

National Program for Village Development (PNDS), Timor-Leste

Program briefing, March 2013

Overview

The *Programa Nasional Dezenvolvimentu Suku* (PNDS), or *National Program for Village Development*, is a new, nation-wide community development program of the Government of Timor-Leste. Worth \$300 million over 8 years from 2014, it will contribute to rural development by funding the ‘missing link’ to services – basic village infrastructure – and provide jobs and training. Communities will receive an annual grant of between US\$50,000 – US\$75,000 directly from the Government to plan, construct and manage their own small-scale infrastructure projects. The Government will also fund the salary costs of all staff working on the program.

AusAID will be a major partner of GoTL as it implements PNDS. Since mid-2011 AusAID has supported the development of the program and plans to support its implementation from 2014. Our support will focus on program design and management, staff training and monitoring and evaluation. AusAID shares GoTL’s interest in making sure that the benefits of development reach more people in rural areas, through well-designed and well-managed programs that make efficient and accountable use of Timor-Leste’s resources.

Program overview and project cycle

PNDS will channel funds directly from the Government to communities which will plan, construct and manage small-scale infrastructure projects in their *sukus* (villages)¹. The types of infrastructure to be built or refurbished is likely to include irrigation canals, local bridges, motorcycle paths, market places, kindergartens and sports facilities, as well as refurbishment of existing water supplies, schools and health posts. Villagers will be supported to plan and implement projects by trained facilitators including civil engineering technicians, financial advisers and social facilitators. Each village is expected to receive an average annual grant of US\$50,000- \$75,000, depending on population size and remoteness. Up to 10 per cent of this will be used for ‘operational’ purposes, such as community meetings, planning and training community teams. Community members constructing the projects will also receive a daily allowance.

Project cycle

PNDS will be implemented through an annual cycle, with support provided to communities by teams of trained facilitators based at the sub-district and district levels, and backed up by a National Program Secretariat in the Ministry of State Administration (MAE).

¹ Timor-Leste’s 13 districts are subdivided into 65 sub-districts and 442 *sukus* (villages). A *suku* is a cluster of *aldeias* (hamlets), of which there are 2250 in total. Each *suku* is led by a *xefe de suco*, or village chief. Receiving a small ‘incentive payment’, their role is broadly defined as leading activities related to maintenance of community infrastructure such as roads and wells, activities related to promoting peace and social harmony, and activities related to the protection of the environment. They lead a *suku* council, composed of *aldeia* heads, a treasurer and representatives of women, youth and customary elders. World Bank (2009) *Community Based Development and Infrastructure in Timor-Leste: Past Experiences and Future Opportunities*.

The annual cycle starts with information sessions with village and sub-district governments so that people understand how PNDS will operate. This is followed by training and the election of planning and implementation committees. Facilitators will assist villages to discuss, rank and develop infrastructure project proposals, and once a project is selected and approved, a community contract will be signed to enable the village to access funds. With supervision and mentoring from facilitators, village teams will plan construction, hiring local labourers and procuring materials. They will present regular accountability and financial reports to community meetings and on noticeboards. Operations and maintenance plans will be finalised for completed works.

Women will be involved at every stage of the PNDS cycle, with representation on elected committees, women-only meetings to put forward and consider proposals, participation in construction, and maintenance and evaluation. They will also work as technical, financial and social facilitators.

Program management

The program is an initiative of Timor-Leste's Prime Minister. A Government of Timor-Leste (GoTL) resolution establishing a mechanism for accelerating community development was passed by the Council of Ministers in January 2012. PNDS was subsequently launched as an election promise in June 2012. Systems to run the program will be put in place at the national, district and sub-district levels. It will be managed by MAE in liaison with the Ministry of Finance (MoF). The program has been developed by an inter-ministerial working group and a Ministerial-level joint committee will oversee it.

Program status

The government plans to implement the program fully from 2014. The design of the program, in the form of a Program Operations Manual and a Decree Law, is expected to be finalised by the first quarter of 2013. In mid-2013, a field test of the program will be conducted in up to 30 *sukus* in five districts, Dili, Aileu, Manatuto, Ermera and Liquica. These have been chosen as they cover rural areas but are closer enough to Dili to be supported by the national PNDS team while resourcing for the program is still in its start-up phase. Aspects of the program's Operations Manual may be revised following the field test. In 2013, MAE, MoF and the Civil Service Commission (CSC) will also put in place the necessary human resource, finance and logistics systems required to manage the program. Community planning in all *sukus* is anticipated to commence in about September 2013.

Program purpose

At the heart of the PNDS concept is the Government of Timor-Leste's commitment to improving people's living standards, particularly in rural areas. At the national poverty line of USD 0.88 a day, poverty was last measured at 41 per cent in 2009, and is especially high in rural areas where the majority of Timorese live. Ten years after independence, the economy is still predominantly subsistence agriculture, with little other economic activity in rural areas. While Timor-Leste's economy is growing rapidly due to oil and gas revenues, poverty remains high for the rural majority.

Throughout Timor-Leste, and particularly in rural areas, infrastructure is a key constraint to development. Small scale infrastructure is important for allowing

people, goods and services to reach their final destinations. This includes local feeder roads that enable households to connect to the national transport system, local markets to connect to broader distribution networks, and small-scale health and education facilities that enable key access to services for rural communities. Small-scale infrastructure plays an important role in narrowing the rural-urban divide in access to basic services.

Infrastructure is particularly lacking in rural areas: the 2010 Census reveals that just 57 per cent of people in rural areas have access to drinking water from an improved source, 25 per cent have access to basic sanitation and 19 per cent to electricity. An estimated 80 per cent of the country's rural roads network is in a poor condition, impacting adversely on access to markets, economic opportunities and key facilities such as schools, clinics and financial services.²

With poor infrastructure, the poor's access to other services and opportunities is seriously constrained, helping perpetuate a cycle of poverty and inequality. By supporting communities to plan and build basic infrastructure on an annual basis, PNDS aims to help address the constraints that exclude people from development opportunities. Improving basic infrastructure is one step, within a broader development effort, towards boosting living standards.

Is the PNDS approach relevant for trying to meet those needs?

AusAID assesses that PNDS presents an opportunity for GoTL to achieve two tangible objectives that flow from that recognition. The first is the **efficient disbursement of funds for development activities from Government directly to communities**. The second is the **construction by communities of basic infrastructure** that will help increase their members' access to markets and employment and to health, education and agricultural services.

PNDS will be a *community-driven development* program (CDD). CDD is one particular model that gives communities or locally elected bodies control over decision making and management and use of development funds, with the long term aim of reducing poverty. The defining characteristics of a CDD program are understood to be:

- A focus on communities and/or community groups (rather than individuals);
- A participatory planning process, including inclusive consultations with members of the community;
- Resources channelled directly to the community;
- The community itself directly involved in project implementation, generally through the creation of employment opportunities for members of the community; and
- The community itself directly involved in monitoring the progress of implementation, including the quality and costs of inputs and outputs.

Internationally, CDD has demonstrated success in contexts where governments and donors have few tools to reach poor people directly, particularly in conflict-affected states. In Afghanistan, for example, the National Solidarity Project (NSP) has

² AusAID and ILO (2011) Roads for Development design document, p4

established over 21,000 community development councils, reaching 70 per cent of Afghanistan's villages and improving small scale infrastructure including water systems and roads.

International evidence as well as programming experience in Timor-Leste to date suggests that a CDD approach can be an effective and efficient way for contributing to two tangible objectives. The first is the efficient disbursement of funds for development activities from Government directly to communities. When national and subnational bureaucracies are overburdened and under-resourced to address routine local needs, CDD provides an opportunity for communities to have decision-making responsibility and direct access to resources. Studies of World Bank CDD programs show that CDD is a good value-for-money approach to building and maintaining infrastructure. Infrastructure programs implemented locally cost 13 to 40 per cent less than similar small-scale projects delivered by government.³

The second is the construction by communities of basic infrastructure that will help increase their members' access to markets and employment and to health, education and agricultural services. A recent World Bank meta-evaluation of its CDD programs around the world found generally positive evidence across programs for increased household living standards and welfare, poverty targeting and increased access to services, especially in health, education and water supply.⁴

The CDD methodology that PNDS will employ also endows the program with the potential to contribute to a broader set of development objectives in Timor-Leste. First, the program is intended to empower communities by giving them control of their projects, improving inclusiveness and participation in community decision-making and providing training and jobs. Second, by empowering citizens and establishing an effective mechanism for disbursing on-budget funding to implement communities' own development plans, PNDS is intended to help strengthen the link between Government and citizens. Third, the program is intended to help improve GoTL policy development, program implementation and coordination, by putting in place effective corporate systems for PNDS that can be taken up more widely. AusAID will support GoTL to evaluate the contributions that the program may make towards these broad objectives over time. This will contribute to the international research effort on the benefits and limitations of CDD programs for poverty reduction.

AusAID involvement

Early engagement

AusAID has been involved in PNDS since its inception in early 2011. In July 2011, AusAID invited relevant GoTL officials on a study tour to Indonesia. The objective of the visit was for officials to observe how Indonesia's successful national community-driven development (CDD) program, *Program Nasional Pemberdayaan Masyarakat* (PNPM), or National Program for Community Empowerment, had dealt with the challenges of delivering effective local development programs. The Timorese officials were interested by PNPM's results, its fit within a coherent national policy framework for poverty reduction and its principles and operating structures. On return from

³ Wong (2012) What Have Been the Impacts of World Bank Community-Driven Development Programs? World Bank, 40

⁴ Wong (2012) What Have Been the Impacts of World Bank Community-Driven Development Programs? World Bank, p v-vi

Indonesia, with assistance from AusAID, MoF and MAE developed a joint proposal to the Council of Ministers to establish a new CDD program.

Design and preparation phase

AusAID is currently providing personnel and logistical support to assist with the preparation of the policies and laws covering PNDS, the development of a Program Operations Manual, training of program personnel, development of M&E systems and the implementation of a field test. AusAID is working closely with GoTL on a bilateral level, providing support through the services of a managing contractor⁵ and is also facilitating other development partners' contributions to PNDS. The total value of AusAID's support during 2012 and 2013 will be approximately \$14.5 million.

We note that GoTL's plans and management for PNDS will continue to emerge during 2013. This will require flexibility from AusAID to respond and adapt its support. AusAID will continue to monitor and support GoTL's preparations (including inter-ministerial discussions) in 2013, with a view to ensuring we are confident in the program's ability to deliver on its objectives in an effective and efficient way. With that caveat, by the end of 2013 AusAID anticipates having achieved the following in support of GoTL's PNDS.

Design: *Assisted whole-of-Timorese government coordination and the development of a Program Operations Manual (Manual) by the Technical Working Group.* The Manual sets out the operations and accountability procedures for the cycle of community planning, funding and project implementation. A Decree Law, capturing the main operational features of the Manual and the roles and responsibilities of all parties involved in PNDS will be passed by the Council of Ministers in early 2013 to allow the implementation of the program. The Manual will be revised in late 2013 to take into account lessons learned during the mid-year field test in 30 sukus. The Technical Working Group will continue to provide regular line-ministry inputs into the development of PNDS and make decisions on key design and operational issues. Delivery approaches for AusAID's support to this work are the placement of expert personnel (AusAID and contracted staff) in the PNDS Secretariat as well as sustained bilateral engagement at high-level and officials-level.

Management: *Supported GoTL to develop the corporate plans and broader systems needed to sustain PNDS.* These include strengthening human resource management in MAE, recruiting additional MAE staff to run PNDS, and developing and putting in place a recruitment strategy for around 350 trained facilitators who will be recruited as civil servants. It also includes developing a transparent financial disbursement system in close cooperation with MoF. A complaints handling mechanism will also be designed. Delivery approaches are ongoing policy engagement with MAE, MoF and CSC in cooperation with AusAID's Governance for Development Program and the placement of expert personnel.

Training: *Delivered three nationally certified training programs (social facilitation, financial management and technical design, based on the program steps set out in the Manual) to around four hundred men and women.* About 350 trainees will be recruited by the CSC as social, technical and financial facilitators, based at sub-

⁵ Services are being provided by Cardno Emerging Markets, under the Interim Governance for Development contract.

district and district levels, to work with communities. MAE Officers will also be trained in the use of a PNDS Management Information System (MIS). Training will have been developed and delivered by AusAID-funded experts working in cooperation with local training providers and MoF.

Monitoring and evaluation: *Supported GoTL to develop a monitoring and evaluation system for PNDS, including the MIS.* Initial work carried out to establish a data baseline for the program and understand key issues associated with community involvement. This work is likely to draw in The Asia Foundation, World Bank and local NGOs as partners as well as using personnel placed in the Secretariat.

Implementation of field test: *Supported GoTL to run a field test of the PNDS process in about 30 sukus* by providing design support, training a small group of additional Field Test facilitators on the Program Operations Manual, and monitoring the process and outcomes. Delivery approaches will be training, input of expert personnel placed in the PNDS Secretariat and engagement of civil society partners in monitoring social and technical outcomes, as well as bilateral engagement to consider revisions to the PNDS Manual, based on field test results.

AusAID Design process

In May 2012 AusAID's Strategic Programming Committee (SPC) reviewed an Investment Concept Note and approved AusAID support to the preparation phase of PNDS. The SPC also provided approval for AusAID to develop an Investment Design which would cover AusAID support to PNDS in its implementation phase.

The design sets out how AusAID will support the Government-led program described in the Government's Program Operations Manual. It includes AusAID's rationale for supporting PNDS implementation, the main activities it will fund and how AusAID will manage priority risk, performance and government engagement issues.

AusAID aims to finalise the design by mid-2013. The program will then go to tender, aiming for an early 2014 mobilisation of a managing contractor to run the support program.

Reference documents

- Government of Timor-Leste [Resolution 1/2012](#) (in Portuguese only)
- World Bank (2009) [Community Based Development and Infrastructure in Timor-Leste: Past Experiences and Future Opportunities.](#)
- World Bank (2012) [What Have Been the Impacts of World Bank Community-Driven Development Programs?](#)
- World Bank Community Driven Development [page](#)
- World Bank (2005). [Community-Driven Development: Decentralization's Accountability Challenge.](#)
- Governance and Social Development Resource Centre (2012) [Helpdesk Research Report: PNPM/CDD in Indonesia](#)