

# **Programa Nasional Dezenvolvimentu Suku (PNDS) – Support Program**



**Mid Term Review**

**Final Report**

**February 2017**

## Contents

Abbreviations .....	iii
Acknowledgements .....	iii
Executive Summary .....	iv
1. Introduction .....	1
2. Scope of the Review .....	1
2.1 Review team and methodology .....	2
3. Context.....	3
3.1 Government of Timor-Leste policy and programs.....	3
3.2 Government of Australia policy and program support .....	3
3.3 Other donors.....	4
4. Findings against Evaluation Questions .....	5
4.1 Achievements to date .....	5
4.1.1 Strengthened personnel capacity .....	6
4.1.2 Contributions to Government’s establishment of robust systems .....	8
4.1.3 Monitoring and Evaluation support .....	9
4.1.4 Gender and social inclusion .....	10
4.1.5 Success factors and barriers .....	11
4.1.6 Unexpected outcomes.....	12
4.2 External priorities.....	13
4.3 PNDS-SP Program Scope and Structure .....	16
4.4 The Asia Foundation and links to PNDS-SP.....	18
4.5 Changing risk profile.....	20
Risks in Timor-Leste context.....	21
Risks in Australian context .....	22
Implications for PNDS-SP .....	22
5. Discussion of findings.....	23
5.1 Principles count.....	23
5.2 Leadership matters .....	23
5.3 Partnership matters .....	24
5.4 Long-term commitment matters .....	24

5.5	Contribution to capacity is critical .....	24
5.6	Ongoing flexibility and responsiveness to change is essential .....	25
5.7	Priorities for Phase 2 (2017-21) .....	25
	Consolidate and further strengthen systems and skills.....	25
	Policy engagement and sector linkages.....	27
6.	Recommendations for 2017 and beyond.....	27
	Recommendations for PNDS-SP .....	28
	Recommendations for the Australian Embassy .....	28
	Recommendations for PNDS-SP in 2017 assuming no grants for new infrastructure .....	29
Annex 1	List of people consulted.....	30
Annex 2	Evaluation questions allocated for each stakeholder .....	33
Annex 3	Workshop Outline .....	36
Annex 4	List of documents reviewed.....	37

## Abbreviations

DFAT	Department of Foreign Affairs and Trade
FST	Field Support Team
IT	Information Technology
M&E	Monitoring and Evaluation
MTR	Mid Term Review
NGO	Non government organization
PNDS	Programa Nasional Dezenvolvimentu Suku
PNDS-SP	Programa Nasional Dezenvolvimentu Suku– Support Program
RHTO	Ra'es Hadomi Timor Oan

## Acknowledgements

The Review Team would like to thank Anita Dos Santos Silva and Kathy Richards at the Australian Embassy who prepared the Review process, organised meetings and shared their experiences and perspectives. The PNDS-SP team, particularly Fiona Hamilton and Melinda Mousaco, contributed to the review in professional and collaborative ways.

The team is also grateful to all those who participated in meetings in Dili, Baucau and Manatuto, including officials, program managers, advisers and NGO staff. Everyone shared their experiences and perspectives willingly with us and we value their contribution to our understanding of the many complexities involved in PNDS.

The team is particularly grateful to Victor Bottini whose long-term experience of and support for PNDS enabled him to contribute insights about the context, issues and the program's history to date.

We would like to thank Quirmado Pinto, our capable and reliable interpreter, and Juvelio and Atung who safely drove us to Baucau and Manatuto.

## Executive Summary

The Government of Timor-Leste established Programa Nasional Dezenvolvimentu Suku (PNDS) in 2012 as part of its commitment to community-driven development<sup>1</sup> at village (suku) level. Timor-Leste is the only country in the world which has self-initiated this approach to infrastructure development at a national scale. PNDS is one of few programs which operate in all sukus across the country. It is the only current program that engages communities in direct implementation and responds to community-determined infrastructure priorities. The features of PNDS make it significant in global development terms, as it applies evidence-based principles and approaches to address poverty in practical and efficient ways. Australia's partnership and funding support for the program's design and implementation, in the form of the PNDS-Support Program (PNDS-SP) are therefore noteworthy in this context.

**What is PNDS?** PNDS is implemented by the Ministry of State Administration and Ministry of Finance and is described by the Government as follows<sup>1</sup>:

*'Suku (villages) receive an annual grant of between US\$40,000–US\$70,000 directly from the Government to plan, construct and manage their own small-scale infrastructure projects in alignment with village development priorities. PNDS enables communities to participate in and manage their own development. Community ownership and leadership is central to the program. PNDS aims to create work opportunities in rural areas and build community members' skills in construction, procurement and bookkeeping. Communities are supported by trained facilitators in the areas of financial management, engineering and construction, and social inclusion.'*

Since 2012, progress in PNDS has been regarded positively by those involved in implementation, support, funding or monitoring. Stakeholders include government officials from Timor-Leste and Australia, communities which have implemented projects, as well as the contractor for PNDS-SP, Cardno. Independent monitoring organisations, The Asia Foundation, Belun and Luta Hamutuk have also identified positive progress. By June 2016, over 1,000 projects had been completed by communities themselves. Infrastructure projects include construction or refurbishment of water systems, roads, irrigation canals, retaining walls, bridges, health clinics, classrooms and other community facilities.

The Governments of Australia and Timor-Leste have committed to an eight-year partnership to support PNDS for the period 2014-21. The Australian contribution, called PNDS-Support Program (PNDS-SP), takes the form of funding for advisers, technical systems, complementary funding, operations and logistics. Since 2015-16 the value of the contribution has been approximately \$7.1m per year. This has included funding for the managing contractor Cardno Emerging Markets, a grant to The Asia Foundation, and resources for monitoring and evaluation of the program.

---

<sup>1</sup> **Community-driven development** provides control of the development process, resources and decision making authority directly to groups in the community. The underlying assumption of CDD projects is that communities are the best judges of how their lives and livelihoods can be improved and, if provided with adequate resources and information, they can organize themselves to provide for their immediate needs. CDD projects work by providing poor communities with direct funding for development with the communities then deciding how to spend the money. Lastly, the community plans and builds the project and takes responsibility for monitoring its progress.

A Mid Term Review (MTR) of the PNDS-SP has been commissioned to confirm monitoring data to date and to inform the second 4-year period of the partnership. This report details findings of the MTR, based on analysis of reports and meetings held in Timor-Leste in November and early December 2016.

The Review found that PNDS-SP has made a substantial contribution to the success of PNDS to date. Since 2012, a great deal of collaborative and highly professional effort has been undertaken by hundreds of Timorese officials, advisors and researchers as well as Australian-funded officials and team members. In the context of a respectful and highly effective partnership, they have developed, tested and applied a set of systems and procedures to ensure PNDS is effective at all levels: from national government to suku level. The ways of working and professional effort are clearly paying off in terms of the extent and quality of achievements.

PNDS-SP has directly assisted PNDS to implement and support a comprehensive 12-step participatory process related to technical, social and financial aspects of planning and construction support. The nature and extent of systems developed benefit from decades of research<sup>2</sup> and experience from other countries and careful adaptation to Timor-Leste cultural, economic and geographical contexts (see section 4.1.1 for details). A key contribution of the PNDS-SP is the Field Support Team (FST) which comprises 23 specialists who travel to each municipality to work directly with the Government PNDS facilitators to monitor and help to address the myriad of technical, social and financial issues involved in such a complex national program.

The Support Program has contributed to the recruitment and capacity of a large number of the Government's management systems and structures at national and municipal levels, through a comprehensive pre-service training process and ongoing in-service mentoring and coaching (see section 4.1.2 for details). Some Timorese personnel involved in PNDS are beginning to report high levels of confidence to operate the system independently, while others seek ongoing specialist support for at least the remaining years of the current contract. The quality and extent of training provided through PNDS-SP is widely valued and effective.

Processes used in PNDS mean that there have been many other development benefits beyond completion of infrastructure. These include increased confidence and experience in community organization and leadership, improved gender equality in community-level decision-making and sustainable capacity in supporting community-driven development at national and municipal levels. PNDS is also meeting gender targets, with women's participation in community management committees averaging 40 per cent.

A number of changes in both the Australian and Timorese contexts have affected the pace of progress. These include budget cuts and changes in leadership. Despite challenges associated with these changes, the program enjoys a positive reputation at national, municipal and suku levels. It is regarded as an example of effective, well-planned and appropriately resourced Timorese development programming. The combination of collaborative respectful partnerships, highly effective leadership, specialist technical

---

<sup>2</sup> Extensive literature (including by Robert Chambers on participatory approaches since the 1980s; John Rawls since the 1970s and Amartya Sen since the 1990s, on bottom-up development) highlights the limited value of top-down development strategies for combatting poverty.

contributions to the development of skilled teams and effective systems and good monitoring has been critical, with no single element being responsible for success on its own.

At the time of the MTR, the team learned that the Government of Timor-Leste was likely to suspend grants for new infrastructure projects, including in PNDS, for 2017, in the context of upcoming presidential and legislative elections. Thus, the MTR team was involved in facilitating discussions about feasible and appropriate options for Australian support in 2017.

Based on the findings of this MTR, a small number of changes are recommended to the PNDS-SP design to support ongoing effectiveness of the program in the remaining half of the eight-year commitment. The recommendations refer to the roles of the Australian Embassy and the contractor, Cardno, and largely respond to lessons learned to date and changes in the political and operating environment.

**PNDS achievements in numbers since 2014:**

*All 442 sukus now have at least one completed project and most have more than one, with a total of 1014 projects completed. The average cost has been approximately US\$20,000 per project and the internal rate of return has been calculated to be significantly above benchmarks for different sectors, so value-for-money is high.*

*The quality of projects has been impressive, with a 2016 independent technical quality audit finding that 91 per cent of infrastructure was rated as 'good' or 'excellent', exceeding the 80 per cent target. In terms of environmental sustainability, 93% were rated as good or excellent. Incomes have increased substantially in the sample of households surveyed in 2016, for example with average annual sales for vegetables increasing from \$425 per year to \$8,155 per year as a result of PNDS-supported irrigation projects.*

## 1. Introduction

The Governments of Australia and Timor-Leste have committed to an eight-year partnership in relation to the Programa Nasional Dezenvolvimentu Suku (PNDS) Support Program for the period 2014-21.

Ongoing monitoring and independent reviews of PNDS-SP to date indicate that its contributions have been timely, relevant, effective, efficient and gender inclusive within a changing institutional and budgetary context. The ability of the Support Program to work collaboratively and respectfully as well as to respond flexibly to changes in the operating environment, consistent with good practice community development principles which underpin the program overall, has been important.

The program remains aligned with Australia's Aid Investment Plan (2015-2019) priorities for Timor-Leste and there are clear signs of ongoing collaboration between the two governments in this important contribution to national development. The Minister for State Administration, currently responsible for PNDS, did not propose that funding for new PNDS grants be included in the 2017 budget and therefore Parliament is rightly hesitant to proceed with the allocation of budget. The state budget was debated and approved by Parliament in November – December 2016.

DFAT considers that the PNDS-SP remains relevant and the contractor's track record of good results and strong performance contribute to their intention to continue the program and extend the PNDS-SP contract with Cardno until 2021. However, given the Government of Timor-Leste reduced 2017 funding, DFAT might reconsider or delay a second phase of the Support Program, pending certainty on Government of Timor-Leste commitments for PNDS.

A mid-term review (MTR) was commissioned in late 2016, to consider progress to date and to inform priorities and adjustments for the second four-year phase of the partnership, commencing in mid-2017.

## 2. Scope of the Review

The Review has two purposes, according to the terms of reference (TORs):

- Verify and quality assure PNDS-SP claims of success and adequate progress towards End of Program Outcomes over the first phase (2014-2016)
- To inform the next phase of PNDS-SP (2017-2021), provide recommendations for any adjustments to End of Program Outcomes and program implementation, within the context of the PNDS-SP design, progress and achievements to date, lessons learned and context changes.

The first purpose of verifying performance and progress towards objectives was primarily undertaken through a review of existing documents and reports. Triangulation of these findings was undertaken in interviews and focus-group discussions with stakeholders in Timor-Leste.

The second purpose of the Review was intended to be achieved through discussions with selected stakeholders and analysis of potentially diverse interests and priorities related to future programming for the period 2017-2021. Analysis of findings included consideration about the changing context, responsiveness to external priorities, program scope, program structure, the role of The Asia Foundation (TAF) and the changing risk profile.

TAF's role in providing monitoring and research activities to support PNDS was considered as part of this review. A more comprehensive separate review of the partnership between the Australian Embassy in Dili and TAF under the Support for Good Public Policy Program is being considered in 2017.

In summary, at the programming level, the review's focus is on confirming monitoring evidence to date that the program has been largely successful. At the management level, the review seeks to identify any necessary changes to the contract for the management of the PNDS-SP from July 2017.

## 2.1 Review team and methodology

A team comprising the following members undertook the Review:

- Deborah Rhodes, Team Leader
- Francesca Lawe-Davies<sup>3</sup>, Team Member (Community-driven development expertise)
- Reinaldo Borges, Timor-Leste team member

A Community Development Specialist with long-term involvement in PNDS, Victor Bottini, assisted the team, including through meetings in Dili and analysis of findings.

In Dili, the MTR team met with PNDS Secretariat officials and facilitators, PNDS-SP staff, officials from the Australian Embassy in Dili and representatives from other Australian-supported development programs, representatives from The Asia Foundation and national NGOs, Belun and Luta Hamutuk, with whom they have partnered to undertake field research. The team traveled to Baucau and Manatuto to meet PNDS Municipal Directors and facilitators in those two locations and also in Dili. The list of people met is included at Annex 1.

The review methodology included collection, collation and analysis of three sources of data and information to maximise triangulation:

- existing reports from M&E processes undertaken in the life of PNDS and PNDS-SP to date
- meetings with selected personnel from all levels of PNDS and PNDS-SP and other relevant stakeholder organisations, including a group of FST members, and teams of PNDS District Facilitators and Coordinators in Dili, Baucau and Manututo Municipalities.
- a workshop with DFAT and contractor personnel focused on planning for the next phase.

A review plan was developed, and approved by DFAT, as a basis for confirming questions for each stakeholder group and organizing meetings. Review questions are included at Annex 2.

The Review team approached the review as facilitators of a process of reflection, self-analysis and planning among those involved, recognising that those in the context are best placed to understand the factors that contribute to progress and what is possible in future.

The scope of the Review was limited to meetings with officials in Dili, Baucau and Manatuto. Given the purpose of the Review and resources allocated, no meetings were held at suku-level. It is important to state that no meetings were held with the relevant Vice Minister or Minister (see Section 4.4).

---

<sup>3</sup> Francesca Lawe-Davies is Assistant Director, Poverty and Social Transfer Section, DFAT.



A comprehensive Aide-Memoire was prepared at the end of the meetings in Dili, and as its contents form the basis of this report, it is not included as an Annex.

### 3. Context

#### 3.1 Government of Timor-Leste policy and programs

The design of PNDS in 2012 reflected strong multi-sectoral Timorese leadership and incorporated evidence and lessons from international experience of community-driven development. The design deliberately aligned all processes with national systems and standards relating to infrastructure, staff recruitment and qualifications, and included some new processes, such as a funds transfer system from national to suku level.

The PNDS-SP is intended to provide targeted technical and operational support to the Government's PNDS Secretariat: national staff in Dili, municipal-level PNDS teams and Administrative Post level PNDS facilitators. In addition to the application of community-driven development approaches, the program also applies partnership principles and principles described in international agreements about aid effectiveness (such as recognition of Timorese leadership, commitment to supporting local ownership, mutual accountability and alignment of donor efforts with national priorities and systems).

#### 3.2 Government of Australia policy and program support

The PNDS Support Program is clearly aligned with Australia's strategic priorities in Timor-Leste, in both its overarching purpose of poverty alleviation, and its approach to development assistance, informed by the principles of the New Deal for Engagement in Fragile States.<sup>4</sup> Australia assessed PNDS as a program that could contribute significantly to social and economic development for the rural poor; responding to important development needs with an appropriate approach (community-driven development) already proven in the region and adapted to the Timorese context.<sup>5</sup>

The PNDS Support Program fits well with Australia's commitment, through the 2011 Strategic Planning Agreement for Development between the Governments of Timor-Leste and Australia, to supporting nationally-owned and led development plans, mutual respect, friendship and shared responsibility for improved development outcomes.

The 2011 Strategic Planning Agreement for Development (SPAD) identifies three strategic priorities:

- promoting sustainable economic growth by improving food security and agricultural productivity, and developing infrastructure, particularly rural roads and water and sanitation systems;
- increasing access to quality education and health services; and
- promoting effective governance by strengthening public sector administration.

---

<sup>44</sup> The New Deal principles (<https://www.pbsbdialogue.org/en/new-deal/about-new-deal/>) are reflected in the 2011 Strategic Planning Agreement for Development between the Governments of Australia and Timor-Leste, available at: [https://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwi\\_jsbu\\_uHQAuUDj5QKHsaEDIEQFggBMAA&url=https%3A%2F%2Fdfat.gov.au%2Fabout-us%2Fpublications%2Fdocuments%2Fstrategic-planning-agreement-english.pdf&usg=AFQjCNGWvnhyjLRSsk1KB5WGisFbqm8OwA](https://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwi_jsbu_uHQAuUDj5QKHsaEDIEQFggBMAA&url=https%3A%2F%2Fdfat.gov.au%2Fabout-us%2Fpublications%2Fdocuments%2Fstrategic-planning-agreement-english.pdf&usg=AFQjCNGWvnhyjLRSsk1KB5WGisFbqm8OwA)

<sup>5</sup> PNDS Support Program: Investment Design Summary, pp. 19-20.

PNDS-SP was assessed as contributing to all of these objectives. Support for PNDS is also regarded as an effective mechanism for multiplying the impact of Australia's sector investments, helping to improve links between line ministries at sub-national level, as well as making a contribution to the human resource capabilities of the nation and empowering communities to take charge of their own development.<sup>6</sup>

All these objectives remain relevant, as reflected in the 2015 Aid Investment Plan for Timor-Leste (2015-19), which commits Australia to being an effective, responsive and long-term partner in Timor-Leste's development. Australia seeks to build on Timor-Leste's own priorities and work in close partnership with the Government, with a mutual focus on results. Three strategic priorities of improving livelihoods, enhancing human development and strengthening governance and institutions echo the priorities of the SPAD, and PNDS remains well-positioned to contribute to all three, along with the cross-cutting issues of nutrition, empowering women and girls, and supporting disability-inclusive development.

### 3.3 Other donors

To date, no other donors have contributed funds to PNDS directly. However, two donor governments have recently communicated with the Government of Timor-Leste about their interests in this area.

The Government of New Zealand has decided to use PNDS systems to contribute to the construction of playgrounds in pre-schools (to the value of US\$500,000), in the context of its policy interest in early childhood development. It has also indicated an interest in using PNDS systems for the construction of a small number of village houses for police officers and their families (to the value of US\$500,000), as a pilot program. PNDS officials reported that a Memorandum of Understanding had been signed between the Ministry of Education (New Zealand's primary counterpart) and the Ministry of State Administration (in which PNDS sits) for the playground program and activities are expected to commence in December 2016. Another Memorandum of Understanding was being prepared with the Ministry of Interior in relation to the proposed integration of police housing.

During the MTR visit, the Government of Korea launched an alternative approach to community-driven development at village level in Timor-Leste, called Saemaul Undong. The Saemaul Undong Movement has been promoted and funded by the Government of Korea and currently pilots are being implemented in 37 villages in nine countries, including Timor-Leste (three villages in Lautem), reflecting the idea that some elements of approaches used to facilitate Korea's own impressive development achievements since the 1970s could apply in other developing countries<sup>7</sup>.

The consequences of this new program for Timor-Leste and for PNDS in particular are unknown at the time of the Review, since no details are available on the funding provided or the elements or extent of pilots. Pilot projects were conducted in three villages in Lautem Municipality, based on a 3-week training program at village level. The Minister responsible for PNDS supported the launch of Saemaul Undong on 1 December 2016, at the conclusion of the PNDS Review. (see Section 4.4 below).

---

<sup>6</sup> Ibid., pp.21-24.

<sup>7</sup> <https://www.adb.org/sites/default/files/publication/29881/saemaul-undong-movement-korea.pdf>

## 4. Findings against Evaluation Questions

Overall, PNDS is an impressive community-driven development program led, funded and implemented by the Government of Timor-Leste. The program's achievements across every suku in the country have been significant, particularly in a relatively short time frame and with lower levels of funding than originally envisaged. The PNDS design outlined an eight-year program of annual grants for every village in Timor-Leste. However ongoing staged rollout of PNDS has meant the program has delivered one grant to every village over a two-year period. Over 2014 and 2015 every village in Timor-Leste received their first grant and completed the PNDS cycle. In 2016 about half of the villages commenced a second cycle of PNDS. The remaining villages were scheduled to receive their second PNDS grant in 2017, however this has been interrupted by the national elections (see below).

Australia's contribution to the work of PNDS, in the form of funding for the PNDS-SP, is well-regarded by all informed stakeholders engaged in this Review. The Support Program is described as appropriately targeted, flexible, professionally managed, culturally appropriate and adequately supported. It is based on strong, evidence-based principles and has been a source of consistent, reliable support, despite challenges, budget cuts and policy shifts in a number of areas. There is broad consensus among stakeholders – including national and municipal government officials consulted during the review - that the Australian contribution to PNDS has been critical to its success to date and is required for the full period of the agreed eight-year commitment. Ongoing technical and operational support is likely to be a key factor in the quality and longer term sustainability of the Government's program overall.

The Review was undertaken in a context of uncertainty about the future of PNDS and PNDS-SP. With upcoming national elections in Timor-Leste, the Government decided not to allocate funding for new infrastructure projects in sukus during 2017,. While understandable, there is a risk that the decision could affect the positive momentum PNDS has achieved to date. However, the Government has allocated funding in the 2017 budget for all PNDS personnel, as well as some operational funds for community planning for 2018 infrastructure, indicating a clear intention for the program to continue in 2018. It is worth noting that there is strong support for PNDS from senior Government leaders including the Vice Minister for State Administration, Members of Parliament and the Minister for Strategic Planning and Investment.

Below are details of the Review's findings against the questions included in the TORs.

### 4.1 Achievements to date

The Review found that PNDS-SP has contributed significantly to PNDS in four areas:

- Strengthened personnel capacity
- Government's establishment of robust systems
- Monitoring and evaluation
- Gender and social inclusion

In answer to the question in the TORs 'how substantial and valuable are the outcomes of PNDS-SP in the first phase (2014-2016)?' the Review Team confirmed that the contributions made by PNDS-SP to the work of PNDS have been highly valued and have made a significant contribution to the achievements made by the Government of Timor-Leste and Timorese communities. Details are provided in the following sub-sections.

#### 4.1.1 Strengthened personnel capacity

*'Before, when more advisers were here, they provided advice and training and we valued both. Now, we own the agenda more and we value the expertise provided behind the scenes and the flexibility and responsiveness. It is good that the Support Program is 'on tap' when we need their support.'*

*'We maximize the transfer of knowledge when advisers are here, then when they go, we can mostly manage on our own and we keep in touch with them long-distance when particular issues come up.'*

(source: PNDS senior officials)

##### **Capacity achievements in numbers since 2014**

*450 civil servants recruited and trained, including 45 national PNDS staff and 374 facilitators and coordinators in the 13 municipalities*

*26,000 days of training conducted since 2014*

*23 highly skilled specialists appointed, trained and supported as the Field Support Team to work across 13 municipalities*

*Support provided for establishment of committees in 442 sukus (2,250 aldeia), with women forming 45.5% of Community Management Teams*

*Support provided for training of 4,862 members of Community Management Teams*

The strengthening of Timorese capacity to manage PNDS is the central tenet of PNDS-SP. With almost 450 personnel recruited and trained specifically to implement PNDS, the Support Program has made a significant contribution to skills development in Timor-Leste, at both national and sub-national levels. Australia funded the design and delivery of comprehensive training in community facilitation, infrastructure design and construction, and financial management to support PNDS, developing new nationally accredited qualifications for participants in collaboration with Timor-Leste's national training accreditation agency, INDIMO and national training providers, which are recognized and used by the Civil Service Commission. The quality of this training and the contribution made to the Program's success are regarded positively by participants themselves, national government and Embassy officials. The skills developed through the pre-deployment training courses have been reinforced and expanded with ongoing training and with mentoring from the FST – a cohort of specialist coaches in civil engineering, financial management and community facilitation established to work intensively with PNDS facilitators. The FST is particularly appreciated by PNDS and facilitators who value the responsiveness and consistency of the support. National PNDS staff particularly noted the fact that FST members are able to ensure the program effectively reaches sukus across the country. Its own staff are constrained in their ability to regularly monitor Municipal-level activities due to limited logistical and

transport facilities, so in effect have ‘out-sourced’ the role and rely on the FST to perform this function<sup>8</sup>, including the communication of findings through monthly briefings.<sup>9</sup>

PNDS-SP has also been able to contribute to the development of villagers’ skills in planning and managing their own infrastructure projects. The Support Program worked with the Secretariat to develop 12 core training packages for village implementation teams, and trained PNDS facilitators to deliver them. Monitoring reports and consultations with facilitators confirmed that communities have increased both skills and confidence, which will be reinforced through participation in annual planning and implementation cycles. PNDS Facilitators and PNDS-SP staff consider that there is scope to further develop community leadership and management capacity, particularly given that large numbers of new village heads (*Xefe Suku*) and Council members, including women from every *aldeia* (hamlet) have recently been appointed (see below), as well as to improve community construction skills.

The enhanced capacity and leadership developed at community level was frequently reported to have contributed unexpectedly to positive changes in local governance after only two implementation cycles.<sup>10</sup> In the recent suku elections, large numbers of PNDS-trained community members were elected as *Xefe Suku* or to Suku Council positions, of whom a significant number were women. Nationally, the number of women *Xefe Suku* was reported to have doubled from ten to 21. Data provided by PNDS confirmed that from all districts (except Covalima), 11% of elected councilors in late 2016 are or were members of PNDS village committees (529 out of 4,862), of whom, 33% (n=172) are women. Within this total, 36 were elected as *Xefe Suku* (M=32, F=4) and 181 were elected as *Xefe Aldeia* (M=172, F=9). In one district, Bobonaro, 84 PNDS committee members were elected to suku councils, including 25 women (four male committee members were elected as *Xefe Suku* but no women). In Dili, at least two of the new women *Xefe Suku* have held leadership positions in PNDS management committees.

PNDS-SP has also contributed to the development of management capacity within the PNDS National Secretariat. Several international adviser positions, such as the capacity development and financial management specialists, were discontinued when the Support Program and the Secretariat jointly assessed that they were no longer required. The remaining national and international advisers working with PNDS National Secretariat staff in Dili are moving from a relatively hands-on approach in the early years, with frequent capacity substitution, to an advisory role, other than for specialist policy and technical (Management Information System and ICT) tasks. The skills, commitment and cultural capacity of international advisers were highlighted by PNDS and their efforts are commended. Timorese specialists have held the two ICT positions in the Support Program since the international incumbent resigned earlier in 2016.

While well-tested internationally, the approaches used within PNDS are relatively new in Timor-Leste and have thus involved a great deal of mutual learning and responsiveness to a dynamic environment.

---

<sup>8</sup> This could be perceived through one lens to be a sign of dependency or a limitation in terms of sustainability, but through another lens, is a natural reaction to the limited access to travel and operational funds within the Ministry. Also, in most other countries implementing similar CDD programs, donors have provided support for similar monitoring and mentoring functions over the life of the programs. The MTR team is confident that PNDS and PNDS-SP are appropriately managing the issue.

<sup>9</sup> Interview with PNDS Secretariat officials, Dili, 23 November 2016.

<sup>10</sup> Interview with PNDS-SP Advisers on the PNDS-SP, 29 November 2016. Other data provided by PNDS by email dated 13 February 2017. It is likely that a mix of factors will have contributed to this outcome, and the MTR did not seek to identify either the extent of the link or the specific factors involved.

The speed and depth of capacity development has been impressive, particularly in the context of a relatively young, post-conflict nation. All stakeholders remarked on this positive achievement and its contribution to the quality of village infrastructure built through PNDS.

#### 4.1.1.1 Quality of Infrastructure

The strengthened capacity described above has clearly contributed to an unexpected outcome for PNDS overall (to which PNDS-SP has contributed): the high quality of infrastructure constructed in villages. In the context of international community-driven programs of this nature, this is a significant result. The 2016 independent technical quality audit found that 91 per cent of infrastructure was rated as 'good' or 'excellent', exceeding the 80 per cent target. The audit also found that 93% of projects were rated as good or excellent in terms of environmental sustainability. It is particularly commendable to find that the high quality of the infrastructure built through PNDS has occurred so early in the program and that projects have been rated as relative. The relative inexperience of most program staff and community members in technical design and construction at the beginning of the program confirms that the gains are noteworthy. The efforts of all those involved, from the training program designers and providers to the facilitators and communities themselves, are commended in this context.

#### 4.1.2 Contributions to Government's establishment of robust systems

PNDS-SP has contributed to the following systems which underpin the success of PNDS to date:

- **Recruitment systems:** PNDS-SP supported the Ministry of State Administration to develop a specialised recruitment process for PNDS facilitators. The approach provided training to candidates prior to recruitment, and included technical competency criteria in addition to the standard civil service selection requirements. The recruitment process was merit-based, achieved an improved level of gender equity as well as regional representation, and is regarded by the Civil Service Commission as an example of good practice.<sup>11</sup>
- **Funds transfer mechanism:** PNDS-SP and Governance for Development support to the Ministry of State Administration and Ministry of Finance helped to establish a new system for direct government transfers from the national treasury to new village bank accounts, with appropriate safeguards and audit provisions. Joint financial audits of PNDS, with officials from the Ministry of Finance have confirmed the soundness of PNDS's financial management systems and practices.<sup>12</sup>
- Development of **comprehensive policy and operational guidance:** PNDS-SP worked closely with the Government to develop the Program Operations Manual that established systems and structures for government and especially community management of PNDS operations. The Manual was developed through a formally established Inter-Ministerial Technical Working Group, garnering broad support. The PNDS Secretariat, aided by the Support Program, also developed more detailed guidelines on community planning, budgeting, project and financial management, design standards, construction, maintenance and complaints-handling for field facilitators and the communities they assist. The comprehensiveness and clarity of this guidance has contributed to the smooth running of the program.

---

<sup>11</sup> Interview, Dili, 30 November 2016.

<sup>12</sup> Interview with PNDS-SP staff, Dili, November 2016.

- **Work planning and management systems:** PNDS-SP advisers have worked with national PNDS staff to encourage greater use of work planning systems such as task matrices, field monitoring schedules, and routine management meetings, both nationally at the end of each month in Dili, and in each municipality. This has been partially successful, with challenges associated with restructures and varied levels of staff engagement.
- **Ongoing training and mentoring** PNDS-SP has supported the establishment of strong systems for continual capacity assessment and provision of refresher trainings and ongoing mentoring for field staff (discussed further in section 5.5 below). The Government of Timor-Leste recognizes the importance of maintaining and building workforce capacity, including among newly recruited PNDS staff, as demonstrated by its direct funding through the Government of Timor-Leste’s Human Capital Development Fund of 40 per cent of PNDS training needs in 2016.

These achievements and the key factors that enabled them are discussed further in Section 5 below.

#### 4.1.3 Monitoring and Evaluation (M&E) support

Australia has supported the development of monitoring systems that have contributed to greater use of evidence for decision-making within PNDS. A Management Information System (MIS) and associated reporting forms, training and IT support are provided. The MIS had not been fully rolled out to the municipalities at the time of the MTR but this was expected to be completed by early 2017. PNDS-SP also helped to institute regular meetings in the PNDS Secretariat to discuss findings and agree on management responses. While the MIS is embedded within Government, there is scope to strengthen independent management of these systems and the use of the information for decision making and planning. Australia’s contribution to collaborative monitoring of a program with such complexity and national coverage is important and valuable.

A range of tailored analytical products have also been completed, including:

- a World Bank-managed baseline study against which to assess impact
- a study of economic impact ‘The Economic Impacts of PNDS Infrastructure Projects’ led by independent consultant, Jackie Pomeroy, and supported by The Asia Foundation (2016)
- two studies of infrastructure quality, undertaken by independent consultants
- additional TAF-managed case studies on:
  - community perceptions of PNDS
  - the challenges of implementing PNDS in urban settings.

Major and robust studies on economic benefits<sup>13</sup> and technical quality<sup>14</sup> were highly valued by the Government, and were effectively used to garner Ministerial and parliamentary support for PNDS, as well as to inform fine-tuning and targeting of further training. They also contribute to accountability.

Reports on PNDS-SP’s work to date are of a very high standard and the contractor is commended. The M&E Framework for PNDS-SP has been recently updated to reflect lessons learned and the reduced scope of work. Confirming that direct beneficiaries of PNDS-SP are personnel employed by the

---

<sup>13</sup> The Economic Impacts of PNDS Infrastructure Projects: A study prepared for the Ministry of State Administration and the Ministry for Planning and Strategic Investment, Government of Timor-Leste, led by Dr Jacqueline Pomeroy with The Asia Foundation

<sup>14</sup> Technical Evaluation of PNDS Infrastructure, 2015 and 2016 reports

Government of Timor-Leste to implement PNDS, the M&E Framework<sup>15</sup> appropriately focuses on ways of understanding changes in individual and organizational capacity over time, at national, municipal and administrative post level. The M&E Framework confirms that sustainable and widespread changes in capacity generally take much longer than the life of an aid project, but identifies a number of time-specific indicators relevant to the program's scope. The Australian Embassy detailed its high degree of satisfaction with the quality of PNDS-SP monitoring and reporting, in DFAT's annual aid quality reports.

M&E for a program of this nature is complex and requires careful and respectful negotiation and analysis. There are many issues associated with assessing the capacity of people and organisations which operate in cultures different from that of the donor. For example, there are likely to be different definitions of capacity, diverse perceptions of leadership and change, decision-making and risk taking and unpredictable pathways towards 'increased capacity.' As PNDS-SP begins to focus more attention on outcome-type changes in M&E for the second half of the eight-year program (and naturally less attention on inputs/outputs), then careful attention to understanding the influence of Timorese cultural values on changes in individual and organizational capacity may be appropriate.

Details of the contributions of The Asia Foundation to M&E are discussed in Section 4.3 below.

#### 4.1.4 Gender and social inclusion

The MTR reaffirms the positive assessment of gender equality achievements even after only a few years of implementation. As noted in the Monitoring and Review Group #3 report, systematic gender equality efforts, such as inclusion of women at policy and program implementation levels, have been positive and suggest strong transformative potential. Examples of achievements include:

- 40% women's participation in the socialization processes for PNDS and in the selection of priority projects
- women make up 45.5% of Community Management Teams, supported by facilitators to participate actively
- 33.5% of PNDS staff at sub-national level are women
- 28% of those undertaking labour for project construction are women.

The foundations that have been laid in the first phase of PNDS augur well for ongoing achievements and progress in relation to women's participation and suggest potential to achieve greater gender equality outcomes in the medium to long term.

In the case of disability inclusive development, the Monitoring and Review team found that the link between PNDS and the national disabled people's organization, Ra'es Hadomi Timor Oan (RHTO), was well-established in the early years and initial training on disability inclusion approaches was provided to PNDS facilitators. However, the MTR found no evidence of further progress since then.

In the second phase of collaboration, efforts to strengthen culturally-appropriate disability inclusion approaches and practices should be made in PNDS-SP. This effort needs to recognize that attitudes towards people with disabilities are one of the biggest barriers to inclusion (rather than physical barriers). This means that deepening understanding of the rights of people with disabilities may be a useful priority among social and other facilitators. The views of the Timorese people with disabilities

---

<sup>15</sup> PNDS-SP M&E Framework, September 2016



who are leaders of RHTO, the Convention of the Rights of Persons with Disability and Australia's *Development for All* strategy are important sources of advice in this regard.

#### 4.1.5 Success factors and barriers

The MTR identified seven inter-related factors have contributed to achievements by PNDS-SP to date.<sup>16</sup>

The first is the shared commitment of the Governments of Timor-Leste and Australia, underpinned by the principles of mutual accountability and Timorese ownership and leadership. This has enabled long term planning and investment in systems and staff. The level of government-to-government engagement dropped during 2015 with the disruption of administrative changes, but recent efforts to revitalise regular, senior level dialogue are positive.

A second key success factor is the fact that the design of both PNDS and the PNDS Support Program were based on sound international and national evidence of effective approaches to community-driven development, adequately adapted to Timor-Leste's unique context and focused at the community level with the community determining their priorities and receiving the benefit of the investment

A third critical component of PNDS-SP's success has been the adequacy of the Support Program's resourcing, both human and financial. The approach of "front-loading" the support with intensive assistance in the early years to ensure the integrity of the systems and skills developed has been identified by all stakeholders as critical to the program's success. Resourcing within the Embassy for program oversight was also high in the early years. This was deemed to be critical for the intensive engagement required and has been progressively reduced as the program has matured. There is also widespread recognition that the progressive reduction of PNDS's advisory support, based on ongoing capacity assessment, has been appropriate, and should be continued at a sensible pace, targeting ongoing advisory support to the areas of greatest need.

The fourth success factor is the integrated nature of the assistance – PNDS-SP provides support at policy, systems and operational levels. Given Australia's close involvement in the PNDS design, and the way that the Support Program was developed in parallel with the design of PNDS itself, it was possible to understand needs and tailor and target assistance at multiple levels in a way that supports Government systems. The position of the PNDS Secretariat as a specialized unit within government, with its own project-specific financial, human resources and management systems – and specially recruited and trained staff - reduced its reliance on normal government systems, enabling greater efficiency and effectiveness than would have otherwise been the case. It will be important for the Program's longer term sustainability, however, to integrate into regular government systems, and to spread the good practices it has developed for the benefit of the Ministry and Government more broadly.

The fact that PNDS was initiated and is clearly owned by the Government of Timor-Leste is the fifth success factor. Government decrees, institutional arrangements and budgets for salaries, infrastructure grants and some recurrent costs reflect this ownership. The Government of Australia's contribution provides strong backing in ways which are respectful of Timorese leadership and ownership.

---

<sup>16</sup> The TORs referred to barriers and enablers for outcomes, rather than achievements. The Review team understands that 'outcomes' can be interpreted widely but generally apply in the long-term rather than within the life of an ongoing, multi-year program. The Review Team affirms the focus of this Review is on the work of PNDS-SP which is related to PNDS outcomes, but clearly different in scope.

One of the key strengths of Australia's contribution is the sixth aspect: the high degree of flexibility and responsiveness of PNDS-SP to both contextual changes and lessons learned. All stakeholders noted that this approach is greatly appreciated at all levels, maximizing quick responses to emerging and complex issues in the National Secretariat and municipal offices. Timorese Government staff consistently valued the sense of feeling supported while implementing PNDS.

The seventh success factor relates to commitment by the Support Program to the professional development and retention of its national staff. Efforts have included good performance management, the establishment of staff committees on professional development, work health and safety, and gender equality, as well as support for a variety of professional development opportunities and career paths within the Program.

All seven of these key success factors need to continue to ensure Australia's contribution to the success and quality of PNDS remains valid and valued. The Support Program has been resilient and responsive in the face of uncertainty and substantial change. Its ability to succeed is based on the sound foundations laid during Phase 1, particularly the development of a highly skilled and motivated team. As recognised by DFAT's internal monitoring processes, performance has been highly rated. The MTR concurs, and considers the retention of this team is important for quality delivery of Australian support into Phase 2.

Barriers to greater success by PNDS-SP in the first phase included:

- funding cuts by the Government of Australia in 2015 and sudden reduction in personnel<sup>17</sup>
- limited capacity of PNDS to recruit for new positions or replace departed staff, resulting in fewer contact points for PNDS-SP on some processes
- reduced opportunities for high level communications between the Australian Embassy and Ministers to discuss PNDS and PNDS-SP
- shift of PNDS between Ministries and resulting limits to access to managers and policy makers
- perceptions in PNDS that the Support Program FST staff are restricted in their hours of work<sup>18</sup>, creating a distinction between them and PNDS facilitators, who can stay longer at village sites
- the Government's recognition of PNDS's success have made it vulnerable to being tasked with additional responsibilities, such as supporting the Human Capital Development Fund village survey, which put additional responsibility on the PNDS-SP FST for ensuring the completion of PNDS projects
- uncertainty associated with funding for infrastructure in 2017 and beyond
- insufficient inter-sectoral and inter-ministerial collaboration.

Section 4.4 below details other risks and challenges associated with PNDS-SP in more detail.

#### 4.1.6 Unexpected outcomes

The MTR found a small number of unexpected outcomes to date, including:

---

<sup>17</sup> While there were planned progressive reductions in international personnel over time, the sudden nature of substantial cuts at this time was consistently reported by stakeholders as a negative factor.

<sup>18</sup> This was described by PNDS facilitators as being related to the fact that FST members are required to be back at their respective accommodation before dark (a safety issue in relation to being on rural roads at night) and to travel from and to their home based in Dili during work hours, on Mondays and Fridays.

- the speed and depth of capacity development among PNDS and PNDS-SP staff, demonstrated in the reduction of international advisory positions as national advisers were promoted and government staff took on additional responsibilities more quickly than anticipated
- Increased numbers of women elected as *Xefe suku* or Council members after their experience of working in PNDS committees<sup>19</sup>
- The low cost and high quality of the infrastructure built through PNDS had not been expected, particularly so early in the program, and given the relative inexperience of most program staff and community members in technical design and construction
- a high degree of interest among other aid project teams and Ministries relating to the relatively high level of resources dedicated to program implementation and its effectiveness, resulting in attempts to ‘leverage’ the program for other purposes.

#### 4.1 External priorities

This section addresses questions in the TORs about changed priorities in the Government of Timor-Leste and in PNDS itself as well as the level of flexibility and responsiveness sought in the next phase. The MTR team recognises that stakeholders in both Australian and Timorese institutions are generally positive about PNDS and PNDS-SP overall, but there are diverse views about various aspects of each. This is perhaps inevitable given the high profile of the program, its significant effectiveness to date and competition for resources. The discussion here is limited by the scope of this review (Section 2.1) and reflects the fact that the MTR was undertaken at a particularly challenging time. Uncertainty about the budget for new infrastructure in 2017, Government of Timor-Leste support for PNDS, and decentralisation for PNDS (see section 4.4. below) plus the recent absence of high level inter-government engagement are significant. Changes in personnel within the Australian Embassy (responsible for program management) as well as the emergence of new donors in the sector, contribute to the dynamic and complex setting.

The MTR team noted a variety of views within the Government of Timor-Leste about developmental priorities generally and PNDS in particular. Within the PNDS Secretariat in Dili and at municipal levels, support for PNDS has been very high and relatively consistent since it commenced, despite the challenges described in section 4.4 below. The Review team also heard of many examples of other Ministries and politicians praising the work of PNDS and recognising the contributions of PNDS-SP. For example, the Ministry of Finance has reported high levels of satisfaction with the financial transparency and accountability aspects of PNDS and the Civil Service Commission described PNDS recruitment and training approaches as an example of good practice<sup>20</sup>.

The current Government agenda on development<sup>21</sup> highlights the importance of both infrastructure and rural development for addressing national objectives. PNDS clearly addresses these priorities in a cost-

---

<sup>19</sup> Previously, Councils included only one woman in any one suku. When PNDS systems were established, the KPA (committee) required a woman from each aldeia to be involved. Now the Councils, just elected, based on the new Suku Law, require a formally elected woman from each aldeia. It is possible to argue that indirectly, PNDS and KPAs have contributed to increased gender balance in community governance, on this basis. There are now about 2,250 more formal women representatives in Suku Councils. This is beyond project-required representatives.

<sup>20</sup> Interview, Timor-Leste

<sup>21</sup> Timor-Leste Strategic Development Plan 2011-30

effective and sustainable way, but other national development priorities are in competition for limited resources especially in the context of declining national revenue.

The Government of Timor-Leste has long considered the concept of decentralisation of government services from national to municipal levels and discussion of the issue has often involved the role of PNDS. At the time of the MTR, several indications of a clear move towards decentralisation became obvious. For PNDS, which is already working in a highly decentralised way, there are both potential benefits and risks of this shift, not just in *sukus*: the involvement of the Municipal Administrator and local sectoral staff is significant. On the positive side, PNDS has already trialed various ways of working in a decentralised way, so has a good capacity to continue to operate successfully without much change. On the negative side, there is a risk that PNDS facilitators, now well-skilled and increasingly confident to work effectively on a range of tasks, could be pulled into other decentralisation processes and away from PNDS. There is also a risk that PNDS systems could be overwhelmed with additional responsibilities so achievements could be eroded. During 2016, for example, PNDS facilitators were called upon to support a capacity survey for the Human Capital Development Fund, diverting staff from core tasks over two months.

As noted above, in early 2015 there was a change in ministerial responsibility for PNDS. This change affected both PNDS and PNDS-SP because neither program has been able to plan confidently about the long-term future. Both predictability of funding and ongoing high-level political support are critical for a national program of this nature (see Section 4.4 below). The absence of either has the potential to touch every community in the country. The Government's decision to suspend funding in 2017 for new infrastructure projects (which includes grants for PNDS), illustrates the reality of this situation.

Other donor supported initiatives at community level have emerged during PNDS-SP Phase I and are gaining increased Government of Timor-Leste attention. In recognition of the high regard in which PNDS is held by donors, the Government of New Zealand will provide funds through PNDS in 2017 to some villages to support the construction of preschool playgrounds (on an opt-in basis) and police housing. Both PNDS and PNDS-SP noted this has the potential to keep staff busy in 2017 and maintain momentum while infrastructure grants are suspended. Ongoing discussion, collaboration and monitoring are important in this regard.

As noted in Section 3.3, the Government of Korea launched an alternative community infrastructure model, *Saemaul Undong*, during the MTR review process, which appears to be supported by the Minister of State Administration. The Government of Korea's proposed community infrastructure model appears to differ from PNDS in several important respects.. Until the Government of Timor-Leste has made a decision about whether and to what extent this initiative will be integrated with PNDS, it is not clear how the Australian-funded Support Program could most usefully assist, beyond helping the Government to analyse options based on evidence from the pilot. When requested, PNDS-SP should support the Ministry to navigate the complexities associated with this situation, and as appropriate, support the incorporation of good practices. The Australian Embassy should consider ways to maximize donor harmonization in close collaboration with Timorese leaders.

The fact that PNDS is regarded widely as a potential means to achieve a variety of Government and donor priorities is a validation of the efficacy of PNDS systems, and has the potential to provide additional benefits to communities without undue additional burden if it is well-managed. There is a risk however, that national and sub-national PNDS staff could be diverted from essential policy, planning and

operational responsibilities, particularly in relation to decentralisation. As noted in Section 3.1 above, it is not yet clear how decentralisation will affect PNDS and PNDS-SP so this process should be carefully monitored. There are opportunities for PNDS to propose options to the Government of Timor-Leste to support decentralisation, based on the program's purpose and experience. The role of PNDS-SP to support PNDS in this process should be included in agreed work-plans and agreements. If expectations about the extent to which PNDS-SP can contribute appear to exceed current resource allocations, this would need to be negotiated and formalised as required.

Australia's aid program management in Timor-Leste is undergoing a major re-structure at the time of this Review, with eight separate sector programs recently merged under the Partnership for Human Development<sup>22</sup>, the introduction of the M&E House (for the whole Timor-Leste aid program), a re-structure of the DFAT team responsible for aid management and significant staff turnover in coming months. These factors may influence the momentum and the way in which PNDS-SP might be able to achieve its objectives and the potential for the PNDS-SP to engage efficiently with other programs that address community development, including provision of water systems and sanitation and access and quality of other basic services, in particular health and education.

During the Review process, discussions with other DFAT-funded aid program teams identified a number of opportunities for greater coordination and collaboration for mutual benefit. While some expressed concerns about PNDS compliance with national government standards for design and construction, and the challenges of coordination between top-down, centrally planned infrastructure and less predictable community-determined planning, a number of opportunities for potential collaboration were identified. A first important step would be to provide information about the locations of PNDS constructed and planned infrastructure to sectors. Other suggestions included:

- Encouraging and supporting the Government to explore options for collaboration on rural road maintenance, either by having the Directorate for Roads, Bridges and Flood Control (DRBFC)'s maintenance teams commit to maintain PNDS-constructed roads and tracks; or by having DRBFC engage PNDS-organised community maintenance teams as contractors to maintain both PNDS-constructed and other local secondary roads. This could be an effective way to improve maintenance of local feeder roads, given the challenges of incentivising time-poor communities to undertake maintenance of public goods on a voluntary basis<sup>23</sup>
- Linking communities who have built irrigation canals under PNDS with agricultural extension support, including facilitation of market linkages – particularly given the finding of the economic impact study that several have already begun to undertake additional agricultural activities such as vegetable gardening
- Integrating the PNDS-initiated Operations and Maintenance Committees with existing Water User Groups (GMFs) established under the former Australian-supported BESIK program where they already exist<sup>24</sup>

---

<sup>22</sup> These sectors – gender, disability inclusion, health, nutrition, education, social protection and water and sanitation – are all potentially relevant to PNDS and PNDS-SP, in terms of the systems used (e.g. community-driven development, national to suku level facilitation and funding) and the selection of infrastructure.

<sup>23</sup> Experience suggests that communities tend to be motivated to maintain roads that are primarily used by village residents, but that roads heavily used by larger vehicles from outside the community are harder since communities may perceive that others derive greater benefit from these roads and contribute more to wear and tear.

<sup>24</sup> This is already mandated in the PNDS Operations Manual, though may not be happening consistently.

- Using PNDS community meetings as a platform to disseminate additional information to communities.

The opportunities for greater collaboration with line agencies have been amplified with decentralisation, since many Municipal-level representatives of sector ministries will now be reporting directly to the Municipal Administrators, and budgets for functions such as operations and maintenance have been deconcentrated. Other efforts underway, such as the ‘social audit’ initiative of the Prime Minister’s Office are also seeking to encourage greater responsiveness to local level service delivery.

As PNDS is still in its infancy in many ways and PNDS-SP resources are fully utilised to address current work-plan priorities, care needs to be taken to find an appropriate balance for collaboration with other Australian aid funded programs in the next phase. While there are potential benefits for sharing approaches and collaboration at sector level, there are risks that the success factors underpinning PNDS and PNDS-SP to date could be undermined if the collaboration is not managed carefully. While the MTR team recommends flexibility and consideration of feasible means for collaboration and potential coordination, it suggests piloting any new options initially and careful monitoring of the effects of such changes on the ability of PNDS-SP to achieve its contracted objectives before any scale-up.

### 4.3 PNDS-SP Program Scope and Structure

The MTR considered seven questions in the TORs related to PNDS-SP program scope and structure. Two questions refer to the ongoing relevance of the program theory and expected outcomes. The remaining five questions address the balance between various aspects of technical assistance, program focus and size, and flexibility within the Support Program.

The program theory for PNDS-SP<sup>25</sup> remains highly relevant. The theory correctly identified expected issues and predicted links between work undertaken and expected outcomes, despite the changes described above. All stakeholders confirmed that both PNDS-SP’s work content and the way in which support is provided remain relevant. This in part reflects a key element in the approach, a commitment to flexibility and responsiveness to lessons learned and inevitable contextual changes, while remaining focused on core tasks. PNDS-SP has achieved this balance, and the intended outcomes and means to achieve them remain relevant in the current dynamic context.

Despite cuts to the budget of PNDS-SP during Phase 1, the PNDS team in particular stressed the ongoing relevance of the Support Program itself and the approaches taken by the PNDS-SP advisers in particular. This degree of endorsement is important because the Investment Design specifically described the objective as being to support PNDS. It specified that ‘The over-riding objective of Australia’s support to PNDS is to identify critical areas where additional assistance could improve Timor-Leste’s ability to deliver an effective program.’ To achieve this objective, the intention was for ‘Australia [to] seek to support strategic, evidence-based policy-making on PNDS.....and will provide technical support to the operational planning and management of PNDS on a day-to-day basis for quality of implementation and achievement of program outcomes. Support ... will focus on improving: financial management systems; human resource management; information management and monitoring and evaluation; and inter-agency and Secretariat planning, coordination, and communications. It will also increase the capacity of

---

<sup>25</sup> Page 25 of the Investment Design for PNDS-SP approved in May 2012

GoTL to engage effectively with communities; and develop a community feedback system.’ All these processes have been the core work of PNDS-SP and remain relevant.

The outcome expected by the end of PNDS’ first eight years ‘is that community committees plan, implement and maintain small-scale infrastructure with broad community participation.’ Progress on this outcome is already well underway, in that communities are indeed planning and implementing small-scale infrastructure, as a result of the first full round of PNDS grants. The next phase (see Sections 5.7 and 6. below) will focus on maintenance aspects, among other emerging priorities. The Design assumed that PNDS would include eight funding rounds in eight years, which is unlikely to be achieved.

Interestingly, the Investment Design notes the likely importance of understanding and responding to changes in the political and policy environment and it is clear to the MTR that PNDS-SP has demonstrated good attention in this regard. The Investment Design stated ‘Australia will need to understand the factors influencing a changing political and policy environment, as well as community mobilisation and cohesion, during PNDS implementation. Effective coordination between our sector programs, supporting the different line ministries whose work at national and district levels will be involved with or affected by PNDS, will be critical.’ PNDS-SP is now well-placed to better support the Government of Timor-Leste to increase the level of coordination between PNDS and line Ministries (e.g. health, education, infrastructure, water, roads) as well as with other Australian aid programs.

The MTR found that the balance of international and national staff in PNDS-SP’s technical assistance approach is about right in late 2016. This reflects consistent feedback from current stakeholders and changes in recent years. A small number of international advisers play the important role of translating expectations and different understandings between the Timorese and Australian authorities. They provide specialised advice on a wide range of technical and operations systems, including human resource development, MIS and monitoring and evaluation. They also manage complex sets of resources, including personnel, a fleet of vehicles, funding for a variety of costs associated with PNDS’ operations as well as travel and allowances. The number of international advisers has reduced over time, not necessarily in a planned or strategic way, but the high proportion of national advisers is now appropriate and highly regarded. PNDS officials in Dili, Baucau and Manatuto specifically expressed the value they placed on the employment of Timorese advisers in PNDS-SP because of their ability to understand the complexities associated with community leadership and decision-making, working with available resources and resolving differences. PNDS-SP is commended for prioritizing national advisers.

Now there is substantial capacity in the national Secretariat to manage PNDS, as planned, it is appropriate for PNDS-SP to slightly shift attention to the capacity of sub-national teams involved in operations. While municipal and administrative post facilitators (social, technical and financial) have clearly benefited from initial and in-service training programs and ongoing support from the FST, there is scope now to strengthen this support using a mix of methods. Section 5.7 below provides details.

In relation to the size, structure and focus of the FST, the MTR found the work of the FST is highly effective and valued as well as appropriate to the scope of work. Two sets of stakeholders, current FST leaders and PNDS staff, requested an increase in the number of FST team members in response to high level and ongoing demand for their expertise and responsiveness. Some requested that an FST (comprising 3 members) should be dedicated to each municipality, doubling the current number of

teams (which currently each cover two municipalities). Several also argued for additional advisers who could work nationally and be able to operate in any municipality as required, particularly two additional advisers with financial expertise. The former request is somewhat inconsistent with the principle that the FST should have a degree of independence and sense of 'distance' to emphasise their role as 'supporters' rather than implementers. The latter is more consistent with the nature of PNDS-SP and its principles: feasibility will depend on the availability of additional funds which are not currently expected.

The PNDS-SP recently restructured its operations in response to both budget reductions and a transition from a 'Program Director model', in which the Program Director was engaged directly by the Embassy, to a more conventional model with a contractor-engaged Team Leader. These changes, including reduction of some positions and automation of some functions through enhanced ICT, have led to greater integration and coherence between the Operations and Technical Assistance Teams, as well as more efficient decision-making and day-to-day management. The team's size is now appropriate given the technical staff, fleet and other assets it is required to support. Its operations are well planned, smooth and effective. The PNDS-SP Operations team has also achieved an exemplary record on workplace health and safety. With approximately 30 staff (including drivers) in the field for three weeks out of every four, on poor quality rural roads, there has not been a single serious accident or serious injury to date. There has been strong investment in national staff, and impressive skills developed among the team, both of which are commended.

The original partnership principles referred to the importance of both Australian Embassy and PNDS-SP staff remaining flexible to emerging Government of Timor-Leste priorities for PNDS and supporting any evolutions of the program that are consistent with community-driven development principles and have the potential to provide additional benefits to rural communities. This principle remains valid.

Finally, Cardno is commended for its efforts to ensure PNDS-SP remains relevant, effective and efficient in achieving its objectives and for working in collaborative and professional ways. However, given the uncertainty described above about ongoing funding for PNDS by the Government of Timor-Leste, the Australian Embassy proposes a contract for Phase 2 which has a '1 year plus 3 year' commitment, with the 3-year commitment confirmed once there is evidence from the Government of Timor-Leste of infrastructure grants in the 2018 budget and indications of long-term commitment from the Government of Timor-Leste of continuing its investment in the program

#### 4.4 The Asia Foundation and links to PNDS-SP

In 2013, Australia requested The Asia Foundation 'to undertake political economy research on community level interventions in Timor-Leste, including critically analyzing processes and participation in local development programs, including ....PNDS.'<sup>26</sup> Specifically, research and monitoring activities were expected to undertake 'careful analysis of local level institutions and their interplay with formal state institutions; decision-making processes and the participation that underlines them; and inclusiveness of both process and participation within the local community unit.'<sup>27</sup> This work was

---

<sup>26</sup> Concept Note: Monitoring and Evaluation for Local Development, Submitted to DFAT December 2013

<sup>27</sup> As above



expected to contribute to discourse on community-driven development projects in Timor-Leste and was undertaken through a broader DFAT-TAF Strategic Partnership.

Three areas of activity were funded by the Australian Embassy, with funding going directly to The Asia Foundation rather than through PNDS-SP. Two main areas of monitoring focused on: facilitators' and community teams' adherence to PNDS guidelines; and the extent and nature of community participation. Two local NGOs, Belun and Luta Hamutuk, were contracted by The Asia Foundation to undertake the field work. Various reports have been submitted to PNDS and the Australian Embassy under this arrangement. The original concept note specified that ten monitoring reports on these topics would be submitted<sup>28</sup>. In addition, monthly meetings were held between The Asia Foundation and PNDS to discuss monitoring findings. There is a risk of confusion associated with the fact that both The Asia Foundation and the PNDS-SP are contracted with providing direct analysis and support to PNDS. The MTR recommends that during the next phase, greater coordination and coherence is prioritised, for example by processing findings from The Asia Foundation through or with PNDS-SP.

The third area of activity covered research. The original concept note referred to the production of 'seven occasional papers, four of which will be produced by the Foundation, and three by identified partners'<sup>29</sup>. Since the approval of the proposal, budget cuts and changed priorities have changed and reduced the scope of work, and to date, the following pieces of research by TAF relevant to PNDS have been completed:

- Consultations on draft Suku Law and suku plans (2014)
- 'Impact of decentralized programs (Program for District Development and the Local Development Program) on the growth of private companies and the local political economy' (2015) led by Juan May Rragio
- 'Implementing PNDS in Dili urban suku: Challenges and opportunities' (2015) led by James Scambury
- 'Back Stories: How to Sustain PNDS Success?' (2016) led by Into A. Goudsmit
- 'Economic Impacts of PNDS Infrastructure Projects (2016) led by Jacqueline Pomeroy
- 'Public perceptions review of PNDS' (Tetum) (2016) led by Satornino Amaral

The Asia Foundation considers its status as an NGO and its research capacity contribute to the production of high quality, independent qualitative monitoring for PNDS. Over time, the relationship and context of this contribution has changed. For example, The Asia Foundation noted that in the early period of collaboration, the scope and focus of work was largely determined between the Australian Embassy and themselves, and more recently, the PNDS Secretariat itself has set the priorities and timing of monitoring and research processes. Flexibility has been required as PNDS systems and processes have developed and implementation issues have emerged. A cut in funding to The Asia Foundation and the exchange rate losses, meant that in 2016, reductions were made to the scope of monitoring activities. The partnership between the Australian Embassy and The Asia Foundation extends beyond PNDS and continued discussion about shared interests, coherence of approaches for PNDS and priorities

---

<sup>28</sup> The MTR team accessed one of these reports

<sup>29</sup> As above

is essential. Current effort is focused on the use of a Community Scorecard, which is being piloted in 30 sukus as a way of enabling communities to assess performance themselves.

The Asia Foundation reports that its work has been used heavily both by PNDS and PNDS-SP. In addition to referring to report findings to promote the program more widely, PNDS has used findings to change practices and systems. For example, early monitoring about participation contributed to PNDS's decision to remove community centres from the menu of infrastructure offerings. The Asia Foundation considers that its work has been taken seriously by PNDS and has a multiplier effect through its broader engagement on governance issues. It considers that its independent and robust research assists with credibility of PNDS as a community-driven development program, validating the importance of community engagement and evidence-based research for decision-making in government.

The PNDS Secretariat confirmed that monitoring reports from The Asia Foundation had assisted with decision-making related to changes to PNDS systems, but this appeared to be primarily in relation to the studies on economic impact and infrastructure quality, rather than the regular qualitative monitoring or other in-depth research pieces supported through TAF and its partners.<sup>30</sup>

The PNDS-SP team and the Embassy also value the information generated for PNDS on issues in sukus generated by the monitoring work undertaken by Belun and Luta Hamutuk. There were concerns, however, about the timeliness of reports and the considerable effort required to refine and complete reports before they could be made available more broadly. The absence of a formal relationship between the Asia Foundation and PNDS-SP, combined with the lack of dedicated Monitoring and Evaluation staff within the PNDS-SP team has contributed to some dissonance between different aspects of monitoring and evaluation for the program overall. However, the Embassy's facilitation of greater collaboration between TAF and PNDS-SP has assisted in this regard.

The MTR team concluded that the independence of The Asia Foundation, Belun and Luta Hamutuk is valuable, but that greater interaction with PNDS-SP would assist with coherence of M&E approaches. There is scope to strengthen the communication of findings and their use to influence management and improvement of PNDS. In terms of the content of The Asia Foundation's work in 2017, the development of a small number of case studies may be suitable, if all parties agree. The case studies would be expected to generate information for training materials, revisions to policies and procedures and for updating the Program Operations Manual. In subsequent years, it may be possible to undertake an analysis of the new female members of suku councils and their connection with PNDS, if this is an agreed priority. These issues should be further explored during the broader review being considered for 2017 of the Support for Good Public Policy partnership between TAF and the Embassy.

#### 4.5 Changing risk profile

While the many positive features of PNDS present opportunities for effective governance and community development, a number of risks are inherently associated with PNDS and the Australian Government's support for the program. The program was introduced in a short time-frame, has a high profile at national level and involves an extensive and complex set of systems, personnel, decision-making structures and accountabilities, so it is inevitable that problems could arise, especially in a dynamic post-conflict setting. Changes in budgets, institutional structures and senior personnel in the

---

<sup>30</sup> A planned follow-up meeting with the PNDS Secretariat management team to discuss this further did not take place during the mission due to scheduling challenges during the busy period in which the review took place.

Government of Timor-Leste and the Australian Embassy slowed the pace of PNDS' and PNDS-SP's achievements in Phase I (2014-16) and will remain key risks in the second phase of the Support Program. Possible new policy directions and decentralisation may also pose risks if not managed carefully.

#### Risks in Timor-Leste context

Decree Law 8/2013, which established PNDS, mandated a funding commitment of US\$300 million over eight years, with average annual grants of US\$50,000 - \$75,000 per village.<sup>31</sup> The Program has not been able to secure the full budget allocation to date, however, resulting in staggered implementation in which villages receive grants only once every two years. Predictable annual transfers are an important feature of community-driven development programs that enable communities to undertake longer-term planning. The repetition of annual planning and implementation cycles also helps to strengthen skills of community committees and the principles of participation, transparency and accountability. Guaranteed, regular funding can also help to build trust between citizens and their Government.

The relocation of PNDS between Ministries in 2015 necessitated administrative changes such as adjustment of funding mechanisms and strategic realignment and cultivation of relationships with new political leaders. This made it difficult for the Secretariat to secure mandated funding allocations<sup>32</sup> and deliver timely grants to communities. The change in leadership of the Secretariat from a Director General to a National Director-level position has also made it more difficult for the Secretariat to instigate cross-sectoral coordination mechanisms such as the Inter-Ministerial Commission and Director-General level Technical Working Group and this has reduced opportunities for line agency collaboration. Institutional arrangements are now somewhat more settled and seem more positive but increased inter-sectoral coordination at all levels should be supported, to maximize the value and sustainability of PNDS benefits.

There is a risk that if PNDS is not embedded more fully within a Ministry, it will continue to be disrupted by administrative changes, and may also fail to gain the political support required for longer term sustainability. Once the new Timorese Government has been established, PNDS-SP should support PNDS to embed core functions into the broader Ministry, rather than maintaining project-specific systems.

A second budget reduction for PNDS was announced for 2017 during this MTR process. Importantly, PNDS officials identified this to be a short-term issue. They confirmed that funding for staff and for costs of planning the next round of infrastructure grants in 2018 (which could start in August or September 2017) is budgeted. The funding suspension was perceived in various ways. Some identified it as an opportunity to update processes and systems based on the first phase of learning ('a chance to focus on the important, rather than the urgent, for a change'), including to strengthen operations and maintenance systems now that each suku had completed at least one project. Other stakeholders expressed concern about the potential loss of momentum and benefits achieved to date. Both views are valid, so the PNDS-SP and Australian Embassy need to maximize the benefit of the opportunity and monitor and mitigate any risks. The MTR team was consistently advised of clear expectations that grants would be re-instated in 2018. Any new Government at the time of the next budget would be responsible for decision-making in this regard. Like all stakeholders in PNDS, the MTR is unable to

---

<sup>31</sup> <http://www.pnds.gov.tl/website/blog/publication/decree-law-082013-general-regime-of-the-national-program-for-the-development-of-sucos-pnds/wppa> open

<sup>32</sup> As detailed in the the Decree Law covering the operations of PNDS.

predict the outcome of this situation, but recommends increased continual high level advocacy-based engagement between Australian and Timor-Leste Governments and close monitoring.

Decentralisation is a key reform priority for the Government of Timor-Leste in coming years. The potential benefits for PNDS in terms of deepening sub-national governments' engagement and ownership and opportunities to build links across sectors, far outweigh the risks. PNDS-SP should actively support PNDS staff to integrate into Municipal Administrations in line with the evolving regulatory framework and exploit opportunities for cross-sector coordination and collaboration. However, there is a risk that decentralised management of PNDS could create delays and inefficiencies in the financial transfer system (if grants flow through Municipal Administrations for example). This could potentially weaken support from central ministries and reduce program oversight, with negative implications for overall quality. A key risk in Phase 2 is potential for diversion of well-trained, competent PNDS staff by Municipal Administrations from core work to support broader Municipal priorities.

### Risks in Australian context

On the Australian side of the PNDS partnership, two major changes have affected PNDS-SP. First, the PNDS-SP budget was reduced by 27% in 2015-16 as part of the broader cuts to the Australian aid program. This led to reduced momentum and team morale as well as a slowing of progress against plans and the extent to which demand for ongoing support could be met. Fundamental assumptions in the PNDS-SP design and the timing of activities were affected by the budget cuts, including the extent to which expected changes in PNDS capacity could be achieved. For example, to protect the integrity of technical assistance at a critical time of PNDS implementation, one of many responses to the Support Program budget cuts was a nine month imposition of part time (80 per cent) hours for eight international technical team advisers. Predictability of funding, even if reductions are planned, is important for the remaining four-year commitment. International experience of similar national CDD programs suggests that a longer-term partnership beyond the designed eight years may be appropriate.

The change from the previous program leadership model to a new one in 2016 (Section 4.3 above) had a significant influence on decision-making processes in PNDS-SP. Associated delays and uncertainties extended over a long period but at the time of the MTR, it appears the issues are being managed well.

### Implications for PNDS-SP

Predictability and collaborative forward planning are important aspects of PNDS-SP's management, and affect its overall quality and impact. Particular priority should be placed on the retention of key national and international staff in the PNDS-SP team, and on restoring and sustaining the strong morale that contributed to the program's effectiveness during Phase 1. Loss of key staff would risk both a loss of knowledge and strong relationships with Government counterparts. The cost – in time and financial terms – of recruiting and bringing new staff up to speed is also significant.

The Government of Timor-Leste's policies relating to decentralisation have also changed during Phase 1, as described above, and have more significant implications for PNDS-SP in Phase 2.

PNDS-SP has been able to continue to provide effective support, because of the success factors described above, despite the challenges described in this section. However, the MTR found that many success factors are currently under strain, so care is needed to ensure that the quality of support can be

maintained. Effort is also likely to be required to reduce the negative impact of future shocks and potential distractions to core PNDS operations.

At present, senior engagement between the Embassy and PNDS officials is limited and management meetings between PNDS-SP and the GoTL management meetings are no longer regular. At this stage of the life of PNDS-SP and given the risks described above, increased communications are needed.

## 5. Discussion of findings

### 5.1 Principles count

Clear principles were identified in the Subsidiary Arrangement between the two Governments relating to the PNDS-SP and these are worth re-iterating at this stage of the partnership. These principles underpin the design and implementation of both PNDS and PNDS-SP. They reflect experience of development partnerships and aid effectiveness in Timor-Leste, international aid effectiveness agreements, and regional experience in community-driven development. They include:

1. *A partnership* based on a shared, long-term commitment by the Governments of Timor-Leste and Australia
2. *Community driven development* principles, such as broad-based community participation, community decisions on investments, direct control of resources by villagers, transparency and accountability
3. *Evidence-based approaches* to design and ongoing program improvement
4. *Flexibility and responsiveness* to contextual changes and evolving priorities.

Efforts to apply and continuously find an appropriate balance of these principles will contribute to greater likelihood of effectiveness. Regular checking against these principles is a useful element of the partnership and will help successful navigation of inevitable complexities and challenges.

### 5.2 Leadership matters

The high level of Government of Timor-Leste leadership in the early stages of the first phase of PNDS and PNDS-SP has been a key contributor the programs' success to date. High energy, strong ownership, positive approaches and good inter-Ministerial collaboration were features of the first phase. Australia's collaboration at this early stage supported and valued Timorese leadership.

PNDS-SP's ways of working have respected the importance of supporting Timorese leadership rather than taking the lead themselves. This approach is highly commended and critical for sustainability of program benefits. One senior PNDS official said 'we now take the lead and want to show them our capacity' which is a sign of excellent leadership achievement. While this approach can be seen by some as limited in terms of the achievement of deadlines and externally-determined definitions of task, in practice, it is the most likely way to achieve sustainable developmental and capacity benefits.

There is a risk that PNDS' future could be limited, if there is not sustained, high level and widespread leadership support within the Government of Timor-Leste in the next 12-18 month period. The loss of benefits, momentum, trust, community engagement in development and credibility are potentially high, let alone mutual accountability between the Government and its citizens, and between the Governments of Australia and Timor-Leste. The Australian Embassy should strengthen its partnership

with Timor-Leste Government leaders to maximise the chances that the joint investment in PNDS is not put at risk.

### 5.3 Partnership matters

At official and program levels, collaboration between Australia and Timor-Leste has been critical for PNDS-SP's success to date. Respectful cooperation requires a high degree of trust and considerable time and effort, particularly in uncertain and challenging times. PNDS personnel expressed appreciation for the support and responsiveness of PNDS-SP and the ways in which support has been provided to date, within this partnership. Evidence from PNDS-SP and others confirms that this effort is significant.

PNDS illustrates the literature on effective partnership, which confirms respectful and collaborative partnerships can effectively weather challenges and changes but that this requires time and commitment. Thus, for future success of PNDS and PNDS-SP, efforts to maintain a respectful partnership between PNDS and PNDS-SP should continue in Phase 2. This needs to be supported both by the Australian Embassy and senior Timor-Leste leadership, as noted above.

Reflecting changes described in Sections 4.2 and 4.4, there is interest in the Australian Government aid program for increased collaboration between PNDS-SP and other aid programs, particularly those which address human development and rural development objectives. The Australian Embassy is well-positioned to support the Government of Timor-Leste to harness cross-sectoral synergies, given the strong relationships and related programming across key Ministries. Practical support to bring together key officials from relevant ministries with PNDS staff at both national and municipal levels through targeted workshops and joint monitoring visits as well as mapping of key PNDS projects and plans could be helpful first steps. Any support that the PNDS-SP could provide to reinvigorate the Government's existing inter-sectoral coordination mechanisms following the establishment of the new Government would also be beneficial. It is important that sufficient personnel and other resources are allocated for this purpose given the time and effort required for effective partnerships and the potential benefits to communities from more integrated planning and programming.

### 5.4 Long-term commitment matters

The kinds of high level changes envisaged by PNDS and PNDS-SP in rural development require considerable effort over an extended period of time. The eight-year time-frame currently in place to cover Australian contributions, initially coinciding with the planned eight funding cycles of PNDS for suku, is sufficient to establish and embed new systems and contribute to substantial capacity at various levels. However some aspects of change are likely to take generations and most change processes are not linear, especially when the funding cycles are not happening annually as planned and are rolling out more slowly than planned. Benefits which can be achieved by community-driven development and national approaches to community-based infrastructure require long-term commitment, flexibility to respond to changes and lessons learned as well as effective monitoring.

### 5.5 Contribution to capacity is critical

The experience of PNDS-SP confirms that a sustained commitment to strengthening Timorese systems and skills is essential for success. As PNDS is a national program, initiated and implemented by Timorese officials and communities, the use and strengthening of existing financial, personnel and other systems are particularly important. Both Australian and Timorese stakeholders expressed understanding that there is no value in establishing parallel systems or those that contradict current procedures, as they are

not likely to be sustained. However, some new procedures and processes might be necessary given that CDD and direct transfers to communities are new, even more so in a newly decentralised environment, where all the implementing regulations have not yet been issued by the Government.

Ongoing opportunities for learning and refining practices are highly valued in PNDS, and this applies at all levels of program implementation. Given the limited availability of alternative sources of targeted training in Timor-Leste for officials and facilitators, the contribution made by PNDS-SP is particularly important. The quality of training has been particularly noteworthy, and all those involved in its planning and delivery are commended. Ongoing professional development processes, for new and existing staff, adjusted to suit monitoring findings and new ways of working, need to be sustained.

As noted in Section 4.3, PNDS-SP has witnessed the benefits of employing Timorese advisers to provide face-to-face support for facilitators at municipal levels. Timorese advisers were consistently praised for their ability to work effectively in Timorese cultural ways (in terms of language, respect for cultural practices and leaders, understanding of relationships and decision-making) and to practice within resource constraints. International specialists were also valued for their contributions to the capacity of national advisers, their responsiveness on a wide variety of technical, policy, systems and logistics issues and their ability to respond to Australian Government expectations and reporting requirements.

## 5.6 Ongoing flexibility and responsiveness to change is essential

As noted in Section 4, PNDS-SP is subject to uncertainty and a range of changes, most of which are beyond its control. The team's efforts to focus on quality relationships, professional technical processes and team well-being are particularly commended and critical for navigating the complex issues arising.

Ongoing flexibility is required in the next phase to sustain the momentum and quality systems developed to date. The PNDS Secretariat valued PNDS-SP's ability to quickly mobilise specialist expertise when necessary, on priority issues where local expertise is unavailable, and will appreciate the continuation of this flexible support in Phase 2. The following section summarises priorities in the context of current information, much of which is uncertain and subject to ongoing change.

## 5.7 Priorities for Phase 2 (2017-21)

In addition to the need to consolidate and further strengthen systems and skills and contribute to sustainability, consistent with the program's original (and still relevant) theory, there are major opportunities in Phase 2 for PNDS-SP to:

- Support PNDS to work more effectively across other line Ministries and sectors
- Enhance links with other aid programs in relevant sectors and with potential to draw on PNDS-SP experience at municipal and suku levels
- Support the Government's decentralisation agenda by shifting the focus of effort from national to municipal level.

### Consolidate and further strengthen systems and skills

Building on Phase 1 achievements, PNDS-SP should continue to provide assistance to further embed and strengthen systems and skills, consistent with Australia's long-term commitment. Priority areas include:

- full roll-out of the Management Information System

- enhanced support to National Secretariat staff to undertake more systematic supervision and mentoring of municipal staff, and support for Municipal Coordinators<sup>33</sup> to progressively assume greater monitoring and management responsibilities
- strengthening systems and processes for operations and maintenance of community infrastructure, including exploration of greater collaboration with sector agencies
- implementing the complaints handling system.

There is a shared view in the Government of Timor-Leste and the Support Program that day to day operational support should be progressively refocused on the Municipal level, given the new policy on decentralisation. National Secretariat staff manage core tasks such as budget and operational planning and policy coordination increasingly independently. The relationship with the National Secretariat staff should now shift to more targeted, demand-driven policy and strategy advice, and assistance with complex technical tasks. Where possible, PNDS-SP should support and encourage National Secretariat to play a greater role in monitoring and supporting Municipal level PNDS staff including through efforts to increase operational budget for this purpose.

The critical role of the Field Support Team should continue without much adjustment. One area of potential rebalancing could be to support Municipal Coordinators to take more of a role in mentoring and monitoring staff at Administrative Post and suku levels. There is also an opportunity to consider whether the current relatively even spread of FST teams across Municipalities is still appropriate, or whether certain areas require more intensive support than others.

In order to sustain initial investments in skills, professional development of PNDS facilitators should remain a priority. The MTR identified a number of areas for early attention. Social facilitators, who have to date received the least training of the three cohorts, would benefit from enhanced skills development, particularly in the areas of community mobilisation and leadership, community and disability inclusion monitoring and social accountability, and conflict resolution – ideally grounded in practical tasks such as community planning and monitoring and complaints handling. This is key to supporting communities to make considered and inclusive choices. Maintaining and extending skills of technical and financial facilitators and providing integrated training for facilitators across the three streams will also contribute.

Australia's support for monitoring, evaluation and ongoing program improvement should generally continue on the same track, with some small variations. The FST could for example undertake thematic missions from time to time, say once or twice per year. Priority themes that emerged during MTR discussions included gender equality, operations and maintenance of water projects, aldeia level engagement and transparency of information. Joint supervision visits with Ministry of Finance for regular audits has been a useful process and should continue. Periodic technical audits and other sector-focused visits involving appropriate sector agency staff are appropriate in the next phase and would support broader inter-sectoral coordination objectives.

Process monitoring options could be reviewed for Phase 2. Ongoing independent process monitoring by TAF may not need to be continued over the full life of Phase 2 given that this is increasingly well addressed within PNDS. As noted above, there is scope for greater coordination among the key stakeholders on priorities for independent monitoring and evaluation, based on what is already covered

---

<sup>33</sup> Often still referred to as PNDS 'District Directors'.



by the MIS and what further qualitative and quantitative research should be prioritised. As monitoring systems are increasingly embedded and produce regular, reliable data, greater effort should be focused on promoting the analysis and use of findings for program improvement. TAF might also contribute by identifying “good practices” and preparing case studies of the same.

#### Policy engagement and sector linkages

At policy levels, current efforts to deepen and broaden engagement with decision-makers should continue, to help build support for and shared ownership of PNDS across government. There is also scope to increase engagement with line agencies and maximise opportunities for cross-sectoral collaboration. Any support the PNDS-SP could provide to help revitalise the Inter-Ministerial Coordination Commission and Director-General-level Technical Working Group would assist.

Decentralisation increases the impetus for sub-national engagement and also enhances opportunities for coordination and collaboration with frontline service delivery staff. The Australian Embassy has strong networks in Government in all development sectors, which can be used to encourage and support stronger links. PNDS-SP should work with the Partnership for Human Development to identify shared priorities and approaches. PNDS could also contribute to broader governance reforms in Timor-Leste, including through the Governance for Development program, to support replication of PNDS financial, recruitment, training and management practices across Government.

PNDS-SP is also uniquely placed to support enhanced coordination and joint planning at the suku level. This could include practical steps such as mapping of suku-level development efforts and assets (government, donor-supported and NGO-led) to aid community decision-making. In the longer term, PNDS could examine mechanisms to encourage and incentivise pooled funding where appropriate, to maximize the benefit of the various government and non-government development activities.

Overall, there is a clear opportunity to harness opportunities for greater cross-sectoral coordination to improve access to services and economic opportunities across Timor-Leste. The Australian Government should seek to strike an appropriate balance between helping to ensure the PNDS’s integrity as a community-driven program, and its commitment to support Government of Timor-Leste’s leadership and priorities. This includes respectful negotiation of changes associated with other donor initiatives, the budget decision affecting new infrastructure in 2017 and any changes in Government in mid-2017.

## 6. Recommendations for 2017 and beyond

The MTR team proposes that Phase 2 of PNDS-SP focus on consolidating and further strengthening systems as well as supporting policy engagement and sector linkages. Some minor adjustments suggested below reflect the fact that PNDS-SP’s work and ways in which the work is undertaken are now ‘about right.’ However, changes in the operating environment for PNDS require close attention.

The Government of Timor-Leste’s decision to suspend funding for local infrastructure grants in 2017, presents both a risk to program delivery (and loss of predictability for villagers to plan and prioritise) as well as an opportunity for the program to devote greater attention to priority tasks that are not always accorded sufficient attention during busier periods. The MTR has focused on practical suggestions, consistent with the principles, success factors and risks described in Sections 4 and 5.

## Recommendations for PNDS-SP in Phase 2 (2017-21)

1. Continue to provide assistance to further embed and strengthen systems and skills, with a progressive shift in focus of operational support from national to municipal level, including a focus on operations and maintenance and sustainability of infrastructure
2. Continue to contribute to institutional capacity of PNDS at all levels, with an appropriate and coherent mix of methods. This includes:
  - support the PNDS Secretariat with change management processes in light of decentralisation and new and revised Decree Laws on PNDS
  - a progressive reduction of advisory support, based on ongoing capacity assessment.
  - organization and funding for continued professional development of PNDS facilitators, with social facilitators as the first priority
  - integrated training across all facilitators to strengthen consistency and coherence
3. Engage more deliberately in inter-sectoral coordination to support service delivery and economic opportunities at community level associated with other DFAT programs
4. Consider ways to support PNDS to enhance broader social accountability, i.e. build stronger relationships between citizens and local government, on the basis of PNDS experience to date
5. Support a more coherent quality assurance system, incorporating MIS, periodic research and improved use of monitoring data
6. Support PNDS to respond to decentralization in ways which maximize the use of and support for community-driven development approaches
7. Prioritize preparation of quality materials and organisation of events to publicise community achievements through PNDS and the impact of PNDS (including for the new Government to be installed in 2017)
8. Support the Ministry to navigate the complexities associated with new donor engagement in community-driven development and support the incorporation of good practices, as appropriate
9. Continue efforts to deepen and broaden engagement with decision-makers to help build support for and shared ownership of PNDS across Government and Parliament
10. Progressively strengthen culturally-appropriate disability inclusion approaches and practices, through raising awareness in PNDS and negotiating priorities with disabled people's organisations

## Recommendations for the Australian Embassy

11. Revitalize high level channels with Government of Timor-Leste leaders, including to
  - negotiate the implications of the decision to suspend new infrastructure grants for 2017, for PNDS-SP in the short and longer terms
  - negotiate renewal of the Subsidiary Arrangement on PNDS that sits under the bilateral Memorandum of Understanding on development assistance.
12. Support more regular and formal communications with PNDS and PNDS SP to:
  - maximize the partnership quality overall and strengthen the sharing of benefits and risks
  - jointly consider the value of ongoing collaboration between PNDS, PNDS-SP and other sectoral aid programs
  - identify opportunities for collaboration at national, municipal and suku levels, within the context of Timorese priorities and systems
13. Organise a new contract for the current contractor, on a 1 year plus 3 years basis, subject to inclusion of infrastructure grants in the Government of Timor-Leste budget for 2018 and indications

of long term commitment from the Government of Timor-Leste of continuing their investment in the program

14. Support the conduct of major studies and evaluations on PNDS processes and achievements, providing evidence for policies and program adjustments (e.g. 3<sup>rd</sup> Technical Audit)
15. Consider ways to maximise donor harmonisation in collaboration with Timorese leaders, to navigate the implications of new donor initiatives for PNDS and PNDS-SP in the short and longer terms
16. Facilitate opportunities for other Australian aid programs to increase understanding of community-driven development approaches, PNDS systems and benefits
17. Facilitate greater coordination and coherence in the provision of M&E and research information to PNDS and its use, e.g. by processing findings from The Asia Foundation through or with PNDS-SP.

#### Recommendations for PNDS-SP in 2017 assuming no grants for new infrastructure

18. Support PNDS, as usual, in the construction, quality assurance and monitoring of infrastructure related to cycles 1 and 2, especially Phase 1 and 2 Cycle 2 village infrastructure
19. Support appropriate implementation of and coordination with NZ and Korean supported pilot projects (71 activities anticipated)
20. Bolster operations and maintenance systems, initially for water projects, to maximize sustainability of benefits
21. Support planning for infrastructure grants in 2018, to ensure early 2018 construction, the extent possible, in particular for Phase 3 Cycle 2 projects but for all villages for Cycle 3 projects
22. Support PNDS to develop new rural development and infrastructure policies which take decentralisation into account, as requested by the Minister, including support with the revision of the PNDS Decree Law, and development of the PNDS Public Institute Decree Law
23. Update and formally reissue the PNDS Operations Manual in light of learning and experience to date to support 2017 implementation and planning for 2018
24. Support PNDS to provide training for new Xefe Suku and new Suku Council members, in particular the new female aldeia representatives, on PNDS principles and processes.

## Annex 1 List of people consulted

### **National PNDS Secretariat**

Dulce Guterres Junior, National Director

Marcio Jeane Marcal, Chief of Program Implementation Department

Duarte dos Santos, Chief of Communications Department

Secundino Freitas Moreira, Chief of Administration and Finance Department

Rosito Guterres, Chief of Operations Department

Gina Braz, Chief of Human Resources Department

Rogério, National Social Development Officer and Gender Focal Point

Mujes Linos, Social Development Officer

Anito Alves, National Engineer

Noel Arlindo Pires, Management Information System Manager

Victoria da Costa, Human Resources Manager

### **Ministry for State Administration**

Miguel Pereira de Carvalho, Director General for Urban Organisation (former Director General for PNDS)

### **PNDS Support Program**

Fiona Hamilton, Team Leader

Melinda Mousaco, Deputy Team Leader

Alvaro Ribeiro, Program Implementation Adviser

Alessandra Ronchi, Senior Stakeholder Engagement Adviser

Abilio Araujo, Capacity Development Adviser

Satornino Amaral, Senior Social Development Adviser

Elvis Ximenes, Senior ICT Adviser

Colin Kercz, Corporate Services Manager

Jose Mousaco, Logistics Officer

Fatima Ali Abdad, Human Resources Associate Manager

Jalal Hamid, Management Information System Adviser

Teuku Mzansyah (Mizan), Senior Engineering Adviser

Carlito Alves Senior Engineering Adviser

Luc Spycckarelle, Monitoring and Evaluation Adviser

Joanna Dereitu, Field Coordinator, Social Development

Jose Asato, Field Coordinator, Social Development

Juvenal, Field Coordinator, Social Development

Klarimundu Gusmao, Field Support Team

### **Australian Embassy, Dili**

Peter Doyle, Ambassador

Kathy Richards, First Secretary, Development Cooperation

Anita dos Santos Silva, Coordinator, Community Development

Peter O'Connor, Counsellor, Rural Development

Rachael Moore, Counsellor, Human Development

Paul Regnault, Second Secretary, Development Cooperation (Rural Development)

Erkulanu de Sousa, Senior Coordinator, Rural Development

Horacio Barreto, Coordinator, Rural Development

Regan Field, Second Secretary, Development Cooperation (Aid Management)

Daniel Woods, Counsellor, Development Cooperation (Governance)

Timothy Cadogan-Cowper, First Secretary, Development Cooperation (Governance)

Francisco Soares, Senior Coordinator, Governance

Acacio Pinto, Senior Officer, Economic Policy and Statistics

Diana Nelson, Director, Timor-Leste Section, DFAT Canberra

### **The Asia Foundation**

Susan Marx, Country Representative

Todd Wassell, Deputy Country Representative

Satorino Amaral, Program Coordinator, Local Governance

Antonio de Almeida, Program Officer

**Belun**

Luis Xiemenes, Director

Lorenzo Adelaide, Program Manager

**Luta Hamutuk**

Laurentino Alves, Project Coordinator, PNDS Monitoring

Alex Freitas Alves, Researcher

Domingas Nunes, Finance Officer

**Program for Human Development**

Sonia Litz, Team Leader

Chris Serjak, Deputy Team Leader

**Roads for Development**

Simon Done, Road Engineering Specialist

**TOMAK (Farming for Prosperity)**

Richard Holloway, Team Leader

## Annex 2 Evaluation questions allocated for each stakeholder

Overall Question	Specific Evaluation Questions	Relevant stakeholders
1. <b>How substantial and valuable are the outcomes of PNDS-SP in the first phase (2014-2016)?</b>	<p>A. What have been the two or three best things that PNDS-SP has done to support your work?</p> <p>B. What have been the top achievements by PNDS-SP so far? (e.g. support to systems approaches, field support teams and other resources/capacity, monitoring and reporting, partnerships, other)</p> <p>C. Have the achievements been reasonable in the context given available resources?</p>	<p>A - PNDS personnel at all levels (PNDS-Secretariat, Facilitators, Coordinators, Field Support Team members)</p> <p>A to C - All other stakeholders</p>
2. <b>What were the barriers and enablers that made the difference between successful and disappointing outcomes?</b>	D. What factors have contributed to progress/achievements made to date (being clear about the distinction between PNDS and PNDS-SP)? (this should pick up both positive and negative factors, good and difficult things, so in discussion, ask for both)	All stakeholders, particularly those with a national perspective
3. <b>What were the unexpected outcomes (positive or negative) of the program in the first phase?</b>	E. Have there been any unexpected results of PNDS-SP's work?	<p>PNDS personnel at all levels</p> <p>All other stakeholders</p>
4. <b>How have GoTL priorities changed since 2012 and how has that impacted upon PNDS-SP?</b>	F. What has changed in the GoTL context relating to the work of PNDS and PNDS-SP?	GoTL – Ministry, PNDS Secretariat and District Coordinators as well as PNDS-SP
5. <b>How has the PNDS program changed and how has that impacted upon PNDS-SP?</b>	G. What difference have the above changes meant for PNDS-SP so far?	<p>PNDS Secretariat</p> <p>PNDS-SP, Cardno</p> <p>DFAT</p>
6. <b>What is the appetite (GoTL) for PNDS-SP to be a flexible and responsive program?</b>	H. What are GoTL's current and future priorities for PNDS-SP? (prompts, depending on stakeholder – consider other donor partnerships, resource commitments, national/sub-national balance etc?)	GoTL – Ministry and PNDS Secretariat
7. <b>To what extent should PNDS-SP prepare for and respond to emerging opportunities to work with other donor programs?</b>	(as per G and H above)	GoTL, DFAT, PNDS-SP

8. To what extent can the Australian Embassy in Dili leverage PNDS-SP to maximise synergies with its other programs i.e. TOMAK and the PHD?	I. How can the Australian aid program maximize benefits to Timor Leste in the broader aid program, through PNDS-SP, particularly at suku level?	DFAT
9. Is the current program theory for PNDS-SP still relevant?	(sub-set of G. and H. above)	DFAT, GoTL, PNDS-SP
10. Are the current PNDS-SP End of Program Outcomes still relevant?	(sub-set of G. and H. above)	DFAT, GoTL, PNDS-SP
11. To what extent is the balance right on technical assistance in terms of international versus national staff?	J. What tasks are being done by non-Timorese now and could or should be undertaken by Timorese?	Use prior reports as main source of information and then briefly ask PNDS Secretariat and PNDS-SP for views on current and future roles
12. To what extent is the balance right in terms of a national versus sub national focus?	Sub-set of F above	Use prior reports as main source of information and then briefly ask PNDS Secretariat and PNDS-SP as well as Cardno, DFAT and TAF for views on current and future focus
13. Is the current size, structure and focus of the Field Support Teams still appropriate?	(sub-set of H)	PNDS Secretariat, PNDS-SP  PNDS Facilitators, Field Support Team, District Coordinators
14. Are the current PNDS-SP corporate support structures, functions and staffing optimal?	(sub-set of H)	PNDS Secretariat, PNDS-SP  PNDS Facilitators, Field Support Team, District Coordinators
15. What is the appetite (Australian Embassy, Cardno) for Cardno managed activities to be flexible and responsive to GoTL?	(sub-set of H)	DFAT, PNDS-SP/Cardno
16. During phase 1, to what extent did the TAF partnership complement other activities (Australian Embassy, Cardno, World Bank) in the PNDS-SP?	K. What has been learned from the partnership with TAF to date in terms of deliverables/outcomes, partnership and future opportunities?	TAF, DFAT, World Bank, PNDS-Secretariat, PNDS-SP



17. To what extent has the TAF partnership provided flexibility and responsiveness to PNDS?	(sub-set of I)	TAF, DFAT, World Bank, PNDS-Secretariat, PNDS-SP
18. For the next phase of PNDS-SP, what are the opportunities and areas of critical need in research for PNDS and monitoring of PNDS?	(sub-set of I)	TAF, DFAT, World Bank, PNDS-Secretariat, PNDS-SP
19. What are the risks for PNDS-SP in the emerging issues and new priorities impacting PNDS (such as GoTL 2017 election, GoTL decentralisation and other donors' programs using PNDS systems)?	L. What might/could go wrong and what mitigation steps can be taken at this stage?	GoTL, PNDS Secretariat, PNDS-SP, DFAT
20. What risks emerge in changes to the PNDS-SP (as recommended by this review)? How should those risks be managed?	(as per J.)	GoTL, PNDS Secretariat, PNDS-SP, DFAT

## Annex 3 Workshop Outline

**Date:** Tuesday 29 November 2016

**Venue:** Program Office

**Participants:** Australian Embassy officials involved in program support and PNDS-SP senior team members

### **Objectives**

1. To achieve shared understanding of key elements of PNDS-SP progress to date and the current context
2. To consider options if infrastructure grants are not provided by the Government of Timor-Leste in 2017
3. To help the Australian Embassy to prepare for decision-making about priorities for 2017 and beyond.

### **Workshop process**

1. Consider draft 1-page summary of findings to MTR date and in small groups, discuss whether key aspects have been included. Is there anything missing?
2. Brainstorm: what have been the key factors that have contributed to success so far?
3. Quick summary of suggested areas for next phase of PNDS-SP.
4. Brief presentation from PNDS-SP Senior Management Team on opportunities for the calendar year 2017.
5. Facilitated discussion about options and other elements that could be prioritized for 2017.
6. Wrap up discussion about next steps for:
  - a. Australian Embassy officials
  - b. PNDS-SP Senior Management Team
  - c. Mid-Term Review Team

## Annex 4 List of documents reviewed

**PNDS-SP Design and annexes 2013**

**PNDS-SP Aid Quality Check 2015**

**PNDS-SP Aid Quality Check 2016**

**PNDS SP Annual Progress Report 2015**

**PNDS SP Annual Progress Report 2016**

**PNDS-SP Annual Operations Report 2015**

**PNDS-SP Annual Operations Report 2016**

**PNDS-SP Monitoring and Evaluation Framework**

**Cardno Partner Performance Report 2014-15**

**Cardno Partner Performance Report 2015-16**

**PNDS-SP Monitoring Review Group reports #1, #2 and #3**

**PNDS-SP Socio-economic Impact Study 2016**

**PNDS-SP Technical audit report 2015**

**PNDS-SP Technical audit report 2016**

**PNDS factsheets 2016**

**TAF concept note: M&E for Local Development 2013**

**TAF reports for PNDS**