators are also performance indicators for AusAID’s Agency-wide WASH Strategy (draft yet to be finalised).

2. Quality of Australia’s contribution

At lower development outcome levels, changes relate less to shared progress and more to the quality of Australia’s contribution (that is, annual outputs and deliverables and the immediate outcomes these are leading to). Rather than stretch weak government capacity, Australia will rely on the managing contractor to collect and synthesise information about how and why change is or is not happening at this level. This will be along the lines of RWSSP’s existing monitoring and evaluation framework and will need to draw on a clear conceptual model for monitoring capacity development.

Australia will work with the government during the design phase to clarify how existing systems could be improved to better link performance data to management decisions. This will include: MoI’s own review and planning processes; its influence on decisions by other Ministries that affect outcomes in the sector (for example the Ministry of Finance, Ministry of State Administration and district governments); and how it leads annual joint review and planning with development partners in the sector (linked to the government’s emerging Strategic Development 5 May 2011 13 Plan).

As discussed above, present arrangements have been disappointing and it will be important to realistically assess why they have fallen short of expectations.

Australia will supplement its involvement in these shared performance review processes with a separate annual and largely internal discussion about progress against this delivery strategy. This will involve AusAID management, activity managers, and thematic group staff and will be facilitated by the AusAID performance and quality manager. It will feed into the East Timor Annual Program Performance Report and reflect on:

1. Shared progress against the government’s goal (i.e. changes in access to improved water and sanitation), major changes in the sector context (e.g. government resourcing, changes in leadership, decentralisation) and implications for Australia’s role in the sector
2. Shared progress against each of the intermediate outcomes, the adequacy of Australia’s contribution in the past year and implications for Australia’s future programming, policy dialogue and analysis
3. Alignment with aid effectiveness principles and implications for how Australia works with government and other donors in the sector.

The template that guides these discussions is at Annex 4 (see excel document). At each of the three levels, implications for Australia’s role and activities will be identified, and a set of operational priorities for the forthcoming year will be set. These will represent significant contributions to the intermediate outcomes and Australia will be accountable for achieving them. The list of priorities for 2011 is at Annex 1.

5.4 Analysis

Government systems

To improve aid effectiveness, Australia has committed to use country systems to the maximum extent possible, and where it is not feasible, to work with partners to strengthen systems. 42 Australia seeks to use and strengthen country systems so that we can align our resources to those systems and accordingly benefits and influence from our resources can extend to the whole sector, improving effectiveness and efficiency. The benefits of using country systems include increased partner government ownership of the development agenda and improved accountability to its citizens, 43 both of which are particularly important in East Timor as explained above.


44 Particularly now that additional funding from the Water and Sanitation Initiative is shifting the balance more towards the government's priority of delivering physical infrastructure. The government and other donors invest disproportionately more in physical infrastructure than in capacity-building. USAID's program focuses on infrastructure because RWSSP is providing policy support and institutional development. The mid-term review of RWSSP found that progress towards shifting to a government-led program has been slow. However, the review found the balance between central institutional capacity building and service delivery was sound – although the proportion of funds spent on technical assistance in RWSSP has been significant, when the sector is viewed as a whole particularly given the increase in the government’s capital budget, the proportion is reasonable.44 The review determined that exclusive control of Australian funds should be relinquished to the government but that before this can happen, more dialogue is needed between Australia and the government and Australia needs to come to a more informed view on the trade-off between financial risk (for example inefficient use of funds and leakage) and development risk (failure to 5 May 2011). The design will go through AusAID quality processes. 5 May 2011

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Annex 1 – Annual Operational Priorities (2011) Priorities

Resourcing
1. Encourage increased bilateral funding from 2012/13 budget ($12m annually)

2. Encourage increased East Timor government funding towards recurrent maintenance and operations budget

Programmatic
3. Partnership-based approach to design of next phase of RWSSP, working closely with government counterparts to encourage transition to stronger government ownership

Policy Dialogue
4. Promote (with other donors) role of PSRG to engage government on sanitation, multi-year planning and operation and maintenance roles and responsibilities

5. Support dissemination and enactment of key policies, including National Sanitation Policy, National Water Policy and revised National Rural Water Guidelines

6. Promote scaled up delivery of total sanitation approach

Progressing Aid Effectiveness
7. Australia to strengthen lead sector coordination role through the PSRG, PMG and Sanitation Working Group

Analysis
8. Report on analysis on government systems, particularly fiduciary, procurement and management systems, discussed with government and development partners