Final Report[1]

Programa Nasional Dezenvolvimentu Suku
(PNDS)
-
National Program for Village Development Support Program
(PNDS-SP)

Monitoring and Review Group
Visit 2
(MRG#2)

Dili
Timor Leste

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2 February 2015

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[1] Updated as a result of DFAT input into the draft report submitted to DFAT on 18 December 2014

Contents

Abbreviations and Acronyms

Aldeia	Hamlet	MRG#2	Monitoring Review Group – Second Visit.
CDD	Community Driven Development	PDD	Decentralised Development Program
CMT	Community Management Team	PFM	Public Financial Management
CSC	Civil Service Commission	PMR	Performance Management Review
DFAT	Department of Foreign Affairs and Trade	PNDS	*Programa Nasional Dezenvolvimentu Suku*
DG	Director General	PNDS-SP	PNDS Support Program
FST	Field Support Team	POM	Program Operations Manual
GfD	Governance for Development	PSP1	PNDS-SP Phase 1
GoA	Government of Australia	PSP2	PNDS-SP Phase 2
GoTL	Government of Timor-Leste	QAI	Quality at Implementation
IDD	Investment Design Document	R4D	Roads for Development
IMC	Inter-Ministerial Council	RFT	Request for Tender
M&E	Monitoring and Evaluation	SDFs	sub-district facilitators
MAE	Ministry of State Administration	Suco	Village
MoF	Ministry of Finance	TA	Technical Assistance
MIS	Management Information System	ToR	Terms of Reference
MRG	Monitoring Review Group	TWG	Technical Working Group
MRG#1	Monitoring Review Group – First Visit.		

Executive Summary and Recommendations

This is the second monitoring and review group (MRG#2) associated with Australia's financial and technical support for the implementation of PNDS through the PNDS-SP. PNDS is a Timor Leste initiative designed to facilitate improved socio-economic conditions and local governance for village men and women in Timor Leste through community managed infrastructure. Australia is committing approximately $55 million in support of the PNDS-SP from 2012 until 2017.

The MRG#2 reconfirms the strong ownership and understanding of PNDS and PNDS-SP by both GoTL and GoA. The partnership between governments remains robust, with both partners providing strong leadership and commitment directed towards to the program. MRG#2 discussions with partners and stakeholders confirm PNDS and PNDS-SP is providing wide-ranging capacity development to key government and non-government entities which appears to be resulting in government systems and personnel being strengthened, local communities becoming empowered, employment opportunities being generated, and much needed community infrastructure being built.

Capacity development is a core theme within Australia's official development program and PNDS-SP is investing considerable resources to develop counterpart capacity to successfully and independently manage and implement PNDS. Initial investment has targeted training of district and sub-district facilitators, while developing PNDS Secretariat staff capable of managing the program. These initial capacity building investments have paid dividends and PNDS sponsored processes and outcomes (infrastructure) are now being managed and implemented at the district, sub-district and community levels.

As the PNDS was established[2] advisers were deployed to work with GoTL to guide the development and implementation of PNDS policies, guidelines, systems and training programs. Adviser deployment has been guided by a number of policy and operational documents which have appropriately directed the capacity building methodology adopted by PNDS-SP.

Initial adviser deployment has been quite substantive, with advisers being deployed to overlay the PNDS Secretariat structure utilising a one-on-one, 'hand-in-glove' methodology. This methodology has initially aligned specialised technical personnel (mostly international advisers) to functional positions/counterparts within the secretariat's structure. In doing this, PNDS-SP ensured operational management of PNDS was quickly achieved, as many program establishment tasks were directly managed by advisers.

As the secretariat establishment stabilised, advisers have realigned their capacity building focus so that counterparts have been developed and supported in the management and implementation of core secretariat activities.

The PNDS-SP capacity building strategy has been consistent with program capacity building documentation. The initial reliance on adviser deployment to support development of the secretariat has been appropriate given the need to rapidly operationalise the program. However, the rapid operationalisation of the program and the heavy reliance on advisers has resulted in some issues which are now being addressed, including:

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[2] PNDS personnel recruitment and deployment

- Lack of cohesive[3] documentation to guide program implementation and associated capacity building strategies.
- Many advisers found themselves 'doing' the work themselves, often as a result of the pressure for targets to be met, and/or the lack of counterparts to partner.
- The 'hand-in-glove' methodology not placing sufficient emphasis or recognition on the importance of developing sustainable organisational capacity i.e. too much emphasis has been placed on developing individual capacity.

Stakeholders and partners have been happy with PNDS-SP support for capacity building during the initial stages of the program. There is a sense the PNDS Secretariat is now capable of managing core PNDS processes i.e. managing the budget, acquittal of funds and the building of infrastructure according to PNDS-SP policy and guidelines. There is now a consensus amongst partners and stakeholders (including advisers) of the need for changes to the current capacity building strategy being supported by PNDS-SP to meet ongoing priorities. The MRG#2 team concurs with these observations. Changes should involve:

- Refocusing PNDS-SP resourcing towards the direct delivery of PNDS at the district and subdistrict levels.
- Auditing the use of advisers to the secretariat at the central level with the intent of reducing the one-on-one reliance on advisers and focusing on secretariat organisational development (breadth) and support for sub-national priorities (depth).
- Revisiting the Locally Employed Staff (LES) salary framework to examine options to provide greater incentives for the recruitment and deployment of qualified and motivated 'less experienced' national personnel.
- Ensuring process monitoring activities managed by the Asia Foundation (and the World Bank[4]) contribute directly to the capacity development of PNDS-SP Secretariat – including sub-national entities.

Advisers, including the Field Support Teams (FST), are very cognisant of the importance of using and applying community driven development (CDD) principles and practices across the program. CDD is well embedded within all systems and the FSTs are working closely with district and sub-district facilitators to ensure program deliverables align to CDD processes. Learning forums supported by the program effectively socialise CDD processes at the local level. Nevertheless, it is possible to further enhance the inculcation of CDD principles and practices within both PNDS Secretariat and advisory cohorts. This can be achieved through:

- Incorporating the core values of CDD into the corporate vision of PNDS-SP.
- Providing professional development to less experienced secretariat staff and advisers who have limited knowledge and/or experience of CDD.
- Ensuring PNDS-SP resourcing and budgets directly support CDD initiatives at the sub-national level i.e. work through the districts and sub-districts.
- Ensuring learning forums are informed by the results of process monitoring managed by the Asia Foundation.

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[3] Multiple documents do exist – but there is need for these to be brought together in a unified implementation document or workplan.

[4] There are concerns by stakeholders that World Bank managed activities are not contributing to programming benefits and it is recommended this relationship be terminated. Saved funding could be used to support sub-national monitoring and evaluation activities.

Whilst it is difficult to quantify how technical adviser support is currently being applied across the PNDS-SP work spectrum, it is clear that advisory support is moving away from direct technical substitution towards a greater emphasis on providing advisory and capacity building support. The work plans currently being developed to support this shift in strategy will result in a greater focus on organisational development and provide an opportunity to map changing capacity building practices against activities, outputs and immediate outcomes defined in the program's monitoring and evaluation framework.

PNDS staff have a common objective and have worked well with PNDS-SP advisers to develop a collegial and professional organisation able to manage and implement PNDS objectives. If there is a risk to PNDS, it is at the sub-national level and this is why PNDS-SP resourcing needs to realign to address capacity issues at the district, sub-district and community levels of the program.

<div align="center">**MRG#2 Recommendations**</div>

The MRG#2 has made sixteen recommendations throughout the report. All of the recommendations are considered relevant and achievable in the near future i.e. 6 to 12 months. Anticipated resource costs for the outlined recommendations are minimal and should be accurately costed by PNDS-SP once the final report is endorsed. Recommendations are classified according to the following:

1. Advisory composition to maximise the effective impact of PNDS-SP to support implementation of a community-driven development program.
2. Sequencing of adviser positions over the lifetime of PNDS-SP in order to transition responsibility to GoTL in the most sustainable manner.
3. General administrative and operational requirements.

1. Advisory Composition and Use

Recommendation 1 (Page 17): That program planning, budget and implementation documentation be consolidated into a design implementation document – this may be in the form of an annual plan or a unified log-frame which reflects adviser deployment and work plans.

Recommendation 4 (Page 17): That the LES Salary Framework is revisited to see whether it is appropriate and possible to increase remuneration incentives for qualified and motivated national personnel who lack recent relevant work experience i.e. less experienced professionals

Recommendation 5 (Page 21): That advisory support to the secretariat at the central level is independently audited with the intent of reducing the quantum of advisory support and moving away from the 'hand-in-glove' methodology currently being supported at the central level. Savings will be used to support the increased focus on sub-national delivery support.

Recommendation 6 (Page 21): That PNDS-SP explores and implements options to maximise opportunities to ensure lessons learned and information obtained by the World Bank and the Asia Foundation are shared and used by key stakeholders within and across PNDS. This should include PNDS-SP learning forums being actively informed by 'lessons learned' from process monitoring activities being supported by the Asia Foundation (and possibly, the World Bank).

Recommendation 8 (Page 21): That consideration is given to expanding the use of 'volunteers' across the program so they are deployed to enhance sub-national delivery support i.e. placed at the district/sub-district level.

Recommendation 12 (Page 28): That consideration is given to reducing the transactional overheads of the program so key personnel can focus on program delivery, as opposed to processes e.g. limit and/or consolidate process focused meetings across the program.

Recommendation 14 (Page 31): That PNDS-SP continue to explore and maximise options to recruit and deploy national expertise whenever recruiting advisory or program support personnel.

2. Advisor Sequencing, Support and Sustainability

Recommendation 2 (Page 17): That consideration is given to refocusing PSP2 resources towards the direct support of PNDS delivery at the district and sub-district level. This may include deploying more resources (including program personnel and volunteers) to the districts and sub-districts with continued links to the secretariat.

Recommendation 3 (Page 17): That the program revisits the PNDS Risk Management Plan (2014) and develops a strategy to mitigate identified secretariat capacity risks. This should be integrated into a design implementation document (see recommendation 1)

Recommendation 9 (Page 21): That the program adopts and applies a universal definition to describe the use and deployment of national advisers across the program.

Recommendation 10 (Page 25): That PNDS-SP support implementation strategies and activities which will broaden secretariat and advisory knowledge and application of CDD principles and practices across the corporate culture of PNDS.

Recommendation 15 (Page 31): That PNDS-SP ensures advisers and counterparts continue to appreciate that advisory substitution is not the default modality for advisory support. Adviser work plans and PNDS-SP programming documents should include strategies and pathways which support continued effort to ensure counterparts develop towards professional independence in an independent organisational framework.

3. General Recommendations

Recommendation 7 (Page 21): That consideration is given to restructuring the reporting and operational responsibilities of the Program Director and the (senior) Technical Assistance Team so program implementation and overall accountability are not so closely aligned to DFAT management.

Recommendation 11 (Page 25): That given the (apparent) lack of programming benefits obtained from the relationship with the World Bank, consideration is given to terminating this relationship and using the saved funds to support M&E initiatives at the sub-national level.

Recommendation 13 (Page 28): That consideration is given to more active mainstreaming and interfacing of PNDS-SP programming and activities in the Timor Leste Governance for Development program managed by DFAT.

Recommendation 16 (page 32): That the next MRG should examine the quality and impact of female participation and inclusion initiatives supported by both PNDS-SP and PNDS.

> Additional themes to be explored beyond the next MRG should include, in priority order:
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> - Sectoral coordination and the interface of PNDS-SP across the DFAT Timor Leste development program.

- The appropriateness of the still developing program monitoring and evaluation frameworks i.e. does it meet program requirements.
- PNDS-SP relevance, effectiveness, efficiency, impact and sustainability i.e. a more traditional program evaluation.
- An analysis of attribution relationships once both PNDS and PNDS-SP are more fully bedded down.

1. Introduction

1.1 Program Background

Timor Leste's National Strategic Development Plan (2011-2030) identifies the country's economic and social development priorities. To achieve the Plan's goals, the Government of Timor Leste (GoTL) is developing new decentralised programs which focus on capacity development at the community level in Sucos and Aldeias[5].   The Plan also requires the GoTL to provide opportunities to increase citizen participation and involvement in local development. Accelerating infrastructure development and access to public services are critical to achieving the Plan's development goals while generating local social and economic benefits that will contribute to sound, sustainable, equitable national development.

PNDS differs from most other government development projects in that communities are responsible for planning, constructing, managing, maintaining and rehabilitating works and small-scale infrastructure. The PNDS mechanism applies a community driven development (CDD) approach.

PNDS makes financial and technical resources support available to all 442 Sucos in Timor Leste, providing them with the capacity to construct, manage and maintain basic infrastructure. The PNDS process provides a systematic series of steps to ensure that all community members are included, training is provided, and priorities and choices include their opinions and concerns so that the whole community benefits from the infrastructure development.

The Strategic Development Plan recognises that one of the aspirations of the Timorese people to create a strong and prosperous nation is the development of infrastructure capable of providing socio-economic development, increasing productivity, and creating jobs, particularly in rural areas. This requires the Timorese people's active participation, and strengthening their confidence in public institutions.

The goal of the PNDS program to support this longer term vision is "improved socio-economic conditions and local governance for village men and women in Timor Leste through community managed infrastructure." This differs slightly from the goal outlined in the PNDS Support Program (PNDS-SP) Investment Design Document where there is a focus on increased social and economic benefits i.e. "*community members attain increased social and economic benefits*".[6]

Australia was instrumental in the inception and development of PNDS. During 2011, GoA began discussions with key stakeholders within GoTL on the principles of community driven development (CDD) as a model for delivering basic infrastructure, services and economic opportunities in rural areas. In 2011, Australia supported GoTL officials to travel to Cambodia and Indonesia to examine different models of community driven development. Between 2012 and 2014, Australia has provided international and national personnel and logistical support to the design, preparation and implementation of the GoTL PNDS. This has included assisting in the preparation of the policies and laws covering PNDS; assisting development of financial and human resource management (HRM) systems for PNDS; training of technical, financial and social

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[5] Sub-district entities – villages and sub-village communities.

[6] The slight difference in wording is not meant to be substantive. The difference between the two statements is because local governance capacity (in the PNDS goal) is considered to be part of the social benefits in the PNDSSP goal (PNDSSP Investment Design Document).

facilitators to support communities to manage their PNDS projects; supporting sub-national socialisation of the program; and independent evaluation of PNDS-SP training inputs[7].

Through the PNDS-SP, GoA is working closely with GoTL at a bilateral level, providing support through the services of a managing contractor[8] and is facilitating other development partners' contributions to PNDS. The value of Australia's support in the 2012-13 and 2013-14 financial years is approximately $14.5 million. During 2014-15, it is expected $10.6 million will be expended by PNDS-SP on behalf of Australia. The program is scheduled for implementation from 2012 till 2017 with an anticipated total commitment of $55 million.

During implementation, Australia's support will focus on developing and strengthening the GoTL systems and capabilities required for PNDS to work. Resources have been allocated to support capacity building and training across partner cohorts. Phase 1 of PNDS-SP (PSP1) was completed in mid 2014 and a new contract for Phase 2 of PNDS-SP (PSP2) was initiated in July 2015 with Cardno Emerging Markets. Even though the transition of contracts from PSP1 to PSP2 was relatively seamless, some operational transitions have impacted upon the bedding down of PSP2 e.g. preparation of advisory work plans[9].

The initial MRG conducted in early 2014 focused on outcomes associated with the training component of the PNDS Support Program while also assessing the Support Program as a whole.

1.2 Mission Background

The PNDS-SP Investment Design Document (IDD) proposes the establishment of a **Monitoring and Review Group (MRG)**, contracted by the Australian Government. The MRG, in partnership with stakeholders, will assess the quality of Australian-funded support on a regular basis and identify and recommend responses to strategic and operational challenges. This is the second MRG (MRG#2) and it has been tasked to focus on the capacity building component of the PNDS Support Program, i.e. initial support aimed to build the capacity of the Government of Timor-Leste to implement its community driven development program, PNDS.

1.3 PNDS-SP and the Capacity Building Process

Through PNDS-SP, DFAT is helping to build the capacity of the GoTL PNDS Secretariat and other structures that will be established by the GoTL for the management and oversight of PNDS. Currently, DFAT's PNDS-SP is delivered mainly at the national level through engagement with national level GoTL counterparts.

DFAT, through the Managing Contractor, funds a number of adviser positions that work across PNDS-SP, supporting various aspects of PNDS and related functions in the Ministry of State Administration. There is a mix of long term and short term, national and international positions, supporting the following broad functions:

- strategic leadership and policy coherence;
- community-driven development;
- program operations and corporate management capacity;
- effective public financial management;
- human resource management and capacity development;

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[7] This was done during the first MRG evaluation conducted in February 2014 i.e. MRG #1.
[8] Services are provided by Cardno Emerging Markets.
[9] Refer to Section 2.2.1

- program monitoring, evaluation, and improvement;
- Information communication technology (ICT) and information management;
- public affairs and communication, and
- independent monitoring of program delivery (Field Support Team).

1.4 Objectives and Methods of the MRG Process

Originally the MRG Mission 2 terms of reference included two monitoring questions[10] seeking (ongoing) answers with regard to PNDS effectiveness and adequacy. It has been agreed these questions not be pursued during the second MRG visit; they will likely be examined during the third MRG visit.

MRG#2 will focus on answering the following five specific capacity building questions for the second mission:

Topic: Program Approach to Capacity Building

    i.   How credible is the approach to capacity building in the PNDS Support Program?
          a. The documented approach?
          b. Stakeholder expectations and perceptions of the approach. Stakeholders to include advisers, counterparts, selected external partners?
    ii.   To what extent does adviser practice reflect the desired approach for capacity building?
    iii.   To what extent is the intended approach to community driven development reflected in adviser practice, in terms of:
          a. The technical content of deliverables?
          b. Messaging to partners as a part of capacity building activities?
    iv.   What is the balance of Technical Adviser work in terms of:
          a. Advice?
          b. Capacity building?
          c. Substitution?
    v.   To what extent is technical adviser work likely to bring about sustained behaviour change in the PNDS Secretariat?

In responding to the above questions, MRG#2 will develop recommendations which will inform the following specific management decisions to be made by the DFAT Timor-Leste aid management team:

1. What would be an effective composition of the team of advisers to maximise the effective impact of PNDS-SP to support implementation of a community-driven development program?
2. What would be an appropriate and realistic approach to sequencing of adviser positions over the lifetime of PNDS-SP in order to transition responsibility to GoTL in the most sustainable manner?

The MRG#2 team developed a pre-approved evaluation plan[11] which guided partner and stakeholder consultations during the second MRG (refer Annex 1). The evaluation plan provided a framework which maximised the opportunity for stakeholders to provide input into the MRG

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[10] The questions were: Is Australia delivering its support to PNDS in the most relevant, effective and efficient manner?, and Is PNDS-SP's contribution to end of program outcomes adequate?

[11] Submitted and approved by DFAT on the 14 November 2014.

process. Where necessary, interpreters were made available to the MRG#2 team to ensure all discussions were accurate and reflective of stakeholder / beneficiary input.

Recognising that there would be a different focal emphasis for respective cohorts, the MRG#2 team, in partnership with GoTL and DFAT, structured the consultations to ensure a consistent strategy was taken with all partner agencies, stakeholders and beneficiaries (refer to Annex 2 for persons consulted). Stakeholder availability largely determined who would be interviewed at the community level. Generally communities were well represented at local meetings, and women were quite forthright in their opinions.

Targeted questions and discussion points used by the MRG team during stakeholder consultations are outlined in Table 1. These questions were outlined in the full evaluation plan submitted to, and approved by DFAT. An abbreviated evaluation plan which details additional evaluative questions to be answered during consultations is provided in Annex 1.

Table 1 – Targeted Questions and Discussion Points across Stakeholders

Stakeholders	Indicative Issues to be Discussed
All – as appropriate	Capacity building – relevance and effectiveness of the capacity building strategy and implementation of the strategy. This includes credibility of the capacity building approach, that is, expectations of capacity building outcomes particularly with regard to sustainability.
GoTL/DFAT officials responsible for PNDS and PNDS-SP	General (GoTL) What are the key drivers for, and constraints to, PNDS sustainability? General (GoTL and DFAT) How effectively has PNDS-SP provided resourcing (including appropriate advisory support) to strengthen and develop GoTL capacity (particularly within the PNDS Secretariat) to manage PNDS? Comments on downstream capacity building of GoTL personnel i.e. at the implementation level. Is program support sustainable at this level? How effectively has the PNDS-SP supported the establishment of the PNDS Secretariat and capacity building of Secretariat staff? Comments on synergies with other development cooperation initiatives? Relevance, appropriateness and use of learning and monitoring and evaluation methodologies employed by the program? Particularly with regard to adapting capacity building strategies if necessary. Capacity Building (GoTL and DFAT) Opportunities to enhance capacity building in the Support

Stakeholders	Indicative Issues to be Discussed
	Program – appropriateness of existing strategies and advisory mix to achieve objectives? Balance between advisory 'advice, capacity development and capacity substitution'?
	Relevance and appropriateness of human resource development strategies in the PNDS Secretariat?
District and sub-district GoTL staff and deployees	General
	Relevance, effectiveness, efficiency and impacts of PNDS-SP capacity building initiatives at the sub-national level?
	Interface between capacity building and CDD requirements/outcomes at the sub-national level.
	Capacity Building
	Capacity building outcomes – relevance, effectiveness and sustainability?
	Using and working within counterpart systems and structures? Counterpart resourcing – links to sustainability?
	Ongoing training and capacity development requirements?
	Field management of PNDS-SP?

Where possible, responses were triangulated across stakeholder groups and cross-referenced to review documents to ensure there was consistency of interpretation and understanding by the MRG#2 team. There were no substantive changes to the methodology outlined in the submitted evaluation plan.

Whilst the MRG#2 consultations were extensive with regard to stakeholders' input, a number of limitations impacted upon the MRG team's ability to collate and interpret information associated with the key evaluation questions. These limitations include:

- Time and availability constraints limited the opportunity for some consultations to take place whilst in-country e.g. meetings with the Civil Service President and the time available to interview with all advisory cohorts[12] – particularly FST consultations and field observations.
- Even though 2 days was allocated for community consultations it was only possible to visit a small number of districts and sub-districts[13]. To some degree, this limited[14] community consultations. Community consultations were considered appropriate to the needs of the MRG#2.

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[12] Although the MRG#2 team believe sufficient technical advisory consultations took place during the time in-country. Unanswered queries and/or missing facts pertaining to the report were communicated to the MRG#2 team after the in-country mission by email.

[13] The districts and sub-districts visited were different to those visited during MRG#1.

[14] Largely this limitation is a function of time and travel constraints associated with village remoteness and the condition of roads and tracks to targeted communities.

Observations and comments presented in this MRG report are representative of varying opinions across all interviewed cohorts i.e. partners, stakeholders and advisers. The report also draws upon the extensive professional and technical experience of the evaluators, particularly with regard to community driven development (CDD) and the management of capacity development in a development context. There were no substantive contrary or dissenting opinions made to the MRG#2 team which have been omitted in the drafting of this report.

2. Findings

MRG#2 findings are reported against the key questions outlined in the MRG#2 terms of reference. Relevant recommendations to inform management decisions are developed and outlined throughout the report.

2.1 General Observations

PNDS and PNDS-SP continue to have a high profile and to be well regarded by government partners and key stakeholders. The MRG#2 team confirms the program is characterised by the following:

- Extremely strong GoTL (political, government and community) ownership and understanding of both PNDS and PNDS-SP. Aligns closely to GoTL social and economic development priorities.
- Targeting poverty and economic development, particularly in rural areas. Working with and through local community units to develop and rehabilitate local infrastructure using local resources and, in the process, generating localised employment opportunities.
- Substantive GoTL and GoA investment in the program: long-term horizon and financial commitment. Projected at >$300 million over eight years.
- Strong government to government partnership. Interfaces cross sectoral programs and priorities supported by both governments. Potential to expand this interface by formalising multi-sectoral links.
- Continued opportunity to develop government (inter and intra agency), community, and individual capacity. There is wide ranging capacity development being supported by the program, e.g. organisations and institutions, community management (inclusive systems), financial systems, and infrastructure implementation.

2.2 How Credible is the Approach to Capacity Building in the PNDS Support Program?

Capacity building is a core theme within Australia's official aid program. It is not a new concept, even within the field of international development. Donors have been supporting capacity development since the 1950s, albeit with limited results. The recent drive to give it special thematic focus is really based on what the international community has learned from that experience, i.e.

- That local ownership and leadership are crucially important;
- That success depends as much – if not more – on *how* we do things as on *what* we do;
- That effective results depend on understanding all parts of the system(s) we are working with and the linkages between them, and building on synergies, and
- That supply-driven support rarely brings about long-lasting change.

The issues that influence capacity development are many, complex, interlinked and not yet fully understood. Nevertheless, some core messages can be distilled from the experience and research to date.

i. ==Strengthened capacity fosters self-reliance and reduces dependence on external support, thereby providing a more lasting solution to development challenges. A focus on capacity development therefore improves prospects for the sustainability of aid interventions.==

ii. Strengthened capacity empowers people to take control (of planning, decision-making and implementation), fostering local commitment and therefore ownership and leadership of any reform or initiative.

The MRG#2 team confirms PNDS-SP is using the above knowledge and experience from past community driven development programs to inform its capacity building strategy.

2.2.1 The Documented Approach

A number of documents guide the current capacity building methodology supported by PNDS-SP Phase 2 (PSP2). The key documents guiding the program's capacity building strategy are:

- The DFAT PSP2 Implementation Plan (2013/14);
- PSP2 Ways of Working Strategy (2014)[15];
- The PSP2 Workforce Strategy Discussion Paper[16] (2014);
- The LES Salary Framework Policy (2014), and
- Activities identified and costed in the Capacity Development Activity Request Budget.

The above key documents provide guidance with regards to the management and implementation of capacity building initiatives supported by the support program. The documents have been collectively developed by partners[17] and provide a good insight into the capacity building priorities and mechanisms supported by PSP2.

Additional documents guiding the PNDS-SP capacity building strategy include:

- The PNDS-SP Investment Design Document
- The PNDS-SP Phase 1 (PSP1) Strategic Analysis of Adviser Placement Completion Reports (2014);
- Technical Adviser Team Work plans and ancillary documents (workplan and situational analysis templates);
- The PNDS-SP sponsored PNDS Secretariat Organisational Development Strategy Paper (2014);
- PNDS Risk Management Plan (2014);
- The PSP2 2014/15 Risk Management Assessment, and various PSP2 minutes (e.g. the Leadership Discussion minutes), and
- Commentary pertaining to capacity building outlined in the MRG#1 report.

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[15] This sets the framework for all program planning, reporting & situation analyses

[16] This paper appears to be updated on a regular basis as a result of regular (irregular?) workforce management strategy (WMS) meetings. Some sections of the document are incomplete e.g. Functional Role Statements.

[17] Except for the LES Salary Framework Policy.

The above documents provide a good insight into how capacity building is being managed across the program: it is clear the methodology relies upon the deployment of advisers to manage and implement capacity building within and across the program. The 2014 PNDS Risk Management Plan provides an additional insight into capacity issues impacting upon the PNDS Secretariat and provides a number of strategies which are designed to mitigate capacity risks within the secretariat. Substantive examples include:

- Inter-agency and cross-development cooperation;
- Secretariat management, delegations and succession planning;
- Human resource management – focus on capacity gaps and support at the sub-national level, and
- Appropriate use, deployment and professional support of advisers.

Use and application of the 2014 Risk Management Plan appears dormant and does not appear to be well understood by program partners. There is a need to revisit the Risk Management Plan and to develop a strategy to ensure it is updated and applied in an operational context.

Advisory positions align to, and overlay, the GoTL organisational structure of PNDS. The capacity building strategy employs a 'hand in glove' methodology as outlined in the PSP2 Workforce Strategy Discussion Paper (page 8). The 'hand in glove' methodology appears to be reliant on the establishment of 'one-on-one' counterpart relationship being established between key secretariat personnel and advisers. The 'hand in glove' methodology relies on the deployment of technically specialised personnel[18] being assigned to the functional positions within the secretariat's organisational structure.

Clearly PSP2 possesses documents which drive capacity building across the program.   The following are some observations associated with the 'documented approach' utilised by the program.

- The Design Investment Document focuses on the importance of community driven development and its role in developing capacity. However, the document does not really provide a strategy for achieving this beyond the deployment and use of advisers to facilitate implementation of the program, i.e. there is a need to translate the investment design concepts into implementation:
- Current capacity building remains heavily dependent upon the deployment of advisers[19] with capacity building systems being retrospectively fitted using processes and systems aligned to advisers. Only recently are adviser work plans being developed and aligned to the still developing (draft) monitoring and evaluation framework[20].
- A primary focus of capacity building (documentation) within the program is on supporting and developing the secretariat in the management and implementation of PNDS. Beyond initial training of the Facilitators and mobilisation of the Field Support Teams, little focus is given to support implementation of PNDS at the sub-national level.

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[18] Examples include: finance, ICT, HRM and M&E.

[19] Interestingly the PNDS-SP Investment Design Document highlighted previous development programs in Timor Leste 'tended to rely on traditional, adviser-heavy capacity development' (page 34)

[20] The latest version of the draft M&E Framework is dated December 2014.

- There is good awareness of some recognised capacity building models and systems, e.g. staged[21] modelling: i.e.

Dependent ► Guided ► Assisted ► Independent

However the 'hand in glove' strategy does not appear to clearly align to this or any other well known and applied models e.g. Human and Institutional Development (USAID 2010), UNDP Approach to Capacity Development (UNDP 2009). Although it is recognised the 'hand in glove' approach does work with and use counterpart personnel and structures with the aim of empowering counterpart personnel and systems[22].

- There is a lack of cohesion with regard to documentation associated with the management and implementation of capacity building activities within and across the program i.e. no annual workplan exists to guide and manage (capacity building) activities supported by the program. Programming still appears to be adhoc i.e. based upon irregular 'workforce management strategy' meetings.

- Adviser work plans are currently being developed and these will be the foundation of capacity building initiatives for the remainder of the current financial year – noting we are almost half way through the current financial year. It is acknowledged that the transition to the new contract may have impacted upon this situation along with transition to a new technical team leader and senior adviser.

2.2.2 Stakeholder Expectations

The partner government and interviewed stakeholders have confirmed they are very happy with the progress of the program and senior government officials are very appreciative of capacity building support provided by the program so far, particularly with regard to:

- Training of the technical facilitators[23] and support being provided by the Field Support Team, including expanding the Field Support Team by one unit.
- The use of national expertise to supplement and develop technical expertise within and across the program[24]. This includes the development and use of the LES Salary Framework Policy.
- The use of international advisers to support the establishment of the secretariat, particularly with regard to assistance provided in the development of PNDS policy and operational guidelines.
- Confirmation that Asia Foundation monitoring activities/outcomes will now be reported directly to GoTL, through the secretariat.

Notwithstanding the above, stakeholder and partner representatives did raise some concerns during interviews with regard to:

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[21] Based upon: A Staged Approach to Assess, Plan and Monitor Capacity Building (AusAID 2006). This has since been updated (2012) with a greater focus on organisational capacity development.

[22] Refer to the (Pilot) DFAT Organisational Capacity Development Document: A Staged Approach to Capacity Development of Organisations (2012).

[23] The outcomes of this training were covered during MRG#1 consultations, earlier in 2014.

[24] Local technical providers (with international support) were used to train a large cohort of PNDS Facilitators (technical, financial and social) and other staff who were eventually employed by the program as civil servants.

- Deployed advisers appear to be 'owned' by counterparts – very strong personal and professional linkages (always) on a one-to-one basis. This contradicts a number of studies[25] which indicate counterpart relationships are more effective when they are of a more general (collective) nature. It has also been recognised as a risk by the PSP2 Workforce Strategy Documentation.
- The blanket interpretation of the 'hand in glove' model i.e. aligning international advisers to all key secretariat positions (e.g. adviser counterparting to the Chief of Finance was not wanted). A number of international reports have indicated the 'hand-in-glove' model has implicit risks in developing counterpart capacity[26]. There was a feeling by GoTL that advisers could be more efficiently used across secretariat work units to develop organisational capacity.
- No input by GoTL counterparts in the development of the LES Salary Framework Policy. There is a sense the LES Salary Framework Policy does not exactly meet local needs at the moment, particularly with regard to the recruitment and retention of less experienced national professionals.
- There is a perceived risk that 'lessons learned' by World Bank and the Asia Foundation monitoring will not be passed onto the program and addressed with ongoing implementation support. The Asia Foundation is making active efforts to address this issue[27], not so the World Bank.

Advisers and DFAT personnel associated with the program believe advisory support has been appropriate to needs during the initial phases of the program. Whilst the PNDS secretariat was being established, it was considered important that advisory resources align to key secretariat positions, thereby maximising the opportunity for the secretariat to be functional whilst key PNDS processes were being developed and implemented.

There is general consensus amongst partners and stakeholders (including the MRG#2 team) that the PNDS secretariat is now functional[28] and it is appropriate to re-evaluate the use and deployment of advisory support in a wider PNDS context[29]. The PNDS Director General has also confirmed it is considered an appropriate time to examine future advisory deployment, particularly the breadth (secretariat) and depth (sub-national) of support to be provided by the program.

It is the opinion of the MRG#2 team, confirmed by discussions with a variety of partners and stakeholders, that there is a need to realign programming (and capacity building) so there is greater support for programming at the sub-national level. Reasons for doing so include:

- The PNDS Secretariat is now (perceived[30]) to have the capacity to adequately manage program delivery from a central government perspective – sub-national capacity is still

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[25] Refer to the Morgan study of Counterpart Relationships in PNG (AusAID 2008)

[26] Berg claimed that it has 'failed as an instrument for capacity building' *Rethinking Technical Cooperation" - Reforms for Capacity Building in Africa"* Regional Bureau for Africa, Development Alternatives Inc., Elliot J. Berg, Coordinator, 1993.

[27] The Asia Foundation will now report impact monitoring outcomes directly to the PNDS Secretariat.

[28] As the secretariat is now managing the disbursement of funds, budgets are being managed and infrastructure is being built in accordance with PNDS guidelines.

[29] Refer to page 11 of the PSP2 Workforce Management Strategy (October 2014).

[30] Confirmed by discussions with GoTL counterparts and the PNDS Secretariat Director General.

comparatively very weak and is need of additional professional support to further develop its expertise.

- Sub-national management and coordination capacity and expertise is still weak and in need of additional support – particularly with regards to infrastructure management, socialisation and financial management i.e. roles and responsibility supported by the FST.

- The FSTs are Dili based and spend considerable time travelling – there is an opinion from GoTL (supported by the MRG#2 team) that greater resourcing should directly target and be aligned to district/sub-district management of the program.

- Delivery risks for the program are at the sub-national level. If funds are not appropriately expended and relevant infrastructure is not put in place across targeted villages, the program will be deemed to have failed.

- As the program rolls out to additional districts existing sub-national personnel will need additional resourcing and support to manage the program's expansion.

2.2.4 Recommendations

Recommendation 1: That program planning, budget and implementation documentation be consolidated into a design implementation document – this may be in the form of an annual plan or a unified log-frame which reflects adviser deployment and work plans.

Recommendation 2: That consideration is given to refocusing PSP2 resources towards the direct support of PNDS delivery at the district and sub-district levels. This may include deploying more resources (including program personnel and volunteers) to the districts and sub-districts with continued links to the secretariat.

Recommendation 3: That the program revisits the PNDS Risk Management Plan (2014) and develops a strategy to mitigate identified secretariat capacity risks. This should be integrated into a design implementation document (see recommendation 1)

Recommendation 4: That the LES Salary Framework is revisited to see whether it is appropriate and possible to increase remuneration incentives for qualified and motivated national personnel who lack recent relevant work experience i.e. less experienced professionals.

2.3 To What Extent does Adviser Practice Reflect the Desired Approach to Capacity Building?

As the Investment Design Document did not give clear guidance as to how capacity was to be managed in the program, the 'hand in glove' approach[31] morphed into the chosen capacity building approached for the program. Over time program documents and implementation strategy reflected this approach. As the program has matured, and now that the secretariat is established, it is questionable[32] whether this methodology reflects the 'desired approach' for ongoing capacity building of counterpart personnel and systems.

Initial advisory deployment had been considered appropriate for the following reasons:

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[31] Advisory deployments replicating PNDS secretariat structures, including one-on-one counterpart relationships.

[32] Given evidence associated with other capacity development studies, e.g. Morgan (2008); DFAT Organisation Development (2012) and issues raised in the PSP2 Workforce Strategy Documentation.

- On mobilisation the PNDS secretariat did not exist and there was a need to rapidly develop and implement policy, structures and systems to support the piloting and eventual implementation of PNDS. Advisers were deployed to lead[33] and guide the development of these systems. Many of the systems and structures were non-existent and/or underdeveloped and required intensive resourcing to progress.
- To ensure all of the operational and administrative activities within the PNDS secretariat were up and running as quickly as possible the 'hand in glove' approach ensured all key work units in the secretariat were supported with (international) advisory support i.e. corporate services (HRM, HRD, finance, logistics) and operations (HRD, technical, logistics). This resulted in the deployment of a significant number of international advisers[34] in support of secretariat activities.
- The 'hand in glove' methodology has certainly resulted in individual counterparts, particularly senior secretariat staff, receiving direct operational and policy support during a period of rapid change and development within the secretariat. Very close counterpart relationships have been established and individual partner capacity was developed.
- There needs to be transparency with regard to the definition and deployment of national advisers across the program. National advisory support has been critical for the management and delivery of programming, both within the secretariat and at the sub-national level. These positions are deployed using the LES Salary Framework Policy. While Secretariat positions are classed as 'advisory', field support team members (FST) are not 'defined' as advisory support. Clearly the FST is providing national advisory support in a 'delivery' or field support context. Without this support the management and delivery of PNDS would be quite problematic and the program would likely fail.
- International advisers are very cognisant of using strategies and methodologies which will result in the PNDS secretariat being able to manage the implementation of PNDS within an independent and sustainable framework. Advisers are working in partnership to develop and implement work plans aimed at developing counterpart capacity which are linked to (PNDS) outputs. However this appears to be occurring in a planning and management framework which is (has been) quite fluid.
- The advisory group indirectly monitors capacity development via peer assessment reviews. This appears to provide motivation to the advisory team to ensure continued efforts are made to 'progress' counterpart development across the 'four stages of development' i.e. particularly not lingering in the doing/dependent stage.
- The use of 'volunteers' has provided good supplementation to the advisory support provided by the program and should be continued if possible. Volunteers have the potential to support the FSTs at the sub-national level. Volunteers can do many of the tasks supported by advisers; in fact they could replace some advisers.
- Working with the Asia Foundation (TAF) has resulted in some valuable lessons being learned as a result of CDD management and implementation in the Timor Leste context[35]. Facilitation by the program has resulted in these lessons being shared by TAF

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[33] During PNDS mobilisation many of the activities were done by advisers i.e. substitution took place.

[34] 15 Long Term Advisers and 10 Short Term Advisers – not including 5 international advisers/managers in the operations team. As reported in the most recent PSP2 Workforce Management Strategy (November 2014).

[35] Largely as a result of joint field visits facilitated by funding from the program.

with the PNDS Secretariat and DFAT. Efforts are now being made to further enhance lesson sharing from TAF to the program.

The following are perceived by the MRG#2 team as some of the weaknesses of the capacity building approach as it is currently being implemented.

- Political and government perceptions of the role of the PNDS secretariat within GoTL structures appear to be changing – particularly with regard to its relationship with the Ministry of State Administration. Key positions within the secretariat could change at any time. Direct one-on-one counterpart relationships (hand in glove) will not result in sustainable change if secretariat structures are modified.

- Notwithstanding the potential for changing personnel within and across the secretariat, there is also some unease about the organisational efficiency and effectiveness of the secretariat structure[36].

  GoTL is not inclined to change the 'secretariat structure' as it reflects standard GoTL civil sector structure endorsed by the government and the Civil Service Commission[37]. As a consequence, the deployment of advisers across the structure is considered inefficient given the duplication of roles across the two directorates within the PNDS secretariat e.g. multiple HRD, HRM, Finance and Logistics roles and counterparts. It is desirable to explore ways advisory consolidation across the secretariat can take place so there is a more efficient use of advisers in support of the program – particularly with regard to program delivery through the districts.

- PNDS-SP systems and personnel are also changing, most significantly as a result of moving to the new contract and the establishment of a new operational environment guiding PSP2. As PSP2 systems bed down an ideal opportunity exists to transition planning, management and advisory support (capacity building) to key deliverables at the sub-national level – and not to individuals. Again, this may include directing resources towards greater support at the sub-national level.

- PSP1 was rapidly mobilised and was a reactionary response to GoTL need to quickly establish PNDS. DFAT and GfD responded well to the needs of GoTL. By necessity most of the systems were not established within a well defined and robust (annual) planning cycle. Program planning within PSP2 should take on a longer horizon as the program beds down and ideally be aligned to (annual) budget cycles[38]

- It is a very expensive strategy with a substantial focus on the deployment of international advisory support i.e.: 68% of the budget[39] is allocated towards advisory deployment - 42% for international advisers (secretariat), 16% for international advisers (non-secretariat), 10% for national advisers (FST) and 17% for activities. Non-secretariat

[36] As highlighted in the recently commissioned (Secretariat) Organisational Development Strategy Paper (August 2014).

[37] This was the reason given to the MRG#2 team; however it would be worthwhile following up this issue with the Civil Service Commission and the Director General in subsequent MRG consultations if the organisational structure continues to be an issue in effective program support by PNDS-SP.

[38] This was a theme raised during the MRG#1.

[39] Approximately $9,500,000 – Workforce Planning Document (November 2014).

advisory (16%) support is also a substantial proportion of the budget given the small allocation in support of activity implementation (17%)[40].

- Lines of accountability and management, whilst clearly outlined in program documentation, are in fact blurred when it comes to implementation. As an example planning and activity management is with the Technical Advisory Team (TAT) Team Leader, resource management is with the Cardno, policy and personnel management with the Program Director and (very fluid) financial allocations are approved by DFAT. In effect the 'deliverers' of the program (the advisers) have very little control over actual implementation. Planning and resource management should be more cohesive. The program could benefit from a unified and longitudinal planning/implementation document[41] which is owned and collaboratively (including GoTL) implemented. Significantly, DFAT is managing and evaluating its own technical management and implementation of PSP2 and this is a risk. Whilst the MRG#2 team does not consider this a major issue at this point in time – it could emerge as a substantive accountability and operational issue/risk over time if not managed appropriately.
- Little if any capacity development is provided to PNDS (and PSP2) personnel as a result of the DFAT investments in World Bank monitoring activities. There needs to be better management and alignment of these activities so PNDS personnel gain some professional advantage from the investments.

Previous experience in designing and evaluating capacity development initiatives[42] confirms that a 'desired' capacity building approach (which uses advisory support) should utilise the following.

i. Employs a unified planning and implementation framework which:
   - Identifies and confirms agreed objectives and outcomes[43];
   - Is ongoing, i.e., rolling annual programming;
   - Is collaboratively developed;
   - Is transparent in budget and resource allocation, and
   - Is able to monitor results.
ii. Establishes strong mutual counterpart relationships which directly support organisational development – not necessarily at an individual level, but at an organisational/systems level.
iii. Allocates resources fairly to facilitate program implementation, e.g. professional development and implementation support.
iv. Flexible and adaptable to changing circumstances.

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[40] Little financial information is publicly available which outlines average or median advisory costs against DFAT programming costs. However an allocation of 65% is considered high when compared against total advisory costs in the 2010 DFAT Indonesian program which was 10% - considered modest by DFAT standards (page 10, Joint Review 2011), the Pacific Regional Infrastructure Design was approximately 45% (not including infrastructure commitments) and the Lao Education Infrastructure Program (BEQUAL) was approximately 33% (not including infrastructure and allocated activities)

[41] As opposed to the Investment Design Document.

[42] Examples include: RAMSI Capacity Development Stocktakes; Mongolian Capacity Development Program; Pacific Public Sector Development Program, and PNG Economic Governance Program.

[43] The PNDS-SP Monitoring and Evaluation Conceptual and Logistic Framework (Draft – December 2014) does this quite well.

It is the professional opinion of the MRG#2 team that a number of the above are being supported by PSP2 – although not yet within a unified rolling framework. The development of a nine-month work plan[44] by the technical advisory team is the beginning of a 'desired' capacity building approach by PSP2.

2.3.1 Recommendations

Recommendation 5: That advisory support to the secretariat at the central level is independently audited[45] with the intent of reducing the quantum of advisory support and moving away from the 'hand-in-glove' methodology currently being supported at the central level. Savings will be used to support the increased focus on sub-national delivery support.

Recommendation 6: That PNDS-SP explores and implements options to maximise opportunities to ensure lessons learned and information obtained by the World Bank and the Asia Foundation are shared and used by key stakeholders within and across PNDS. This should include PNDS-SP learning forums being actively informed by 'lessons learned' from process monitoring activities being supported by the Asia Foundation (and possibly, the World Bank).

Recommendation 7: That consideration is given to restructuring the reporting and operational responsibilities of the Program Director and the (senior) Technical Assistance Team so program implementation and overall accountability are not so closely aligned to DFAT management.

Recommendation 8: That consideration is given to expanding the use of 'volunteers' across the program[46] so they are deployed to enhance sub-national delivery support i.e. placed at the district/sub-district level.

Recommendation 9: That the program adopts and applies a universal definition to describe the use and deployment of national advisers across the program.

2.4 To What Extent is the Intended Approach to Community Driven Development Reflected in Advisor Practice?

2.4.1 The Technical Content of Deliverables

Program documentation articulates CDD principles and practice quite well. CDD programming issues are understood and are well documented[47] e.g.:

- CDD objectives and key performance indicators;
- Funding and management of community grants;
- Program management structure and actors;
- The 12 step cycle guiding implementation at the village level, and
- CDD monitoring and evaluation.

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[44] This was recently summarised in a PowerPoint presentation to the Director General and staff by the senior TAT staff in October 2014.

[45] This should be done in consultation with GoTL partners.

[46] Areas of support could include: communications, FST Support (i.e. engineering, social and financial) and management information systems (MIS) support.

[47] As outlined in the PNDS Operations Manual and the draft 2014 M&E Framework.

Programming outcomes are clear and also well aligned to CDD principles, providing strong guidance to partners whilst implementing the program, i.e.

- Strengthening GoTL systems to accelerate direct delivery of PNDS to communities;
- Increased community participation and capacity for planning and managing local infrastructure; and
- The delivery of quality infrastructure built and maintained by communities.

Advisory deployment, program support and the development of resources have all directly supported key CDD objectives and principles. Examples include:

- Facilitator training focused on the technical implementation of CDD strategies and practices based upon the 12 step cycle and outcome accountability.
- Facilitators recruited and deployed using civil service systems – appointed to districts and sub-districts to facilitate CDD processes.
- Six Field Support Teams[48] recruited and deployed to support facilitators in their work. The FSTs probably have the most extensive and practical knowledge of CDD principles and practices across the advisory cohort. FSTs have been well supported with targeted short-term adviser inputs.
- Socialisation of CDD strategies through learning forums.
- Advisory support is working directly with the secretariat to develop and implement government systems capable of sustained management of PNDS. Examples include: operational guidelines; a communications strategy; merit recruitment; staff performance management; asset management and PNDS MIS/M&E/ICT systems. All of these have been well received by GoTL.
- PSP2 advisers are working collaboratively with secretariat counterparts to develop work plans which align and support the implementation of CDD and PNDS objectives. The work plans also outline key indicators linked to programming priorities and capacity building targets[49].
- Work plans include budget allocations to ensure technical priorities are supported and implemented in a CDD context.

Notwithstanding the above comments, there are still opportunities to improve the degree that CDD understanding is inculcated in PNDS/PNDS-SP practices within the secretariat[50]. This is particularly so for less experienced Dili based staff who have less exposure and understanding of CDD practices and principles. The MRG#2 team believes this could be achieved using the following strategies:

- Incorporating the core values of CDD into the corporate vision of PNDS-SP[51]. This would enhance the appreciation of advisers and staff of CDD. It would also provide a stronger linkage between PNDS management and delivery[52].

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[48] Agreement has been reached to increase this to seven teams.

[49] Based on the four stage model outlined earlier.

[50] Including advisers.

[51] There is minimal reference to CDD principles and practices in the recently developed Organisational Development Strategy (October 2014). Conversely, the PNDSSP Investment Design has a good articulation of the defining elements of CDD.

- Ensuring all secretariat and advisory staff understand CDD practices and challenges in the context of PNDS/PNDS-SP. This could be facilitated through staff participation in seminars and workshops provided by members of the Field Support Team, individuals who have a practical working knowledge of CDD challenges. To the extent possible, the simulations and reflections on the social development guidelines (by TAF) should be opened to other members of the PNDSSP (and the PNDS Secretariat). The participation of these other members would greatly facilitate their understanding of CDD principles and practices. These sessions should also be documented as they can provide input for future training modules for district and subdistrict teams.
- Learning forums should be informed by results of the 'process monitoring' of the Asia Foundation. This could be achieved by inviting Asia Foundation process observers to participate in FST simulation sessions.[53]
- Expanding and expounding upon the differences between CDD principles and practices to ensure partners and stakeholders understand how PNDS differentiates itself from previous local development programs.
- A number of less experienced secretariat and advisers have limited knowledge of the practical application of CDD procedures in the field. All persons associated with PNDS/PNDS-SP should have field experience to understand the context of PNDS and to ensure this understanding is included in joint work plans.
- PNDS-SP resources and budgets should specifically support field focussed activities e.g. provide more training at the district and sub-district levels and involve partners associated with the delivery of PNDS.

2.4.2 Messaging to Partners as a Part of Capacity Building Activities

Messaging to partners of program progress and CDD outcomes takes place as a result of a number of forums, including:

- Meetings and workshops where capacity building initiatives are discussed, negotiated and agreed if appropriate, e.g. MRG consultations, work force planning meetings, advisory work plans and other bilateral meetings as required. [54]
- Joint World Bank, the Asia Foundation and PNDS-SP meetings to discuss M&E initiatives in support of PNDS.
- PNDS/PNDS-SP/NGO Forums to discuss programming and M&E initiatives which NGOs support.
- Inter-ministerial meetings to discuss program alignment and resourcing across government.
- Parliamentary briefings to inform government representatives on program progress.

Partners and stakeholders indicate they are happy with the progress of the program and the way PNDS-SP has supported the government in the implementation of CDD processes and PNDS in general. The MRG#2 team believes there is a consensus amongst partner and stakeholders

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[52] In doing so there has to be a balance between PNDS-SP being a capacity development initiative or a means to develop GoTL capacity to manage PNDS. Which is the most important?

[53] The Field Support Team holds regular Learning Forums to better understand and work out the details of key activities within the PNDSP program cycle being implemented in the sukus.

[54] Substantive planning, communication and governance meetings are outlined in Annex 3.

that PNDS-SP has appropriately resourced and supported the capacity development of government systems to manage and implement the program using CDD principles. Communications support provided by PNDS-SP has played a key role in 'messaging' program progress and impact to key partners, including Parliament. The MRG#2 team concurs with these observations.

Concerns have been raised with regard to the role and effectiveness of the World Bank in supporting and fulfilling required M&E support. Areas of concern raised by partners/stakeholders and noted by the MRG#2 team include:

- There is little link between the capacity development of PNDS personal and systems and the evaluation methodologies (to be) used by the World Bank. Feedback loops utilised by the World Bank in collecting and communicating data appear quite slow[55]. The PNDS Secretariat has little knowledge of World Bank methodologies or associated activities.

- Restricted and/or limited local decision making practices associated with operational delegations within the World Bank are quite inefficient. This has impacted upon budget management, procurement and field work managed by the World Bank. Delays in establishing World Bank baseline data has resulted in the GoTL delaying the start up of phase III of PNDS.

- Operational costs associated with the World Bank are high compared to alternative options available in Timor Leste e.g. expanding the use and role of the FSTs.

A number of stakeholders have suggested the resources allocated to the World Bank would be better used in support of broader PNDS objectives and initiatives. The MRG#2 team concurs with this observation.

Efforts are being made to map internal and external consultative (meetings) processes which take place within and across the program. Initial indications are that there are numerous and intertwined consultative processes (refer to Annex 3) all of which are quite time consuming and impact upon program efficiency. It is in the interest of the program to consider reducing the number of internal and external meetings and consultations, thereby freeing up PNDS and PNDS-SP resources to focus on program delivery. At the same time, a number of advisers have expressed concern regarding the multi-layered and complex reporting system within the advisory cohort. It may be important to review the reporting system as well.

2.4.3 Recommendations

Recommendation 10: That PNDS-SP support implementation strategies and activities which will broaden secretariat and advisory knowledge and application of CDD principles and practices across the corporate culture of PNDS.

Recommendation 11: That given the (apparent) lack of programming benefits obtained from the relationship with the World Bank, consideration is given to terminating this relationship and using the saved funds to support M&E initiatives at the sub-national level.

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[55] Particularly compared to the work done by the Asia Foundation and Field Support Team reporting.

2.5 What is the Balance of Technical Adviser Work in Terms of 'Substitution', Advice', and 'Capacity Building'?

It is difficult to quantify how adviser support is being applied across the PNDS-SP work spectrum. Anecdotal information gathered by the MRG#2 team during interviews confirm all technical advisers employ a combination of substitution, advice and capacity building when working within the PNDS environment. However, the professional preference and ability for advisers to support one or more of these elements of organisational development has been variable and dependent upon PNDS needs and professional circumstances.

The recently completed 'Strategic Analysis of Adviser Completion Reports'[56] clearly articulates the challenges many advisers (and PNDS-SP) have faced in interpreting and implementing capacity building within and across the program. This report also confirms the process of capacity building is in fact a continuum of activities depending upon individual and organisational readiness to manage and implement key activities. The following are important issues observed[57] by the MRG#2 team which align to the key findings of the report.

- The capacity of the PNDS Secretariat remains fragile and systemic weaknesses exist, particularly at the sub-national level, in part, due to rapid program pace;
- The pace of program implementation and pressure to quickly execute tasks is a risk to the sustainability of capacity building;
- Strong leadership, effective senior/middle level management and the ability to devolve and decentralise decision making are important elements which impact upon capacity building;
- Intra- and inter-ministry engagement and collaboration are critical if capacity building outcomes are to be sustainable within the broad government context;
- PNDS programming should have a broader public sector interface and be supported in a holistic governance for development context;
- Adviser terms of reference (ToR) are often too broad, overly ambitious or unrealistic about what could be achieved during deployment;
- Advisers also require professional development so they are better placed to understand and implement capacity building in the context of PNDS[58];
- Capacity development efforts will always be constrained when counterparts are not identified and/or present; and
- Capacity substitution is not sustainable in the medium or longer term. As capacity develops over time – in individuals, the organisation and systems – the advisory approach needs to move in tandem. Getting the right balance between 'doing' and 'advising' is a dilemma and problematic to achieve.

Technical advisory balance will always be dependent upon the variables which impact upon capacity development. Until now, it is the opinion of the MRG#2 team that PNDS-SP has aligned resources appropriately given the fluid work environment of both PNDS-SP and PNDS.

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[56] Strategic Analysis of Adviser Placement Completion Reports for the Timor-Leste National Program for Village Development Support Program Phase I (PSP-I). Cardno Emerging Markets, Dili, Timor-Leste. August 2014.

[57] Confirmed during discussions with partners, stakeholders and advisers. A number of these issues were raised in the first MRG e.g. sub-national fragility; intra and inter ministry engagement (whole of government Issues), and capacity substitution issues – particularly with regard to 'training'.

[58] This includes fully understanding CDD principles.

2.5.1 Substitution

During PNDS start-up there was a heavy reliance on advisers 'doing' key work required to get PNDS up and running (e.g. drafting policies and guidelines). This was because key GoTL personnel in the secretariat were not yet present, and/or had little or no experience in establishing a program like PNDS. This 'capacity substitution' was necessary to get the program established, given the tight mobilisation timeline imposed by GoTL. As systems developed and PNDS Secretariat personnel were recruited, there was a transition from capacity substitution towards capacity building.

Typical substitution activities carried out by advisers included the drafting of program documents e.g.

- Policy documents;
- Implementation guidelines;
- Operational procedures, and
- Training manuals.

As PNDS was being piloted and the program moved towards full implementation there was a shift in emphasis and technical advisers became more involved in the management and facilitation of training programs, staff selection and recruitment, particularly associated with the deployment of PNDS Facilitators. This was a very hands-on process conducted during a period of activity, including providing professional support to local training providers and working with the Civil Service Commission to ensure trained personnel were recruited into substantive positions within PNDS.

As the program has stabilised, advisers are still doing some 'substitution' work when selective tasks need to be carried out to ensure PNDS systems are in place. These activities tend to be associated with technical initiatives lacking secretariat resourcing and/or capacity. e.g.:

- Management Information Systems (MIS) and Information Communication Technology (ICT) systems;
- Communication and public relations activities;
- Human Resource Development (HRD) activity management, and
- Monitoring and Evaluation (M&E) initiatives.

'Substitution' can result in the development of (mutual) dependencies developing where both the adviser and government counterpart find it difficult to explore alternative operational modalities to replace the adviser - or at least the role played by the adviser - in maintaining organisational processes. Care must be taken to avoid the development of dependencies and there should be quick and conscious effort to move away from substitution modalities when possible.

Discussions with the PNDS Secretariat and with program advisors confirm 'substitution' is no longer the normal operating practice of advisers. The MRG#2 can confirm 'substitution' methodologies are being actively discouraged by PNDS-SP as a practice unless absolutely necessary. Where possible, substitution activities have been linked to 'advisory' and 'capacity building' initiatives.

2.5.2 Advice

All technical advisers have a professional responsibility to provide high quality technical advice to counterpart persons and entities as appropriate to their terms of reference. The degree of technical advice being provided by technical advisers is often a function of:

- Counterpart availability, readiness and willingness to seek and accept advice;
- Counterpart relationships;
- Operational requirements, and
- Adviser expertise.

As the PNDS establishment stabilised[59] and one-on-one counterpart relationships were established, there was a shift towards providing direct advisory support to the PNDS secretariat. Advisers became more involved in advising and supporting counterparts in understanding, interpreting and applying the numerous policies, guidelines and systems developed as the secretariat was being established.

Once the facilitators were mobilised, program implementation support also became a priority and advisory support to the districts and sub-districts was mobilised to manage this process through the Field Support Teams[60]. Technical advisers work with the FST to ensure facilitators are receiving advice and support with the work they are doing in the field. The FSTs work with all facilitators and directly advise and mentor personnel at the district/sub-district levels. While good progress is being made, a number of stakeholders have proposed that there be a greater emphasis on this support in the future. At the same time, care must be taken to avoid the risk of technical substitution of facilitators if and when additional adviser support is provided to facilitators.[61]

Substantive advisory support was also provided during the development of the PNDS Organisational Strategy. This was a collaborative process which provided an opportunity for PNDS personnel to work with technical advisers to develop a strategy which may guide organisational development in the future. This type of organisational advice is important as it provokes discussion and conceptual development within the organisation. PNDS secretariat, in partnership with PSP2, will use the outcomes of this process to prioritise future organisational support in the future.

2.5.3 Capacity Building

The process of capacity building is, in essence, a change process focused on performance improvement. Capacity building is as much about developing management styles, work cultures, confidence, policies, systems, tools, processes and authority patterns as it is about enhancing knowledge and skills in individuals. The question of *whose* capacity is to be

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[59] Including deployment of the district and subdistrict facilitators.

[60] The FST is classified as national advisory support by DFAT. However, within the broader TAT, 'national advisers' has a different meaning – those LES who provide technical, capacity development and advisory support services to counterparts. These 'national advisers' (eight at time of writing) are remunerated at higher levels as per the Cardno LES salary framework.

[61] FST reports indicate that district teams have not been fully effective in providing oversight and support to sub-district teams. Care will need to be taken that FST members do not 'do' the work district teams should be doing.

developed is therefore a key starting point and will determine methods and expectations of what can be achieved. Support for capacity development can focus on any number of factors that affect performance (e.g., technical, management, governance). The key lies in ensuring developments in each of these areas reinforce each other, since they are mutually dependent.

In the case of PNDS and PNDS-SP, capacity building was effectively starting from a 'null' perspective i.e. no systems or personnel were in place to manage PNDS. GoTL and GoA jointly contributed resources to ensure PNDS was rapidly up and running. During the establishment of PNDS, resources were largely in the form of advisory support aligned to getting the PNDS Secretariat systems and personnel established and in place.

As the Secretariat was established and counterparts were recruited, advisory support focused on supporting capacity building strategies which assisted counterpart development, usually on a one-to-one basis. This usually involved technical advisers providing professional support to counterparts and counterpart entities[62]. Strategies employed to achieve this included:

- Joint planning processes;
- Collaborative work plans;
- Collaborative activity implementation;
- Formal and informal professional development programs;
- Mentoring, and
- Joint monitoring of objective and outcomes.

The aim of any capacity building initiative is to guide sustainable independent growth and development of counterpart entities so they can ultimately perform their tasks independent of technical support. This means counterpart entities must have a clear understanding of their own role and place in an organisation and they should have clear operational and management targets which should be achieved.

PSP2 personnel are currently working with counterparts to develop work plans which incorporate the above strategies and will monitor capacity building progress against the 'four stage' model outlined earlier. Adviser work plans are being consolidated so PSP2 processes can be documented in an overarching work plan for the remainder of the current financial year. Once done, this will be a substantive foundation document which should form the basis of an ongoing planning and implementation strategy for the remainder of the program which will enhance capacity building of counterparts.

2.5.4 Recommendations

Recommendation 12: That consideration is given to reducing the transactional overheads of the programs so key personnel can focus on program delivery, as opposed to processes e.g. limit and/or consolidate process focused meetings and reports across the program.

Recommendation 13: That consideration is given to more active mainstreaming and interfacing of PNDS-SP programming and activities in the Timor Leste Governance for Development program managed by DFAT.

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[62] The MRG#2 team confirms that a number of PSP2 advisers have found this challenging, largely as a result of their own understanding of capacity building principles and systems.   This is further expanded upon in the next section of the report.

2.6 To What Extent is Technical Adviser Work likely to bring about Sustained Behaviour Change in the PNDS Secretariat?

It is very difficult to directly attribute sustained changed (work) behaviour to any single influence, particularly advisory support. As highlighted in previously outlined research[63], it is also highly unlikely it would ever be possible to say technical adviser work impacts singly upon sustained behaviour change in any development context. Efforts have been made to measure advisory impact upon capacity development of organisation with a 'development' context and none are reported to be successful in doing so[64].

This is because work practices are generally influenced by diverse needs, including: self-fulfilment (motivation); self-esteem (appreciation/achievement), and social (collaboration). It is also generally recognised that capacity development needs to be supported across a range of levels – individual, group, organisation, sector, network or institution[65] – and the capacity that exists at one level can have a profound effect on capacity at another level.

Capacity at each level is also influenced by the enabling environment – the structures of power and influence and the institutions in which they are embedded. This is outlined in the following diagram

Diagram 1: Capacity Development: A Conceptual Framework[66]
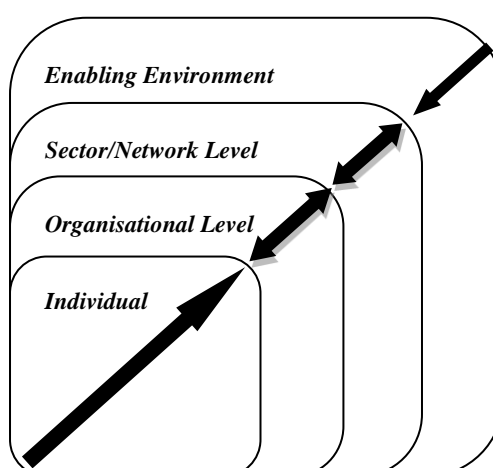
Well managed and directed technical advisory support is simply one external tool which influences the development of an effective work environment in a development context. Capacity development is as much about developing management styles, work cultures, confidence, policies, systems, tools, processes and authority patterns as it is about enhancing knowledge and skills in individuals.

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[63] Refer to Morgan (2008) and Bolger (2000)

[64] As an example refer to the Implementation of Solomon Islands Government (SIG) - RAMSI Capacity Development Tracking Tools (2010).

[65] Institutions can be defined as "constraints that human beings impose on themselves" (North, D.C. 1990. *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, Cambridge). Institutions govern individual and collective behaviour.

[66] Source: Bolger, J. (2000) Capacity Development: Why, What and How? CIDA Policy Branch, Occasional Series Vol 1., No. 1, May

Anecdotal feedback obtained by the MRG#2 team during consultations certainly confirms past and recent technical adviser work has positively influenced the PNDS Secretariat's ability to manage and implement PNDS by influencing a number of the above workplace elements.

It has been confirmed by the MRG#2 team that advisers have worked closely with counterparts to ensure professional growth has taken place, resulting in individuals and workplace teams working together to achieve PNDS Secretariat objectives and outcomes. This is characterised by:

- The program is fully operational and continuing to receive high-level support and confidence.
- The Secretariat as an organisation is now established and operational, with over 400 staff employed.
- A change in leadership style emanating from the Director General resulting in a management culture of 'delegation' developing within and across the PNDS Secretariat.
- The national finance team is confidently managing the grants programs and acquitting funds expeditiously[67] with budgets being executed and infrastructure built.
- District and sub-district staff are working closely with communities to ensure appropriate infrastructure is being built.
- ICT, MIS and Communications systems supported by PNDS-SP have bedded down well and are having a positive impact upon the way PNDS is being managed and implemented, although there remains a heavy reliance on technical advisers to support these. systems.

The MRG#2 team confirms the PNDS Secretariat staff have a common objective and have worked well together with advisers to develop a collegial and professional workplace. All program personnel are proud of their achievements and acknowledge the role of advisers for the support they have provided, particularly with regard to the collaborative programming of resources. Secretariat staff recognise that – ultimately - their competence will be measured against their ability to deliver PNDS outcomes at the sub-national level: this is where the threat to ongoing development and credibility exists for the secretariat. It is the opinion of the MRG#2 team that management of PNDS will likely be improved if enhanced resourcing was directed towards district and sub-district levels[68].

Ongoing (sustainable) change is possible; however the MRG#2 team believes it should not be aligned to intensive 'hand-in-glove' advisory deployment within and across the secretariat. A more targeted use of advisers within the secretariat - coupled with the strategic deployment of technical assistance (including national advisers) within the secretariat at both the national and sub-national levels - will likely improve sustained behaviour change within the secretariat. The MRG#2 team believes this will also address the main operational threat to the organisation, i.e. outreach secretariat capacity will be further developed.

Rather than asking 'to what extent is technical adviser work likely to bring about sustained behaviour change in the PNDS Secretariat'[69], it might have been better asking 'to what extent

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[67] Only 12 months ago this function was being managed by an adviser.

[68] This need is also recognised in the PNDS-SP Strategic Analysis of Adviser Placement Completion Reports for the Timor-Leste National Program for Village Development Support Program Phase I (2014 – page 9).

[69] Perhaps an impossible question to answer given the multitude of variables impacting upon sustained behavioural change.

has the use of technical adviser inputs impacted upon the operational effectiveness of the PNDS Secretariat?

2.6.1 Recommendations

> **Recommendation 14:** That PNDS-SP continue to explore and maximise options to recruit and deploy national expertise whenever recruiting advisory or program support personnel.

> **Recommendation 15:** That PNDS-SP ensures advisers and counterparts continue to appreciate that advisory substitution is not the default modality for advisory support. Adviser work plans and PNDS-SP programming documents should include strategies and pathways which support continued effort to ensure counterparts develop towards professional independence in an independent organisational framework.

3. Conclusion

There is a consensus amongst partners, stakeholders and the MRG team that Australia has utilised appropriate strategies to support the capacity building of the PNDS Secretariat during the initial stages of the PNDS program. MRG#2 discussions with partners and stakeholders also confirm GoA and GoTL investments in the PNDS Secretariat appear to have resulted in the establishment of a functioning work unit which is managing the budgets, acquittal of funds, and the building of infrastructure according to PNDS policy and guidelines.

Initial PNDS-SP capacity building has targeted the development of secretariat personnel on a one-to-one basis using the 'hand-in-glove' methodology and the MRG#2 team believes this has worked well in bringing the secretariat up to speed quite quickly. The use of advisers has been intensive, with an initial focus on 'getting things done by doing' when necessary. As the secretariat has bedded down, it is the opinion of the MRG#2 team that the need is to now support the secretariat and personnel by placing greater emphasis on providing professional advice and supporting more indirect capacity development strategies to develop work units across the secretariat, including at the sub-national level through the Field Support Teams.

The MRG#2 team believes there is a good understanding and application of CDD principles and practices across the program. However, a number of less experienced secretariat personnel and some advisers have less knowledge and appreciation of CDD principles as these should be applied and practiced in the overall context of the program, particularly with regard to PNDS-SP. Efforts need to be made to ensure CDD principles are fully understood and applied by all personnel working with PNDS and PNDS-SP.

It is our opinion that it is an appropriate time for PNDS-SP to review its capacity building strategies, particularly with regard to the use of advisers within and across the program. The MRG#2 team is of the opinion there should be an independent audit of advisory use across the program, with a realignment of adviser focus and deployment in support of sub-national initiatives.

It is also noted by the MRG#2 team that little investment has been made by PNDS-SP and PNDS to investigate gender (and inclusive) programming and impacts as a result of investments made by both GoTL and GoA. DFAT personnel in Dili are also keen to examine gender and inclusive impacts derived from GoA support to PNDS through PNDS-SP. It is the opinion of the MRG#2 team and Dili DFAT staff that now would be an appropriate time to initiate an evaluation as to how the program has impacted upon gender and inclusion objectives supported by both governments.

Opportunities still exist for further alignment of resourcing to enhance program delivery within PNDS-SP and across DFAT programming in Timor Leste. Joint planning and budgeting of GoTL and GoA resourcing will contribute to program enhancements. It is important that program management continues to consolidate, so decision making is more strategic and less reactive in the future.

Recommendation 16: That the next MRG should examine the quality and impact of female participation and inclusion initiatives supported by both PNDS-SP and PNDS.

Additional themes to be explored beyond the next MRG should include, in priority order:

- Sectoral coordination and the interface of PNDS-SP across the DFAT Timor Leste development program.
- The appropriateness of the still developing program monitoring and evaluation frameworks i.e. does it meet program requirements.
- PNDS-SP relevance, effectiveness, efficiency, impact and sustainability i.e. a more traditional program evaluation.
- An analysis of attribution relationships once both PNDS and PNDS-SP are more fully bedded down.

Annexes

Annex 1: Abbreviated Evaluation Plan – Methodology

The MRG#2 methodology will include the following activities:

- review and analysis of documentation and data relating to existing and proposed activities;
- Structured consultations with key PNDS and PNDS-SP partners in Timor Leste, namely GoTL and GoA personnel; in-country contractor personnel, and
- Discussions with other external stakeholders and beneficiaries, as recommended by GoTL and GoA.

As the substantive focus of this MRG is on the program's approach and outcomes associated with capacity building, consultations will largely involve advisers and counterparts, particularly within and across national administrative structures. It is proposed **all** national level advisers and counterparts associated with PNDS-SP be interviewed, while a sampling of sub-national advisers and counterparts will be interviewed as appropriate. Where possible, these interviews should be scheduled during the first week of the program, particularly interviews with PNDS Secretariat staff and any/all associated advisers working with the Secretariat. Initial interviews should be with counterparts, preferably one on one or in small groups. Once initial consultations are completed follow up group meetings (advisers and counterparts) may be necessary and organised.

It is recognised group participation may be variable depending upon seniority and other technical, gender and cultural variables. The MRG team will be guided by local stakeholders whilst preparing the schedule if separate meetings are required[70]. The MRG team may also pursue follow up meetings with partner personnel if there is a perceived need to follow up as a result of 'un-representative' input during consultations.

There are five questions to be answered by the MRG. Indicative additional questions and the proposed methods for gathering information by the MRG#2 team are as follows:

Evaluation question	Indicative sub-questions[71]	Proposed methods of gathering information
Topic: Program Approach to Capacity Building		
1. How credible is the approach to capacity building in the PNDS Support Program?	What is the results framework/ theory of change of the capacity-building approach of the PNDSSP? What are the current and future work priorities of the PNDS Secretariat? How adequate is the quality of supervision and management of staff – both LES in the PNDS Secretariat	Analysis of reports and program documents. Client, partner and stakeholder interviews. Focal groups will be used where appropriate. Triangulation of information and responses where possible.

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[70] As an example, we could hold separate meeting with junior advisers prior to a bigger meeting with all advisers if deemed necessary.

[71] Supplementary questions (if necessary) are outlined in Annex 2

Evaluation question	Indicative sub-questions[71]	Proposed methods of gathering information
	and the Cardno Operation Team? How well-managed are routine yet important functions, such as: gender and equity: workplace health and safety (WHS); communications and emergency response for the field support team; cross-team communication/ integration/networking and development of operational policy? Is the capacity building strategy and methodologies relevant to the context and needs of key stakeholders? Where are the current perceptions (and original expectations) of key Stakeholders? What is the extent of socialisation of capacity building processes and outcomes among key stakeholders? What capacity building outcomes have been achieved to date? To what extent are these relevant, effective, efficient, and sustainable? What are further opportunities to enhance capacity building?	
2 . To what extent does adviser practice reflect the desired approach for capacity building?	What are the human resource priorities of the PNDS Secretariat? Are PNDS-SP staff and advisers being drawn into lower-level tasks that reduce time spent focusing on program outputs? For example, are PNDS Secretariat requests increasingly focussed at sub-district level that are logistically difficult for Cardno to support? How do the formalised and non-formalised practices of capacity building compare and contrast to each other – which are the more effective and why? How are the social development officers being supported and developed by PNDS-SP? How are capacity-building outcomes being monitored and evaluated by	Analysis of reports and program documents. Client, partner and stakeholder interviews. Beneficiary focal groups will be used where appropriate. Triangulation of information and responses where possible.

Evaluation question	Indicative sub-questions[71]	Proposed methods of gathering information
	PNDS-SP? What changes (if any) would be required to enhance capacity building strategies within the program? How are these being incorporated and used in work plans?	
3. To what extent is the intended approach to community driven development (CDD) reflected in advisor practice?	Do PNDS-SP advisers fully appreciate and understand CDD methodologies and strategies? To what extent is PNDS-SP support to the PNDS Secretariat resulting in processes and activities that enhance the application of CDD strategies in the management and implementation of PNDS? Do PNDS partners fully appreciate and understand CDD methodologies and strategies? To what extent are their activities planned and implemented to support and enhance the application of CDD strategies in the activities of the PNDS Secretariat and Program? Do national accountants and engineers fully understand and apply CDD strategies in their work programs? Are capacity building methodologies designed to facilitate the understanding and application of CDD strategies?	Analysis of reports and program documents. Client, partner and stakeholder interviews. Triangulation of information and responses where possible.
4. What is the balance of technical advisor work?	Do advisers and counterparts fully understand and appreciate the balance between: advice; capacity building and capacity substitution? How is the balance being monitored and evaluated? Have tools been developed to do this? Are transition strategies in place? Does PNDS-SP and advisers have a capacity building plan in place to facilitate the exiting of advisory support in the short-, medium- and long-term?	Analysis of reports and program documents. Client, partner and stakeholder interviews. Triangulation of information and responses where possible.
5. To what extent is technical	Is the PNDS Secretariat aware of	Analysis of reports and program

Evaluation question	Indicative sub-questions[71]	Proposed methods of gathering information
adviser work likely to bring sustained change in the PNDS Secretariat?	existing or future capacity gaps (personnel and skills) in the organisation? How are PNDS-SP advisers working with the Secretariat to address current and anticipated capacity gaps – particularly with regard to accountants, infrastructure and social development officers? Do capacity building strategies and plans align with the Secretariat's own medium to long-term operational plans? Is there a need to re-align advisory support to address existing or future capacity requirements within the PNDS Secretariat? What strategies does PNDS-SP have to monitor and measure sustainable change within the PNDS Secretariat?	documents. Client, partner and stakeholder interviews. Triangulation of information and responses where possible.

DFAT representatives in Timor Leste will assist in the coordination of all in-country meetings and the preparation of a consultations schedule[72]. It has been confirmed by DFAT that a fulltime GoTL counterpart will not assigned to the MRG. DFAT is negotiating on the identification of a GoTL person who can provide advisory support (local perspectives and insights) away from formal meetings. This would be considered useful.

Individual and small group/focal meetings will be the means by which consultations take place. The MRG#2 team will jointly and collaboratively interview stakeholders and beneficiaries; when necessary and appropriate, the team may separate to pursue answers to specific technical issues (aligned to the above questions) depending upon program scheduling and according to areas of expertise. Drafting of the report will be shared equally between the MRG#2 team members – aligned to professional expertise.

	MRG#2 Team Leader	MRG#2 CDD Specialist
MRG Leadership, Management and Coordination – Program Outcomes	✓✓✓	✓
Adequacy of Capacity Building Strategy	✓✓	✓✓
Advisor Practices – Capacity Building	✓✓	✓✓
Advisor Practices – Community Driven Development	✓	✓✓✓

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[72] A draft meeting Schedule is provided in Annex 3.

	MRG#2 Team Leader	**MRG#2 CDD Specialist**
Advisory Practices - Balance	✓✓	✓✓
Support for Sustainable Behaviour	✓✓	✓✓

Consultations and recommendations will take into account and address the following (potential and existing) constraints:

- Australia's current and ongoing relationship with Timor Leste[73];

- Ethical and professional issues – including confidentiality of responses and the reporting of serious issues identified[74] during consultations.

- Interpretation, application and impacts of recommendations outlined in the first MRG[75]. How to maximise the impact of the MRG#2 report?

- The tension between the use (and understanding) of formal and in-formal capacity development methodologies supported by the program. What work best and why?

- the developing monitoring and evaluation system (MES);

- adult learning methodologies – including how capacity building takes this into account;

- knowledge, use and applications of CDD methodologies in all capacity building supported initiatives;

- language – translation and interpretive considerations;

- gender and inclusiveness issues, and

- the Timor Leste cultural context – including working in remote and isolated communities.

Meetings and interviews will be structured to ensure sampling is representative and appropriate. As the program is still in the initial stages of implementation it is appropriate to identify and interview both strong and weak counterparts operating at the local level that are representative of program strengths and weaknesses.   Where necessary, interpreters[76] will be made available to the MRG team to ensure all discussions are accurate and reflective of stakeholder/beneficiary input.

The MRG#2 team will structure the consultations to ensure a consistent strategy is taken with all partner agencies, stakeholders and beneficiaries, recognising that there will be a different focal emphasis for respective cohorts.

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[73] DFAT representatives will be asked to provide the MRG#2 team with insights into past, recent and anticipated government-government relationship issues and opportunities which may impact upon program support now and in the future.

[74] E.g. Child protection violations; health and safety issues, and environmental considerations.

[75] This includes the DFAT Management Response to the first MRG report/recommendations.

[76] The MRG#1 report highlighted the importance of having interpreters available when consulting with Timor Leste personnel.

Similar questions will be used across common cohorts to maximise the opportunity for triangulation of responses. All responses will, where possible[77], be triangulated across stakeholder groups and cross-referenced to review documents to ensure there is a consistency of interpretation and understanding by the MRG#2 team. The final report will reflect the professional judgment of the MRG#2 team and will be based upon the documentary evidence supplied by the program and information provided during in-country consultations. T

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[77] Given the tight timeline for consultations.

Annex 2: Persons Consulted

Name	Position	Agency
Miguel Carvalho	DG	Ministry State Administration
Olderico Lopes	Chief of Department – Program Implementation	Ministry State Administration
Venancio da Costa	Chief HR	Ministry State Administration
Secundino Moreira	Chief Finance	Ministry State Administration
Duarte dos antos	Chief Communication	Ministry State Administration
Fortunato Amaral	M&E	Ministry State Administration
Rosito Guterres	M&E	Ministry State Administration
		Ministry State Administration
Maria Sarmento	Director General	Civil Service Commission
Inacio Filipe Pereira	Community Member	Suku Guruca
Mataina Belo	Community Member	Suku Tekinomata
Joao Belo	Community Member	Suku Tekinomata
Cozato Belo	Community Member	Suku Tekinomata
Sabino Barboza	Community Member	Suku Soba
Lino Fretas	PNDS District Coordinator	Baucau District
Carlos Ximenas	PNDS TFSD	Laga Sub-District
Fernanda Ximenasa	PNDS TFSD	Laga Sub-District
Meliana Costa	PNDS TFSD	Laga Sub-District
Jacinta Fererra	PNDS TFSD	Laga Sub-District
Vincent Ashcroft	Minister Counsellor	DFAT
Chloe Olliver	DFAT PNDS team	DFAT
Kathy Richards	DFAT PNDS team	DFAT
Anita Dos Santos Silva	DFAT PNDS team	DFAT
Pedro Aquino	DFAT PNDS team	DFAT
Yovita Batista	DFAT PNDS team	DFAT
Dave Green	DFAT M&E	DFAT
Jonathan Gouy	GfDev – Counsellor	DFAT
Susan Marx	Country Representative	Asia Foundation
Satornino Amaral	Local Governance Coordinator	Asia Foundation
Keith Twyford	PNDS-SP Operations Manager	Contracted (Cardno) Team
Fiona Hamilton	PNDS-SP Operations	Contracted (Cardno) Team

Name	Position	Agency
Mohammad Najib	PNDS Adviser – Technical TL	Contracted Technical Team
Melinda Mousaco	PNDS Adviser - Operations	Contracted Technical Team
Tania Paul	PNDS Adviser - Training	Contracted Technical Team
Alvaro Ribeiro	PNDS Adviser – FST Manager	Contracted Technical Team
Dulce Cunha	PNDS Adviser – Soc Dev	Contracted Technical Team
Stuart Mathews	PNDS Adviser – Corp Services	Contracted Technical Team
Cindy Colla	PNDS Adviser - Corp Services	Contracted Technical Team
Katrina Doherty	PNDS Adviser – HRM	Contracted Technical Team
Allesandra Ronchi,	PNDS Adviser – Communication	Contracted Technical Team
Prabir Majumdar	PNDS Adviser – M&E	Contracted Technical Team
Aquelino Vidigal,	Engineering Support Officer	Contracted LES
Bonaventura Alves Mangu Bali,	Engineering Support Officer	Contracted LES
Celestino Moniz do Rosario,	Engineering Support Officer Finance Support Officer	Contracted LES
Calisto Babo Soares,	Finance Support Officer	Contracted LES
Clementino Amali,	Finance Support Officer	Contracted LES
Fernando Belo,	Finance Support Officer	Contracted LES
Evelio de Sousa,	Field Coordinator Social	Contracted LES
Joana de Araujo,	Field Coordinator Social	Contracted LES
Jose Asaca,	Field Coordinator Social	Contracted LES
Morgao Da Luz	Finance Support Officer	Contracted LES
Calisto Babo Soaas	Finance Support Officer	Contracted LES
Ermino da Costa	Finance Support Officer	Contracted LES
Aquelino Vidigas	Engineering Support Officer	Contracted LES
Celestino Moniq Sor	Engineering Support Officer	Contracted LES
Bonavea Avos	Engineering Support Officer	Contracted LES
Rui Manuel	Engineering Support Officer	Contracted LES

Annex 3: PNDS-SP Governance/Consultative Meetings

Meetings	Purpose	Membership	Frequency
DFAT-Cardno management group	- Fortnightly updates against the six-monthly work plan: highlight key activities that will be undertaken during the coming fortnight and key issues or risks that are relevant to the performance of the Services and may impact the implementation of PSP-II [as per Head Contract Schedule 1 Clause 9.2(a)]. - Head contract matters; decision making on resource allocation (personnel, activities); tactical and strategic interaction with PNDS Secretariat. - Program risk, planning, reporting. - Information sharing.	- DFAT: program director, first secretary, coordinators - Cardno: operations manager, deputy operations manager, technical team leader, contractor representative	Bi-weekly: Tuesday 1.30-3.00pm
DFAT-Cardno finance management	Monitoring of monthly financial position; decision making on any adjustments and actions needed.	- DFAT: program director, first secretary, coordinators - Cardno: operations manager, deputy operations manager, finance manager - Technical Team Leader	Monthly: 3rd Tuesday 1.30–3.00pm
PSP-II reflection and review workshop	- Comprehensive review of progress against plans, ways of working, situational analysis, risk, and other relevant processes and issues. - Review PSP-II and managing contractor risks and management strategies (as per Cardno's risk plan[2] and PSP-II risk plan[3]).	- DFAT: program director, first secretary - Cardno: M&E Specialist (facilitator), operations manager, deputy operations manager, technical team leader, senior advisers	Quarterly: month following each quarter end (October, January, April, July)
PSP-II executive	High-level information sharing across PSP-II.	- DFAT: program director, first secretary - Cardno: technical team leader, senior advisers x2, operations manager	Bi-weekly: Thursday, informal lunch meeting
Secretariat-DFAT bilateral	Information sharing, joint operational decision making, secretariat advice about support required from PSP-II, and forward planning.	- PNDS Secretariat: director-general, directors - DFAT: program director, first secretary	Weekly: Tuesday 3.00–4.00pm.

Type of Meeting	Objectives	Participants	Roles of PSP2 Advisers
Technical Working Group (TWG) Meeting (quarterly)	To discuss updates on policies implementation, progress update and sectoral coordination achievements and challenges	• DG • Directors • Technical Team Leader and Senior Advisers	• Assist DG/Directors in the preparation • Attend as observers
GoTL-GoA Bilateral Meeting (biweekly)	To discuss matters of mutual interests, including updates on policies formulation, DFAT supports and any other important issues	• DG and 2 PNDS Directors • DFAT • Cardno • Technical Team Leader and Senior Advisers)	Prepare the agenda, send the invitation and provide updates to DG via Directors on topics to be discussed
District Coordination Meeting (monthly)	To share information, discuss progress update and resolution of issues	• DG • All District Coordinators • Directors • Chief Departments	• Assist Directors in the preparation • Attend as observers
Secretariat Management Team (SMT) Meeting (biweekly)	To discuss progress update and resolution of issues	• DG • Directors • Chief Departments • Technical Team Leader and Senior Advisers	Attend as observers
Unit Team Meeting (weekly)	To discuss progress update and follow-up actions	• Director • Chief Departments • Executive assistant to Director • Senior Adviser	Provide support on progress update with their respective counterparts
Department Meeting (weekly)	To discuss progress update and plans	• Chief Department • Adviser	Participate in the meeting
Ad-hoc Meetings	To discuss certain topic/issues	Various, from DG, HoDs and Advisers	Participate in the meeting