

WORKING PAPER 1: EAST TIMOR

INDEPENDENT EVALUATION OF AUSTRALIAN AID TO WATER SUPPLY AND
SANITATION SERVICE DELIVERY IN EAST TIMOR AND INDONESIA

DECEMBER 2009



Australian Government

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A list of key contacts is provided in Appendix D.

ABBREVIATIONS

ACR	Activity Completion Report
ADB	Asian Development Bank
AusAID	Australian Agency for International Development
CAP	Community Action Planning
CVTL	Cruz Vermelha de Timor-Leste—East Timor Red Cross Society
CWSSP	Community Water Supply and Sanitation Program
DNSAS	National Directorate of Water and Sanitation (Nacional dos Serviços de Água e Saneamento)
EIA	environmental impact assessment
FY	financial year
GDP	gross domestic product
GoET	Government of East Timor
ICR	Independent Completion Report
IDSS	International Development Support Service
IDP	International Displaced Persons
IMF	International Monetary Fund
JICA	Japanese International Cooperation Agency
MC	Managing Contractor
MDG	Millennium Development Goals
NDI	National Democratic Institution
NGO	non-government organisation
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
O&M	operations and maintenance
OPE	Office for the Promotion of Equality
PEFA	Public Expenditure and Financial Assessment
PPP	Purchasing Power Parity
RWASH	Rural Water Sanitation and Hygiene
RWSS	rural water supply and sanitation
RWSSP	Rural Water Supply and Sanitation Program
RWSSP–SS	Rural Water Supply and Sanitation Program–Sector Study
SAS	Serviço de Águas e Saneamento
SIP	Strategic Investment Plan
SISCA	Integrated Community Health Services System
TA	technical assistance
TOR	terms of reference
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UNTAET	UN Transitional Authority
USAID	United States Agency for International Development
WASH	Water Sanitation and Hygiene
WHO	World Health Organization

Country summary—East Timor	
Population ¹	Estimate (2008): approximately 1.1 million.
Area	15 007 km ² including two islands and the enclave of Oecussi.
Ethnic groups, languages and religions	Ethnic groups: Austronesian (Malayo-Polynesian), Papuan, Chinese minority. Languages: Tetum (official), Portuguese (official), Indonesian, English. About 16 Indigenous languages—Tetum, Galole, Mambae, and Kemak—are spoken by significant numbers of people. Religions (2005): Roman Catholic 98%, Muslim 1%, Protestant 1%.
Gross domestic product (GDP) per capita ²	Purchasing Power Parity (PPP) estimate (2008): USD 2,500. Nominal value estimate (2008): USD 421. Comparisons (2008): Uganda USD 469, Kiribati USD 709, Australia USD 50 150.
Key poverty statistics ³	About 50% of the population lives below the basic needs poverty line of USD 0.88 per day. About 33% of the population lives below the extreme poverty line of USD 0.71 day.
Key human development statistics	United Nations (UN) Human Development Index rank: 150 out of 177. Adult literacy rate: 58.6% (male 56.3%, female 43.9%). ⁴ Average life expectancy: 56 years.
Government and administrative divisions	Direct elections of President; National Parliament elected by party list proportional representation. 13 districts, 65 sub-districts, 443 <i>suco</i> (towns or villages), and 2336 sub-villages or hamlets (<i>aldeia</i>). Decentralisation being piloted. The national government is responsible for urban water supply and sanitation; rural water supply and sanitation is, in theory, community-managed.
Water supply coverage ⁵	Millennium Development Goal: 86 per cent of urban population and 75 per cent of rural population with sustainable access to safe drinking water by 2015 Population with access: total: 66.5%. In urban areas: 77%. In rural areas: 56%
Sanitation coverage	Millennium Development Goal: 60% of urban population and 40% of rural population with access to basic sanitation by 2015. Population with basic sanitation total: 48% in urban areas: 64%. In rural areas: 32%

1 July 2008 estimate at <https://www.cia.gov/library/publications/the-world-factbook/geos/tt.html> Accessed 1 March 2009. Population, area, ethnic group and religion data from this source.

2 PPP data from source cited in Footnote 1. Nominal estimates from International Monetary Fund (IMF) World Economic Database accessed 4 March 2009. Summarised at [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(nominal\)_per_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)_per_capita)

3 Government of Timor-Leste, Ministério das Finanças, Direcção Nacional de Estatística and World Bank. Timor-Leste: Poverty in a young Nation. Preliminary Draft. November 2008. p. 3.

4 United Nations Development Program (UNDP) (2006). Timor-Leste 2006 Human Development Report. The Path out of Poverty: Integrated rural development. p. 15. Overall literacy estimate from Footnote 1 source, male and female rates based on 2004 data.

5 Millennium Development Goals from Government of Timor-Leste, Millennium Development Goals Where are we now? 2005. Data for water supply and sanitation coverage from World Health Organisation, Country Status Report, <http://www.wssinfo.org/en/watquery.html> accessed 29/11/2008

EXECUTIVE SUMMARY

Background

Achievement of key human development indicators depends on the supply of essential services such as healthcare, education, and water supply and sanitation. In fragile states⁶, service delivery can help support democracy; contribute to peace and security and increase government credibility. Although much international aid is aimed at improving service delivery and related human development indicators, the results are mixed. This evaluation assesses the performance of the national sector as well as the performance of external assistance. It focuses on rural services because Australia's contribution has been predominantly to rural areas. The evaluation seeks to identify the key factors that influence aid effectiveness to the water supply and sanitation sector in East Timor. Based on the evaluation, this report provides recommendations for Australian support to the sector in East Timor and for wider application to Australian support for the sector in comparable countries.

Country context

Seven years after attaining independence, East Timor is still considered a fragile state. It suffers from a severe lack of infrastructure and services, substantially reduced capacity of its state institutions and intermittent violent conflict. Poverty has increased in East Timor in recent years, particularly in rural areas. The state is revenue rich, but capacity poor. Administrative capacity and the economy's absorptive capacity are such that investment spending remains low. Communities are active in identifying areas of concern but the Government is often unable to respond due to lack of financial and human resources. Citizens hold a widespread view that the public sector is unresponsive to their needs and that they are unable to hold it to account.

Sector performance

Increased revenues from oil production have not yet been directed to water and sanitation activities. Plans for the near future involve significant investment in energy and related infrastructure. Most external support to the water and sanitation sector is channelled outside of government systems.

Like most sectors in East Timor, water and sanitation service provision is constrained by a lack of qualified civil servants and recurrent budget and insufficient administrative systems. Private provision is inhibited by extreme poverty in many areas and an extremely weak private sector.

Some progress has been made in the sector since independence, mainly due to donor and non-government organisation (NGO) efforts. Coverage estimates are the worst for rural sanitation at only 10 per cent, and best for urban water supply at 45 per cent. Only 41 per cent of the rural

⁶ "States are fragile when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations" (OECD DAC Principles for Good International Engagement in Fragile States, 2006: 6).

population has access to an improved water supply.⁷ There are indications that coverage has decreased in the past 10 years, although clear data is absent. New schools and health centres have been built without sufficient access to water.

Unit costs for water supply are reasonable compared to the cost in neighbouring countries and considering the remoteness of many communities. Functionality varies from 10 per cent to 70 per cent depending on the data source. There is some evidence that true functionality is near the lower end of this scale (surveys finalised in 2008 concluded that 28 per cent of the systems constructed largely under the Community Water Supply and Sanitation Program (the CWSSP) in two districts remained fully functional).⁸ Systems tend to retain functionality longer when they use simple technology that is easy to repair, where the supply of water is secure, and where operations and maintenance (O&M) activities are regularly carried out. Currently, few user groups are functioning well enough to ensure cost recovery sufficient for basic O&M. Consumers do not generally pay for water services, except where user groups are functioning.

Institutional arrangements

The Infrastructure Ministry takes the lead in water supply and urban sewerage. The sanitation and hygiene education sub-sector is led by the Health Ministry. According to independent assessments, the lead organisations perform better than many government bodies and interdepartmental coordination is improving. There is a recognition that lack of recurrent budget for basic operations and inadequate managerial skills are the key factors constraining public sector performance in the water and sanitation sector. Local government reform will provide a new legal framework for the sector—while it is currently in process, its ultimate direction and timeframe is unclear.

Civil society plays a vital role in rural water supply and sanitation. NGOs play a large role in implementing community-managed water supply and sanitation projects. NGOs have the advantage of being able to provide infrastructure and mobilise communities. However, where this service provision is de-linked from local government there are poor prospects of post-construction support and the service delivery role of local government is undermined.

Strategies, policy, laws and regulations

Water and health sector investment plans prepared under the previous government were abandoned leaving the sector without clear direction. Medium-term district plans prepared in 2004 with the help of AusAID are still being used, but they have not been updated.⁹

Strategies are in place for the water and sanitation sector and for the health sector as it relates to hygiene promotion. In general, sector-related strategies tend to describe the ideal, but do not give a clear roadmap for achieving it given present constraints and institutional realities. The sector

⁷ Data for water supply and sanitation coverage from the Government of East Timor, DNSAS 'Strategic Investment Plan 2007' (SIP) draft pp. 17–18. The data for sanitation coverage are 2007 estimates based on 2004 data (stating no improvement since 2004).

⁸ Triangle Génération Humanitaire. (2008). 'Manatuto District Rural Water Supply Management Survey' Contract n° RDTL-07-06-206-C-0223—Final Report. (Survey data completed December 2007). p.3.; Oxfam. Covalima District Rural Water Supply Management—Phase 1 Contract no. RDTL-07 06-206 C-0224 Ref: RDTL 75938. 30 September 2007–30 March 2008.

⁹ Verbal communications with DNSAS. December 2008.

strategy has been developed with donor support and is too closely related to donor projects rather than government operations.

The main weakness of the regulatory environment is that responsibility for O&M is not well defined and therefore is open to conflicting interpretations. There is inadequate political leadership and capability to ensure payment of basic services and a low immediate budget priority for the sector. This means that very limited expansion or maintenance can be performed using government resources at present.

Gender issues for the sector

The East Timor Constitution promotes equality of men and women but the reality is very different. Women bear most of the burden related to family water and sanitation needs but have comparatively little influence on its management. Men usually lead water user groups, although women are included as members, often as the treasurer and/or health and hygiene promoter. Traditional gender attitudes tend to dominate and impede opportunities for women to participate in building, maintenance and leadership roles.

External support to the sector

Between 2002 and 2008, USD 1.78 billion in emergency aid and development assistance was allocated to East Timor. In the water and sanitation sector Australia, the Asian Development Bank (ADB) and the Japanese International Cooperation Agency (JICA), are the three largest external development partners. Donor activities in the water and sanitation sector are relatively well coordinated and the sector is not as crowded as most. Delivery is predominantly through managing contractors and NGOs using a project modality separate from the Government's own program.

Australian support to the sector

Australian support to the sector stretches back to pre-independence with a series of projects that supported rural and urban water supply and sanitation. Australia is the largest donor to the rural water supply and sanitation sector, contributing more than USD 46 million since 2003.¹⁰

Since independence in 2002, Australian support has been in the form of two projects—the Community Water Supply and Sanitation Program (the CWSSP), from 2002 to 2006, and the Rural Water Supply and Sanitation Program (RWSSP), which started in 2007 and is scheduled to run until 2012.

Effectiveness of Australian support to the sector

Australian support has, for a long time, been responsive and engaged. Australia has a lead donor role in the sector and has used it well to coordinate external assistance; harmonisation in the sector is impressive as a result. All major external efforts are consistent, follow similar policies and do not place conflicting demands on government. Project staff members have taken a

¹⁰ This figure is according to East Timor's Registry of Foreign Assistance (Appendix B, Table 7).

pragmatic and flexible approach and have actively encouraged coordination and cooperation among institutions.

AusAID projects have supplied water and sanitation services to some of the poorest and most remote communities. By targeting funds to rural projects, AusAID is effective in targeting where most of the poor live. Approximately 50 000 people were served by the schemes built. A quick survey in 2006 by the Australian Managing Contractor (MC) concluded that 90 per cent of the CWSSP water supply systems constructed between 2002 and 2006 were functional and that 70 per cent of the toilets were still being used. Surveys carried out in 2008 indicate that about 28 per cent of systems were functional and about 50 per cent partly functional. The first rural water and sanitation project was redesigned to include health objectives; however, the health benefits of water and sanitation provision are still unknown, as follow-up evaluation has not yet been carried out.

There has been a tendency for AusAID activities to remain focused on emergency phase modalities that focus on fast delivery of services with less attention to sustainability and institutional capacity building. District-centred prioritisation and participatory planning were supported and social approaches partially institutionalised in government systems; however, other core government systems were not improved significantly. There is little documentation on current government capacity and what kind of support is required to improve capacity.

Around two-thirds of the total budget for the RWSSP is allocated to providing technical assistance personnel who carry out project design, manage the financial and human resources and directly implement the project. The unit cost for physical and social interventions is reasonable at USD 80 per person. When factoring in the total cost, including Technical Assistance (TA), scholarships and capacity building; however, the cost rises to USD 260 per person, which is very high. The proportion for TA is quite high and there is a lack of supporting analysis of the need for this level of TA.

AusAID's two main projects in the sector have been thoroughly monitored and for the most part this evaluation agrees with the findings. The Activity Completion Report for the CWSSP was found to have been overly generous in its findings, tending to give a positive assessment for uncertain factors where the data was unknown. Some changes have been made to the activities of the subsequent RWSSP based on issues raised in assessments; however, other aspects have been overlooked in subsequent project design. A four-phase approach to capacity building and alignment has been included in the RWSSP whole project life work plan; it remains to be seen whether this will indeed be a principal approach in the project.

The monitoring and evaluation design for RWSSP is overdesigned and focuses on project monitoring rather than sector monitoring. A sector monitoring approach could serve as a performance measurement framework to which the Government and AusAID could be held accountable.

Sustainability is still a crucial issue for Australian support to the sector; if for instance, less than 10 per cent of user groups formed are still operational as one source indicates. Without a functioning user group, community management will fail. There are no alternative operations and maintenance procedures in place, so eventually the water and sanitation systems will also fail.

Evidence was found in early monitoring activities that operations and maintenance was not being performed on project completion and that user fees were not being recovered.

Alignment

Due to the fragility of states such as East Timor, it may not be possible to align completely to country systems in the short term; however, activities can be designed to promote conditions required for future alignment. The original project concept and agreement between Australia and East Timor for the current activity notes that a phased approach to moving from project to full integration with national systems should be used. The use of a phased approach would ensure government systems are tested and improved over time. This concept seems to have been abandoned during the design phase.

As a result, the projects have aligned with community priorities but not so well with government priorities and the institutional realities of the sector. Projects are run in parallel to government programs rather than supporting existing institutions, and the Government does not have a lead role. Another consideration may be how projects can be used to reduce conflict or fragility in some communities. On the one hand, successful delivery of services can mitigate conflict (but requires more sustained attention to overcoming it); on the other hand, the most successful projects are likely to be in cohesive communities. Balancing these concerns may require additional project criteria, and this could be made more explicit in the RWSSP.

For the most part NGOs are used to implement projects. This strategy is necessary in the short term to make up for lack of government capacity; however, in the long term it is unsustainable without continued external support. It also risks marginalising the emerging role of local government.

Recommendations

A gradual approach to improving the sector based on present realities and aimed at resolving challenges in O&M and cost recovery over time is needed. Further analysis is required to determine the correct balance between the longer-term benefits of using government systems, and the short-term benefits of using project systems that focus more strongly on service delivery. A gradual shift from project to government systems and from financing delivery to financing capacity building is desirable. This will require determining the performance and capacity benchmarks that will trigger movement through a phased approach to alignment.

Project implementation by international NGOs will often be the most appropriate modality in fragile states; it is important, however, to ensure that greater attention is paid to sustainability. It may be necessary to rehabilitate and/or build models of local management for the O&M of emergency works so they can serve a more permanent function.

As development progresses, objectives should begin focusing more on empowering the government, civil society and the private sector to fulfil their roles. At an operational level, this will mean that the modalities will change from stand-alone project and donor executed approaches to relying on national execution with the provision of technical assistance and the

introduction of safeguards based on an analysis of the weaknesses of the national systems. Detailed recommendations are in Chapter 4 and summarised below:

Recommendations for AusAID

AusAID support to East Timor	<ul style="list-style-type: none"> > Take up sector dialogue on i) operation & maintenance, ii) transition strategy, iii) sector coordination and, iv) sector monitoring and evaluation > Provide assistance to the sector to implement improvements in the sector dialogue issues above. > Screen project sites to improve poverty targeting, sustainability (4 factor filter), and cost effectiveness > Increase the post construction mentoring period > Provide transparent information on budget and simulate integration with government planning using the original phased design for alignment. > Give government a higher profile and greater leadership especially at district level.
Australian support to water supply and sanitation in fragile states	<ul style="list-style-type: none"> > Focus first on harmonisation and then alignment > Adjust support modalities when emergency phase is over and development phase begins > Be prepared to support delivery of basic services via project modalities but don't de-link government from provision of services and post construction support > Consider extensive use of NGOs for project implementation and medium-term community support and an MC for management of the support > Undertake analysis to determine the balance between use of government and project systems and between service delivery and capacity building. Favour a gradual shift from project to government and from financing delivery to financing capacity building.

CHAPTER 1: INTRODUCTION AND CONTEXT

The 2007 Annual Review of Development Effectiveness produced by AusAID's Office of Development Effectiveness (ODE) identified that despite the large proportion of international development aid given to improving service delivery in many cases services and related human development indicators have not improved and, in some cases, have actually worsened. In response to these findings, and the planned increase in the Australian international aid budget, the ODE identified the need to evaluate the performance of the Australian aid program in three key sectors: health, education, and water supply and sanitation. This is the country sector report for East Timor for the water supply and sanitation sector.

East Timor was chosen as one of two case study countries for several reasons, including its strategic importance to Australia, the length and relatively high level of Australian funding to the sector, and its value in demonstrating the effectiveness of aid modalities within fragile states.

The East Timor country evaluation took place in December 2008. Key stakeholder interviews and meetings were held in Dili and field visits were made to Viqueque and Bobonaro districts to see typical installations of Australian support. Other field visits were made to see typical NGO and government supported installations and compare different modalities and approaches.

This country report sets out to assess the water supply and sanitation sector performance and explore the issues that affect its performance. It provides the basis for assessing with greater precision the effectiveness of external assistance to the sector, with a specific focus on Australia's contribution. The focus of the evaluation is on rural water supply and sanitation, mainly because Australia's work has been mostly within rural areas. Findings on national sector performance and the effectiveness of external aid are presented in Chapters 2 and 3 respectively. The recommendations presented in Chapter 4 are separated into sections including:

- > Australian support to the sector in East Timor—funding and policy dialogue
- > those with potential for wider application to Australian support to the sector in other countries.

The evaluation does not assess in-depth any one project, but rather uses examples from key projects to evaluate effectiveness of assistance to the sector.

East Timor is a fragile state. The referendum in 1999 was followed by a traumatic period where much of the state infrastructure, including water supply and sanitation, were damaged. At the same time, the administrative and technical skills of the public service were hollowed out as more than 7000 civil servants left for Indonesia. Like most other sectors, the water and sanitation sector was left without enough experienced and qualified civil servants. And the productivity of the remaining staff is reduced as they are without sufficient recurrent budget, supportive administrative systems and the capital resources needed to fulfil their mandate.

Protests and unrest have left a legacy of services, such as water and electricity, not being paid for. Disruption and discontinuity have further lowered the capacity of government at all levels to respond to demand for improved services. Significant progress in establishing sector institutions was made in the years following independence (from 2002 to 2006). However, some of this progress was undone by the turmoil in 2006 and the subsequent change in government. Only now is the country starting to return to pre-2006 levels of business confidence. In the government

sector, ministries have been reorganised and new strategic processes have begun. Of great importance for the water and sanitation sector is the process of local government reform and the efforts at improving public financial management and the performance of the civil service.

State revenue has increased in recent years as oil fields came under production. The water and sanitation sector has yet to benefit directly from increased budgets, however, as other areas of infrastructure, such as power generation, are taking precedence.

The Ministry of Finance estimates that more than USD 2 billion has been received in foreign aid since independence and notes that this has not yet translated into the improved services needed to reduce poverty and sustain peace and democracy. There is concern that too much assistance has been channeled as capacity building rather than as investment.

According to a recent report,¹¹ poverty in East Timor has increased rather than decreased in the last 10 years. The report shows that although poverty is widespread and present in all areas, there are concentrations of extreme poverty in the central and western rural areas where more than 60 per cent of the population fall below a national poverty line of USD 0.88 per day.

¹¹ World Bank, 'Timor-Leste: Poverty in a Young Nation', November 2008.

CHAPTER 2: FINDINGS ON THE PERFORMANCE OF THE WATER AND SANITATION SECTOR

2.1 Assessment of the national sector framework

The national sector framework is the set of national policies, laws, strategies and guidelines together with the institutions and systems that make them work, including the budgets, plans and programs that guide expenditure in the sector.

The national sector framework was assessed as part of the country evaluation because it is recognised that external aid effectiveness and appropriate modalities are linked to how well the national sector framework is conceived and how well it functions. Any evaluation of how well external support is aligned to government systems must also start with an assessment of the sector constraints, how suitable government systems are, and which, if any, opportunities are presented or have been overlooked, for closer alignment.

Policy

A number of policies have been drafted but, for the most part, they stalled before being officially approved. A draft National Water Policy,¹² for example, has been prepared, but not adopted by the Council of Ministers. An implementation strategy and action plan for the policy was drafted with support from the ADB in 2005, but it has not yet been implemented.

The draft National Water Resources Policy is based on the principle of integrated water resources management and includes some 40 supportive principles that reflect international best practice. Within sanitation, the health sector has developed policy-level documents that stress the importance of water, sanitation and hygiene promotion in reducing disease.¹³

Legal framework

The legal framework on decentralisation and territorial planning provides the context for the rural water supply and sanitation sector. The Ministry of State Administration is leading the local government reform process, which foresees an increased role at district and municipal levels for water and sanitation implementation.

A draft National Water Resources Law¹⁴ has been prepared but like the water policy, the Government of East Timor (GoET) has not formally approved it. Decrees on water services,¹⁵ sanitation and other areas have been approved and are in force. Indonesian law is deemed to cover gaps in the East Timor legal framework, which in theory at least gives the sector broad legal coverage.

¹² GoET. Draft National Water Resources Policy, 2004.

¹³ GoET. Health Sector Strategic Plan 2008–2012, September 2007.

¹⁴ GoET. Draft Water Resources Management Decree, June 2002 (referred to as the draft water law).

¹⁵ GoET. Decree on Water Services, April 2004.

The decrees and regulations are broadly speaking appropriate and reflect the intentions of the draft National Water Resources Policy. The legislation is incomplete because it is mostly geared towards urban areas with less focus on rural areas. The main weakness of the regulatory environment is that responsibility for O&M is not well defined. Urban O&M (covering district capitals and Dili) is clearly the responsibility of the DNSAS and rural systems (which are not defined as to technology, complexity or size of system) are supposed to be community managed. In addition, decentralisation may further muddy responsibilities. It is clear, however, that:

1. rural communities require clearly defined medium-term support, especially for community management models
2. larger, complex, and peri-urban communities may require different O&M models.

Responsibility for this crucial aspect of investment should be more clearly defined, and, as necessary, national budget provided.

Strategies, guidelines, programs and plans

The IV Constitutional Government's program guides the water and sanitation sector. In relation to water, sanitation and environmental health it proposes to:

- > legislate on water and sanitation
- > rehabilitate existing water treatment and sanitation facilities
- > build new water treatment and sanitation facilities
- > perform maintenance on such facilities
- > develop transversal policies that may have a bearing on human health such as health education.

District water and sanitation plans were prepared in 2004 and, while still being used, have not been updated. Water and health sector investment plans were prepared under the previous government but have been abandoned; they will be replaced by the plans to be formulated through sector working groups. At present, the DNSAS encourages district-based prioritisation of planning using a standard screening form. District priorities are then assembled at the national level and then all districts participate in vetting them and making final selections.

The health sector's strategic plan¹⁶ for 2008 to 2012 (September 2007) is being updated. This plan, which recognises water and sanitation as one of five most significant determinants of health and gives priority to health and hygiene promotion, has not been allocated any budget.

In 2008, the GoET approved a rural water supply, sanitation and hygiene strategy,¹⁷ drafted with assistance from Australia. As presently formulated, the strategy is orientated towards providing a supportive environment for RWSSP rather than as a national strategy (although future versions can be adjusted). A comprehensive set of guidelines for the sector are in place and being used by government staff. A more user-friendly version is needed for the local level. There is a National Strategy for Health Promotion (April 2004) and a National Strategy for Environmental Health

16 GoET, Health Sector Strategic Plan 2008–2012, September 2007.

17 GoET, Rural Water Supply, Sanitation and Hygiene Strategy 2008–2011, 2008.

Promotion (May 2006). The newly launched Integrated Community Health Services System (SISCA) emphasises a participatory approach where hygiene and sanitation is integrated into overall health messages. National priorities for 2009 include having 50 per cent of SISCA monthly health clinics operating and supported by the RWSSP.

A general comment is that many sector-related strategies describe what the ideal situation would look like but they do not articulate how to get there given present constraints and institutional realities. An example is the recently endorsed rural water supply strategy that outlines a number of functional areas. The strategy, however, does not necessarily reflect the current institutional set up—the functions it outlines as being required do not reflect the system of national accountability and are, as a result, unlikely to become operational.

Institutions

The national institutional framework is governed by the organic law of 2007,¹⁸ which sets out the structure of the current constitutional government and outlines the jurisdiction and responsibilities of each ministry. Appendix B summarises the main institutions involved in the water sector and their mandates. The Ministry of Infrastructure, through the DNSAS, for example, has the lead role in water supply and urban sewerage and the Ministry of Health has the lead role in sanitation and hygiene education through its environmental health and health promotion departments. There is also a district based health service and the SISCA system uses family health promoters based on volunteers at village level.

The capacity of the lead organisation, the DNSAS, is greater than many government bodies. There are competent technical staff members who have an unbroken record of service since the early 1990s and who have been trained under the Indonesian system, many with the help of earlier AusAID projects. The standard of planning and documentation is sound and reflects regional practice. The Ministry of Health is another area of public service where the capacity is comparatively greater than in other branches of Government.¹⁹

There is a plan to amalgamate districts and sub-districts under larger municipalities as part of the local government reform process. Municipal assemblies will be served by municipal administrations. Constituent *sucu* (village level) councils are advisory bodies that are consulted and can make recommendations to local government bodies. Local government reform could create a dynamic and complex environment for the sector and once fully implemented could enable the sector to decentralise responsibility even further.

Coordination between the water, health and education functions in Government is improving and regular meetings taking place. The level of information exchange, however, could still be improved and better coordinated, including for example, with NGOs.

The private sector is weak across East Timor, especially in rural areas. In the absence of a robust private sector, most rural water supply and sanitation projects are implemented by NGOs (usually international with some support of local NGOs). This is a temporary solution, which

¹⁸ http://www.mof.gov.tl/en/docPub/Decree_Law_Structure_of_IV_Constitutional_Government_RDTL.pdf

¹⁹ AusAID, 'Review of Public Services in Timor-Leste'. Draft report. December 2008. . 14.

offers advantages as the NGOs can provide assistance to build simple infrastructure and to support community mobilisation.

Civil society plays a crucial role in rural water supply and sanitation. Water user groups have been set up in project areas but for the most part do not function except in the most cohesive of communities. Many communities have been displaced several times in the last 30 years and are divided by conflicts, both recent and traditional. There is an absence of strong NGO advocacy in the sector.

Consumers are generally not paying for water services, except for those living in the more remote and cohesive rural communities.

Budgets

Although poverty in East Timor is high, the country has a considerable bulwark in the form of petroleum income. The Petroleum Fund (set up in 2005 to protect national patrimony revenues from oil leases in the Timor Sea) had assets of about USD 4.2 billion as of 30 December 2008 and in August 2008 the Parliament approved a transfer from the fund of not greater than USD 686.8 million for a 2008 ‘rectified’ budget totalling USD 788.3 million. The issue of withdrawals from the Petroleum Fund and “estimated sustainable funding” has prompted a court case as well as speculation that if large budgetary transfers increase; the fund will not last long.²⁰ The most recent formal IMF review concludes: ‘While the government has the financial resources to increase needed investment spending, administrative capacity is weak and the economy’s absorptive capacity is limited.’²¹ Salient public financial management issues are the Government’s ability to plan for both the short- and medium-term (there were six major budget processes between May 2006 and October 2008) and its ability to effectively implement (execute) budgets. The total budget of the DNSAS for 2008 was set at USD 3.5 million (of which the capital development budget was USD 1.5 million), about 0.4 per cent of the total government budget. Donor financing for the water and sanitation sector in 2008 is estimated at about USD 11 million.

Crosscutting aspects

Gender

Equality of men and women is promoted in the East Timor Constitution and the National Development Plan but the reality is very different.²² Women bear most of the burden related to family water and sanitation needs but have comparatively little influence on its management. Men usually lead water user groups, although women are included as members, often as the treasurer and/or health and hygiene promoter. Men dominate formal employment within the sector, not just the traditional technical jobs within the DNSAS, but also atypically in the Ministry of Health and in NGOs.²³ No women occupy senior technical positions in the DNSAS and they form only

20 See <http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm> viewed 3 April for a summary of petroleum fund issues.

21 IMF, ‘Democratic Republic of East Timor: 2008 Article IV Consultation—Staff Report.’ IMF Country Report no. 08/202, June 2008. Available at <http://www.imf.org/external/pubs/ft/scr/2008/cr08202.pdf>

22 ADB, ‘Gender and National Building in Timor-Leste’, Country Gender Assessment 2005.

23 RWSSP (2008). Community Development Issues Paper.

nine per cent of the Directorate's 205 permanent and temporary staff.²⁴ Within national NGOs, there are a small number of female facilitators, most of whom have less responsibility than their male colleagues. Traditional gender attitudes tend to dominate and impede opportunities for women to participate in construction, maintenance and leadership roles at the community and institutional level. Sector decrees and strategies recognise the central role women can play in providing, managing and safeguarding water, and the benefits to women in water collection labour and time, but are weak in their analysis, scope and influence on gender equality.²⁵ At the national level, the Secretary of State for Promotion of Equality is responsible for promoting gender equality and gender mainstreaming within the Government, which it attempts to do through gender focal points in each ministry and district. Establishment of focal points has been uneven due to low levels of support and guidance.

Environment

East Timor has a small population and is rich in natural resources, including water resources. The environment is fragile, however, and subject to degradation from deforestation and overgrazing which is causing soil erosion, landslides and flash flooding. There are few systems of safe waste disposal and groundwater is prone to contamination, especially in urban centres. The regulatory environment is weak as there is a lack of capacity and resources for ensuring monitoring and compliance with standards.

Governance

Governance is a key concern in East Timor, especially after the disturbances of 2006. Recent surveys show that citizens hold a widespread view that Government is unresponsive to their needs and is not being held accountable in the sector, partly due to reliance on NGOs for water service delivery.²⁶ Communities are active in identifying areas of local concern with water and sanitation problems, but community leaders and local government officials are unable to respond with solutions due to lack of financial and human resources. Key recommendations from the surveys were the need to: increase the coordination and presence of Government at the district level for delivery of water and sanitation; enhance the DNSAS's capacity to oversee the implementation of rural water and sanitation and set up coordination mechanisms for NGOs; and boost government resources to support implementation.

The DNSAS adopted and distributed manuals and guidelines for engaging communities on Community Action Planning (CAP) for water and sanitation, and establishing water user groups. These detailed manuals (developed under the CWSSP) include strategies for community engagement, the importance of incorporating gender and demography in community planning, sustainability measures such as infrastructure maintenance, and techniques for collecting and

24 Whalen, M (2008). Gender, Poverty and Social Inclusion Issues Paper. East Timor RWSSP.

25 Water Services Decree; Water Resources Management Decree; (former) Water and Sanitation Sector Investment Program, and the 'Health Sector Strategic Plan 2008–2012'.

26 National Democratic Institute (NDI) (2008). 'Making Democracy Deliver: How Citizens and Local Government Participate in Political Processes Surrounding Water and Sanitation Service Delivery in Timor-Leste'. An assessment report.' The NDI, Dili.

managing community resources, such as dedicated repair funds. However, the CAP has not been applied consistently by NGOs and the private sector.²⁷

Summary of assessment on the national sector framework

The main points that arise from this brief assessment of the national sector framework are that:

- > Although unfinished policy processes need to be revived, the main constraint is not at the policy level but at the implementation level.
- > Responsibility for O&M needs to be clarified in the water legislation.
- > Sector legislation places too little emphasis on rural water supply and sanitation.
- > Strategies and guidelines, while well drafted, have been developed through aid projects and—even when endorsed by the Government—do not have ownership.
- > A transition strategy or roadmap is needed to gradually bring present practice up to the level envisaged by the strategies and draft policies.
- > District-based planning and the use of community-based approaches is well guided and domesticated within the water and sanitation sector.
- > Capacity in the sector is poor but visibly increasing. For example, the DNSAS was judged one of best performers in terms of public financial management in East Timor by a European Community survey.²⁸
- > The sector is planning significant district based staff increases (12 new district staff and 55 new sub-district staff).
- > Government capacity to improve the situation for sanitation is very weak. For example, the recurrent budget of the Department of Environmental Health has varied between USD 1000 and USD 7000.
- > Consumer attitudes to payment of services threaten the sustainability of the sector.
- > Although the private sector is weak, service provision by some NGOs appears effective in addressing short-term needs. A much larger scaling up will require much greater engagement of the private sector.
- > Civil society advocacy role is absent; and,
- > GoET budgets have been highly unstable in the last two years making it difficult to plan. For example, the 2009 water and sanitation infrastructure budget has swung wildly back and forth between USD 0.5 million to USD 1.5 million.

2.2 Assessment of sector performance

A major challenge for assessing sector performance is the lack of reliable data and the absence of a simple robust monitoring and evaluation system.

²⁷ AusAID (2007). 'Timor-Leste Rural Water Supply and Sanitation Program'. Synthesis paper and initial stakeholder feedback.' Draft January 2007. Dili.

²⁸ Linpico—European Commission, 'Public Financial Management Performance Report'. February 2007.

Coverage

Table 2.1 shows the coverage rates for East Timor and other countries in South East Asia for water and sanitation, according to the World Health Organization (WHO).²⁹

Table 2.1: Water and sanitation sector coverage

Sector/subsector		Coverage in 2004 (%)		
		East Timor	Indonesia	Cambodia
Water supply	Rural	56	69	35
	Urban	77	87	64
Sanitation	Rural	32	40	8
	Urban	64	73	53

Source: WHO 'Country Status Report'. www.who.int/tls/en accessed 29 November 2008.³⁰

Table 2.1 also shows that sector performance, in absolute and relative terms, is unsatisfactory although not the worst in the region. Data does not exist to measure the change in coverage over the past 10 years, but there are indications it might have decreased. This is due to a high rate of population growth and the large number of poorly functioning water supply and sanitation facilities that exist because of lack of proper maintenance.

The Ministry of Infrastructure reported that out of 600 schools surveyed in 2007, only 300 have adequate water and sanitation facilities. A Ministry of Education study in four districts revealed that only 25 per cent of the schools had functioning water supply and sanitation. New schools and health centres have been built without sufficient water.

Unit costs

The unit costs for water supply based on gravity fed systems supplying small communities with public taps varies from USD 35 to USD 80 per person depending on the distance to source and complexity of the scheme. Community mobilisation, hygiene promotion and post construction mentoring can add an additional 30 per cent to these costs, bringing total project related costs to between USD 45 and USD 120 per person. These cost levels are reasonable compared with Vietnam and Indonesia.³¹ Sanitation costs vary—self-built facilities cost under USD 5 per household and pour-flush facilities built with subsidies cost between USD 75 to USD 100 per household.

Functionality

According to 2008 surveys in two districts³² the functionality of small community-managed schemes, most of which were constructed through the CWSSP, is around 28 per cent (with

²⁹ WHO, Country Status Report. Available at: www.who.int/tls/en Accessed 29 November 2008.

³⁰ Note: Many national and international sources are based on estimates. WHO data offered for consistency; more recent national estimates place water supply at 41 per cent and 45 per cent of the rural and urban population, and sanitation coverage at 10 per cent of the rural population and 44 per cent of the urban population.

³¹ The average unit cost for piped schemes in Vietnam is between USD 35 and USD 50 per person and for Indonesia between USD 2 to USD 40.

³² NDI, 2008 op cit and Triangle Génération Humanitaire (2008). 'Manatuto District Rural Water Supply Management Survey'. Contract no. RDTL-07-06-206-C-0223— Final Report. (Survey data completed December 2007). p.3; Oxfam. Covalima District Rural Water Supply Management— Phase 1 Contract no. RDTL-07 06-206 C-0224 Ref: RDTL 75938. 30 September 2007 to 30 March 2008.

50 per cent partly functional). This varies widely, however, depending on the age of the system, the technology used, the presence of a cohesive community that recovers funds to pay for maintenance, water availability and the technical standard of design and construction. Generally, cost recovery is poor. While some 40 per cent of the communities in surveyed districts have water management committees, only 12 per cent are collecting funds. In urban areas, cost recovery is close to zero and in rural areas it is chiefly in the most remote, and ironically the poorest, communities, that 100 per cent cost recovery seems to occur. Surveys of other districts are being funded by the RWSSP.

Health in relation to the water and sanitation sector

Data on hygiene practice is unknown but anecdotal evidence suggests it is quite poor. A demographic survey planned for 2009 will include information on hygiene behaviour. The contribution of poor water and sanitation to the disease burden is unknown but estimated by the Ministry of Health to be very significant.

2.3 Issues in the national sector framework

Poverty targeting

Poverty is widespread and present in all areas both rural and urban. There is a concentration of extreme poverty in the remote rural areas of central and western East Timor. In a number of districts in these regions, 60 per cent of the population is under the food poverty line of USD 0.88 per person. Although the sector lacks an explicit pro-poor strategy, it is effective in targeting the poor in the sense that those without water and sanitation are amongst the poorest.

Sector contribution to democracy and peace

The sector has the potential to make a considerable contribution to democracy and peace through the reliable delivery of services. This potential is not being met, however, in part because service delivery is slow and in part because external agencies often build schemes and then leave without making the district authorities aware of where the schemes are. Subsequently, when schemes need attention district authorities are unprepared to help, leaving the Government cast in a negative light. This in turn undermines efforts to strengthen democracy.

Sector dependent on whole of government processes

Although ongoing decentralisation, civil service reform and public financial management improvements are crucial to sector performance, the sector has relatively little influence on the pace of reform.

Operation and maintenance is very low

Sector coverage will not be able to increase with the present levels of O&M. A 2008 estimate for Manatuto district concludes that rehabilitating small systems would cost approximately USD 1.5 million, which is almost the entire annual capital investment budget for the central government.

This highlights the crucial need for O&M.³³ Increasing expenditure on O&M and rehabilitation will tend to channel subsidies to those who have water and away from those who do not. The culture of non-payment, if allowed to take root, will seriously affect sustainability.

A transition strategy is absent

A gradual approach based on present realities and aimed at resolving challenges in O&M and cost recovery over time is needed. A transition strategy or road map can: introduce a range of management models (both community and district assisted); broaden the acceptance of alternative technologies based on self-supply (such as rainwater harvesting at schools); clarify the O&M policy; and aim for greater levels of partial cost recovery (such as payment by institutional customers and households with individual yard taps).

Key policy and strategy processes are stalled

Although weaknesses in the policy, legal and strategic framework is not the primary bottleneck there will be a need in the short- to medium-term to revive some previous processes, such as sector investment planning, and to adjust the sector strategy and other documents to reflect the GoET's own priorities and objectives.

The private sector is weak or non-existent

For specialised equipment and skills, such as drilling boreholes and setting pipes or pumps, there is a small and shallow range of resources, mostly concentrated in or near the capital. There does not appear to be any private sector firm operating water supply systems. Shopkeepers outside the capital must therefore be persuaded to carry simple spare parts for piped water systems, sometimes with a guarantee that excess inventory will be brought back.³⁴ Encouraging the local private sector seems more likely with a stable investment program and favourable national procurement regulations than with special training programs restricted to the water sector.

2.4 Opportunities and constraints for external support to the sector

Assessment of the national sector framework and sector performance, and the key issues arising from this evaluation, leads to a list of potential opportunities and constraints for the provision of external support, as summarised below.

Opportunities

- > Presence of communities that are poor and yet cohesive enough to self-manage the O&M of services
- > Relatively strong capacity of the two lead government agencies (Ministry of Infrastructure and Ministry of Health)

³³ Triangle Génération Humanaire (2008). 'Manatuto District Rural Water Supply Management Survey' Contract no. RDTL-07-06-206-C-0223—Final Report. (Survey data completed December 2007). p. 66.

³⁴ WaterAid. Verbal communication 14 December 2009.

- > Strong NGOs that combine technical and social organisation skills
- > Emerging improvements in public financial management and civil service reform and decentralisation

Constraints

- > Inadequate political leadership or capability to ensure payment of basic services
- > Low immediate budget priority on rural water supply and sanitation
- > Lack of rural private sector capacity
- > Poor social cohesion in some communities (leading in some cases to sabotage of systems)

These opportunities and constraints are not static. External support, especially to a fragile state such as East Timor, needs to be dynamic and responsive to new developments.

CHAPTER 3: EFFECTIVENESS OF THE EXTERNAL SUPPORT TO THE SECTOR

East Timor became independent in 2002 and has since suffered from post-independence conflict that was renewed in 2006. The country is recognised as a fragile state, and although security is improving, it still depends on a significant UN and International Stabilisation Force presence. According to the widely used OECD definition, states are fragile when ‘...governments and state structures lack capacity or in some cases, political will, to deliver public safety and security, good governance and poverty reduction to their citizens.’³⁵

Based on the assessment in Chapter 2 it can be considered that the ability of the state to provide basic water and sanitation services in East Timor is compromised by these factors:

- > weakness of state institutions (for example to demand payment for services)
- > lack of capacity, particularly at district and sub-district levels
- > lack of community cohesion in areas subject to violence and disruption
- > poor context for the emergence of a competitive and rewarding environment for the private sector.

Box 3.1: OECD principles for support in fragile states

1. Take context as the starting point
2. Do no harm
3. Focus on state-building as the central objective
4. Prioritise prevention
5. Recognise the links between political, security and development objectives
6. Promote non-discrimination as a basis for inclusive and stable societies
7. Align with local priorities in different ways in different contexts
8. Agree on practical coordination mechanisms between international actors
9. Act fast, but stay engaged long enough to give success a chance
10. Avoid pockets of exclusion

Box 3.1 lists the OECD principles for support in fragile states.³⁶ Of these, the following are considered relevant to the water and sanitation sector in East Timor.

- > Take context as the starting point.
- > Do no harm.
- > Focus on state-building as the central objective.
- > Align with local priorities in different ways in different contexts.
- > Agree on practical coordination mechanisms between international actors.
- > Act fast, but stay engaged long enough to give success a chance.

³⁵ Overseas Development Institute (ODI). ‘Improving the provision of services for the poor in fragile environments’, August 2008.

³⁶ OECD, principles for support in fragile states, March 2007.

3.1 External support to the sector

Between 2002 and 2008, USD 1.78 billion dollars was allocated to East Timor as aid through emergency and development assistance; this is one of the highest levels on a per capita basis of any post conflict state.³⁷ The five biggest donors are Portugal, Australia, the United States, Japan and the European Commission.³⁸ Since 2002, the Government of East Timor has had to contend with 51 bilateral and multilateral donors and agencies, carrying out hundreds of projects, each implemented using different approaches and modalities.³⁹ Most assistance between 2002 and 2006 has focused on strengthening the institutions, mechanisms and processes of the Timorese state.

Sector wide approaches are also being attempted in several sectors, including health and education. There is some evidence of division of labour among other donors. The World Bank, for example, is concentrating on health, education and public financial management projects. There is also evidence of increasing use of joint donor missions; for example, joint UNDP – AusAID review missions in the justice sector, and Joint United States Agency for International Development (USAID) –AusAID Conflict Assessment.⁴⁰

While donor coordination has improved since 2005 through these coordination mechanisms, there is considerable potential for further gains. Factors that affect donor coordination are the relative absence of donor division of labour, political and budgetary constraints on donors (which prevents commitment to long-term programs) and changes in donors (while some have reduced their operations in East Timor others are increasing their operations).

Australia, the ADB and JICA are the three key external development partners supporting water and sanitation at present. Others, such as the UN and USAID, are also involved, as outlined below. The background paper (Appendix B) provides more detail on the external support to the sector.

Australia

Australia has supported water and sanitation in East Timor since 1992. Australia is the largest donor to the water and sanitation sector, contributing USD 46 million since 2003, through the former CWSSP, and the current RWSSP.

Asian Development Bank

Since 2000, ADB has supported development of water supply and sanitation services in East Timor, focusing on urban areas. During the transition period, ADB administered the USD 9.0 million, multi-donor financed water supply and sanitation rehabilitation projects, Phase I and II. Direct ADB projects include The Urban Water Supply and Sanitation Project (Dili); and DNSAS organisation development TA. Due to the disruption to the DNSAS caused by the 2006 civil strife, the Urban Water Supply and Sanitation Project has been simplified to address just unaccounted for water in Dili; and the DNSAS Organisation development TA has refocused to

³⁷ ScanTeam (2007), Review of Development Cooperation in Timor Leste, Final Report. NORAD, Oslo.

³⁸ Ministry of Finance (2008), Registry of External Assistance (REA) Report, 6th release. 'Working Together'—Project Disbursements by Donor. 26 March 2008.

³⁹ Ministry of Finance (2008). op cit.

⁴⁰ As cited in AusAID 2008 op cit.

help the DNSAS manage its Dili water system only (Dili Water Supply Performance Improvement TA).⁴¹

Japanese International Cooperation Agency

Japan's grant aid contribution of USD 27.4 million has mostly supported Dili water rehabilitation and selected village and district town improvements. Projects include the Water Supply System in Dili (USD 10.9 million, completed May 2007) and water supply projects in Same and Ainaro (USD 9.94 million, completed in March 2008). JICA has recently prepared a new grant aid project in Dili—the Urgent Improvement Project of Raw Water Main—and in November 2008 launched a new technical cooperation project—the Capacity Development for Water Supply System—to enhance DNSAS capacity for O&M of water supply facilities rehabilitated by Japanese grant aid which will run until March 2011.

United Nations

The United Nations Children's Fund's (UNICEF) water, environment and sanitation initiative has a number of programs related to water, environment and sanitation across the country, all working through the government health and education departments and the DNSAS. Current programs include subsidies for sanitation facilities and providing water systems.

The UN Department of Economic and Social Affairs carried out a pilot on Sustainable Access to Water and Energy from 2005 to 2008 on Atauro Island and in Aleiu District in an attempt to influence best practice standards in the provision of water and sanitation services. This has included adapting the CAP process introduced by the CWSSP.

United States Agency for International Development

USAID is a new entrant to the water and sanitation sector, although it has been operating in East Timor for several years in the areas of economic growth, democracy and governance, and maternal and child health. The District Water Supply, Sanitation and Hygiene Services Program (DWASH) commenced in early 2009 to support the Government's agenda to increase rural access to water supply in up to four districts (two districts during the first two years, then two additional districts in the following two years). Program funding is USD 20 million over four years.

Other donors

Several donors, including Portugal, New Zealand and others, have undertaken small-scale projects in selected rural districts and internally displaced people camps. Both New Zealand and Irish Aid also fund small grant programs with water supply and sanitation components. Irish Aid has, for example, built 5000 pour-flush toilets in East Timor communities in the last three years through grant funding to local NGOs.

⁴¹ ADB (2007). 'Country Operations Business Plan Timor Leste 2008–2010'. ADB, Manila. p. 3.

3.2 Assessment of effectiveness of Australian support to the sector

Australian support to the sector stretches back to pre-independence with a series of projects that supported rural and urban water supply and sanitation. This evaluation has not focused on this early support although its positive impact on capacity building within the DNSAS is still evident today. Half or more of the most experienced technical staff were trained through AusAID projects in the 1990s.⁴² This cadre provides the backbone of the present capacity and is one reason the DNSAS performs relatively well compared with other institutions of Government.

Since independence, Australian support has been in the form of the CWSSP (2002–06) and the RWSSP (2007–12, with a possible extension).

Community Water Supply and Sanitation Program

Previous project monitoring and completion reports

The project was thoroughly monitored at six monthly intervals and subject to an Independent Completion Report (ICR) a month after its closure. The ICR examined the project against 22 assessment factors. Of these, three were problematic:

- > Objectives—the original design did not include health objectives and this resulted in the need to redesign the project.
- > Financial sustainability—there was evidence even before the project was completed that the water supply schemes' O&M was not being performed and the necessary funding for future expenses was not being recovered from users; and,
- > Institutional sustainability—the strategy of using NGOs as project implementers was unsustainable without continued external support. Institutional sustainability was weakened because the project was directed wholly at achieving independent goals rather than identifying and supporting government efforts to achieve its goals. As a result, opportunities for capacity building were lost.

This evaluation concurs with the findings of the ICR. While the lack of health objectives was corrected early on in the project, the financial and institutional sustainability challenges remain. Positive aspects were also noted, including the development of a robust and well-accepted methodology for mobilising the community and for the general high technical quality of the facilities.

Many claims included in the Activity Completion Report (ACR) cannot be verified, a point also noted by the ICR. There is a systematic tendency to give the benefit of the doubt and to declare unknown assessment factors as positive ('agree') rather than uncertain ('neither agree nor disagree'). This gives an optimistic picture of overall project effectiveness.

The ICR includes lessons learned. The most pertinent in the light of experience since 2006 relates to the choice of departure point. The project had its own internal logic and design and did not relate well enough to the institutional set-up of the sector that it was supposed to be supporting. Project design and implementation did not properly separate what the MC should be doing and

⁴² Personal communication in interview with DNSAS staff conducted 15 December 2008.

what the implementing agencies should be doing.⁴³ The project essentially behaved in parallel (like a mini ministry of water supply and sanitation) instead of first analysing and then supporting existing institutions. The relevant divisions of the Ministry of Health were not properly involved at the start and the integration of technical assistance in the DNSAS was inadequate. The Government did not lead the project.

Evidence of physical results

According to a quick survey completed in 2006 by the Australian MC, more than 90 per cent of the systems built by the CWSSP were still functioning satisfactorily, but less than 10 per cent of water user groups were operational.⁴⁴ Yet according to surveys carried out in 2008 in two districts,⁴⁵ the functionality of small community-managed schemes, constructed for the most part under the CWSSP, is around 28 per cent (with 50 per cent partly functional). This varies widely depending on the age of the system, the technology in use, whether a cohesive community is present that recovers funds to pay for maintenance, water availability, and the technical standard of design and construction. Generally, cost recovery is poor. While some 39 per cent of the communities in surveyed districts have water management committees, only 12 per cent are collecting funds. In urban areas, cost recovery is close to zero and in rural areas it is chiefly in the most remote, and ironically the poorest, communities, that 100 per cent cost recovery seems to occur. Surveys of other districts are being funded by the RWSSP. Without a functioning water user group, community management is very likely to fail and eventually this will cause the water supply systems to fail. The 2008 surveys did not analyse the reasons for the failure of water users groups, which may include everything from relative success (few functions to perform) to variation from traditional leadership models to lack of social cohesion.

The same surveys showed that approximately 70 per cent of the toilets constructed are still being used, which is encouraging. As the latrines do not require collective action, they are more likely to be sustained if people perceive them as valuable to their health. The health benefits, however, will be sub-optimal in the absence of a functioning water supply system and until open defecation is close to zero.

Approximately 50 000 people were served by the schemes built. In terms of physical results, there is evidence to conclude that:

- > the CWSSP, in very difficult and adverse circumstances, has reached some of the poorest and most remote communities with highly relevant water supply and sanitation services. In some cases, this has been found to be sustainable as evidenced by some of the sites visited during this evaluation. Probably only 10 per cent of the investment, however, can be categorised as sustainable in the long term without further intervention.
- > In some cases, the CWSSP has failed to provide sustainable services. These are abortive investments. It is estimated that about 10 per cent of project investments fall into this category after an average of three years of operation.

⁴³ AusAID, ICR—CWSSP May 2006, p. 28.

⁴⁴ International Development Support Services (IDSS). Inter-Office Memorandum. 24 August 2006.

⁴⁵ NDI (2008) op cit and Triangle Génération Humanitaire (2008). 'Manatuto District Rural Water Supply Management Survey' Contract no. RDTL-07-06-206-C-0223—Final Report. (Survey data completed December 2007). p.3; Oxfam. Covalima District Rural Water Supply Management—Phase 1 Contract no. RDTL-07-06-206 C-0224 Ref: RDTL 75938. 30 September 2007—30 March 2008.

- > The unit cost for direct physical and social interventions is reasonably efficient at around USD 80 per person. When factoring in the total cost, including TA, however, the cost rises to USD 260 per person, which is very high compared to regional levels. This cost includes activities not directly project related such as scholarships and national level capacity building.
- > The schemes' health benefits are unknown. They are likely to be very high for areas where the water supply is reliable and where latrine use has more or less eliminated open defecation. It is difficult to estimate what proportion of the systems fall into this category, but it is plausible that it accounts for up to 30 per cent.

Evidence of capacity building

In terms of capacity building, there is evidence to conclude that:

- > District-centred prioritisation and participatory planning were supported within the DNSAS, building on Indonesian planning routines;
- > Social approaches were partially institutionalised in government systems; and
- > Other government systems such as administration, record keeping, financial management, procurement, contract management and supervision were not improved as much as they could have been because the project used separate systems.

Rural Water Supply and Sanitation Project

This project was delayed for a number of administrative reasons related to AusAID staff turnover and differing opinions on its direction and focus. The overall work plan was finalised in December 2008. The project is just moving into its operational phase so it is too early to evaluate physical results. The comments here are therefore based on the documentation made available and on interviews with key TA and government staff. In general, the approach taken by TA staff was found to be pragmatic and flexible in contrast to the project documentation, which was found to be complex and theoretical.

Technical assistance

Around two-thirds of the total approved budget of A\$28.7 million is allocated to long- and short-term TA personnel. The remaining one-third is allocated to physical construction and various community mobilisation and local capacity-building activities. The proportion allocated to TA seems high although it should be noted that a similar proportion is present in the current set-up of other organisations in the sector such as WaterAid (although for a much smaller total budget). The feasibility and supportive documents do not seem to contain a detailed analysis of the need for international TA. Instead, it seems that international staff in one way or another support all areas of the project. Long-term staff members are from Australia, Indonesia, Philippines and other Asian countries. All long-term staff members interviewed appear highly competent and experienced in their field. The use of regional staff seems particularly appropriate and represents a benefit of the MC being able to select among the best and most suitable professionals in the region based on its knowledge of individuals who have worked on other projects.

Some short-term specialists seem to have produced overly complex and detailed reports (such as monitoring and evaluation and the strategic program framework itself).

Despite the rather theoretical strategic program framework, RWSSP project managers are highly pragmatic, take initiatives and are flexible in their approach. Good relations have been established and the Government holds the TA staff in high esteem. The team's effectiveness is largely dependent on the team leader. Decisions on what proposals to support are taken by the team leader rather than having to go through the Program Management Group. Whilst in many cases this is practical and reflects the program design, where the Whole of Program Life Work Plan is '... carried out by the RWSSP Program Team leader and the in-country staff engaged by the International Development Support Services team,'⁴⁶ it largely depends on the level of trust between the TA and the Government.

In reality TA staff command the financial and human resources, and are implementing the program rather than advising the Government on how to implement it. This, as much as anything, may explain the large volume of TA resources. The same observation is reflected in the draft Monitoring and Review Group report: '... the current TA heavy and relatively autonomous operation of RWSSP is likely to [need to] become more deeply embedded in government systems.'⁴⁷

Flexibility in practice

In practice the RWSSP, supported by the AusAID office, has adopted a highly flexible approach. For example, it selectively co-finances recurrent costs for undertaking field visits, confirmation of planning and supervision of construction not only for those schemes financed by the project but also more generally for government activities. As another example, the project will finance the first-year salaries of some 55 staff to be recruited by the DNSAS and placed at the sub-district level. This is a strategic form of support, and if the positions are fully established within the government apparatus and successfully included in the next year's budget, it is likely to be sustainable.

Program approach

The program approach, as presented in the Program Strategic Framework (March 2008) and the Whole of Program Life Work Plan (August 2008), is not sufficiently convincing. It is based on, and virtually identical to, the Rural Water, Sanitation and Hygiene Sector Strategy (2008), which itself appears more of a blueprint than a genuine sector-owned strategy.

While a functional approach has been selected, it is divorced from the reality of the sector in East Timor as it could relate to the sector in any country. Indeed, the strategy, framework and work plan say very little about how the sector is working now.

There is little documentation on the capacity limits of Government and the sector at present and what type of support is needed. The framework and work plan offer little distinction between what the project should be doing and what the Government's responsibilities are. The planning is overly complex, unrealistic and in many respects simply unnecessary. The detailed logical framework sets up an internal project logic that is stronger and much more dominant than the government sector it is trying to assist. Scarce planning resources are devoted to highly-detailed internal planning rather than being directed at trying to improve government processes from

⁴⁶ IDSS Whole Program Life Work Plan. Draft. August 2008, p. 33.

⁴⁷ Monitoring and Review Group, October 2008. Visit, October 2008, p. 49.

within. The departure point is an ideal rather than the present reality with a systematic plan for how to reach the ideal.

The references to a sector-wide approach and to contributing to the development of a Medium Term Expenditure Plan do not appear well considered and the prerequisites for such approaches have not been fully considered.

Some of these criticisms are voiced in the CWSSP's ICR,⁴⁸ which makes a number of predictive statements such as:

- > ‘... the district planning processes fostered by the CWSSP have been largely successful but they have evolved from a project base, not an institutional one. Care needs to be taken to ensure that these processes can be fully integrated in the future ...’ (p. 31)
- > ‘Long term *capacity-building* ... will not be significantly enhanced by donor driven programs. Rather ways need to be found to assert the leadership of GoET ...’ (p. 30)
- > ‘Activity design and implementation needs to take careful account of the capacity limitations in government to find and deploy its own resources for the sector ...’ (p. 30)
- > ‘... the activity completion report does not adequately state what the government people are supposed to do in the sector ...’ (p. 28)
- > ‘CWSSP documentation in general suffers from a lack of clarity regarding division of responsibility between the Australian Managing [Contractor] and the implementation agency ...’ (p. 12).

In practice, however, the project leadership has performed much better in many ways and in a much more appropriate manner than the work plan and framework suggest. The everyday focus is not on following the theoretical functional approach or pursuing the logical framework, but rather on listening and understanding the Government's needs and reacting to them in a flexible manner as mentioned earlier.

Gender

The RWSSP's gender strategy attempts to overcome the low level of gender mainstreaming achieved by the CWSSP.⁴⁹ Gender is appropriately integrated into key areas of the program including recruitment processes, skills development of the DNSAS staff, hygiene promotion, data collection, and community decision making and management of water supply schemes. Most importantly, the strategy recognises the need for aligning with government systems and structures and for building demand for gender equality from within. Notably, the strategy highlights the crucial need for raising awareness on the benefits of: taking a gender perspective; building commitment from policy makers and implementers; and supporting institutional structures to help mainstream gender in the sector. The strategy is well resourced with long- and short-term advisers.

The strategy is that it is largely untested as it is yet to be fully implemented. It faces many challenges because the sector itself is difficult to penetrate due to traditional views on gender.

⁴⁸ AusAID (2006). ICR: CWSSP.

⁴⁹ AusAID (2006), ICR: CWSSP

There is expressed resistance from partners to ‘softer’ work on capacity building,⁵⁰ and profound uncertainty in the budget, legislation and policy environment in which the strategy will be operationalised. Previous successes in institutionalising social approaches for community water supply schemes through CAP (which included gender sensitivity in planning and management) may provide some leverage for acceptance of gender mainstreaming in the sector.

Monitoring and evaluation

As identified by the Monitoring And Review Group in their December 2008 draft report, the monitoring and evaluation system is overdesigned. As a result, the strategic overview is lost. The whole approach is geared towards an inward monitoring of the project rather than helping the Government to establish a simple and robust sector monitoring system. Such a system would serve as a performance measurement framework to which the Government could be held accountable. This appears to be a symptom of the overall approach to the strategic framework, which is to focus too closely on internal project operations.

Phased approach

The original project concept and project agreement between the governments of Australia and East Timor recommends that a phased approach be adopted:

- > Phase 1—planning, contracting and management undertaken by the MC
- > Phase 2—planning undertaken by the Government and contracting and management undertaken by the MC
- > Phase 3—planning undertaken by the Government, contracting undertaken by the MC and management undertaken by the Government
- > Phase 4—planning, contracting and management undertaken by the Government.

The Whole of Program Life Work Plan (August 2008 version) only refers to this four-phase approach once in Appendix 8 of a document of more than 200 pages and has not built project evolution around a progression from one phase to the next. A later version of the Whole of Program Life Work Plan reportedly elevates this approach, but it is not certain whether it will be one of the pillars of the program. This evaluation found that in practice the project is halfway between phase 1 and phase 2. Some planning aspects are undertaken by the Government with the help of TA staff who are integrated in the planning division of the DNSAS, such as the prioritisation at district level and the preparation of proposals (feasibility reports and designs).

To make the phases meaningful, a series of benchmarks and triggers are necessary to indicate which government systems would indicate the progression from one phase to the next. The minimum standard of practice required and the safeguards and TA that should be put in place to ensure the standard is not breached need to be defined. With this, a process for gradually raising the level of performance from a minimum standard to a good standard is needed. The strategy does not necessarily imply that the four phases can be reached within the time span of a single project; this process is likely to take much longer, especially in a fragile state.

⁵⁰ Monitoring and Review Group, October 2008 visit, October 2008, p. 19.

Using the four phases would ensure government systems are tested and, if found suitable, then used and improved rather than building up excellent but ultimately irrelevant project standards and systems. In some cases the testing of government systems can be achieved by ‘shadowing’; that is by adopting project systems that are very close to government systems. This will test systematic faults, define minimum capacity requirements and prepare the way for transfer in a safe environment. To some extent the project is undertaking this approach (such as through using procurement limits), but it does not explicitly define the conditions under which shadowing can give way to transfer.

3.3 Review of evaluation questions

Appendix A reviews in detail the evaluation questions of the Terms of Reference (TOR). The questions that have the strongest positive and negative assessments are outlined below:

Positive assessment

There is evidence to conclude that Australian support to the water sector in East Timor has:

- > improved priority outcomes (#2)
- > supported the right stakeholders (#4)
- > targeted sufficient resources at the constraints (#5)
- > been well harmonised with other support efforts (#12)
- > addressed issues of aid volatility and predictability (#15)
- > made available timely information to change the program accordingly (#17)
- > been effective (#18)
- > created outcomes that have improved delivery of water and sanitation (#19)
- > has increased access for poor women, men and other vulnerable groups (#20).

Negative assessment

There is evidence to conclude that Australian support to the water sector in East Timor has not:

- > been based on an adequate assessment of constraints (#3)
- > been sufficiently based on consultation and stakeholder ownership (#9)
- > been sufficiently aligned to partner government systems (#10)
- > sufficiently improved gender equality (#21)
- > sufficiently strengthened key sector accountabilities (#24)
- > been successful in ensuring sustainability (#26).

Overall, the positives outweigh the negatives, especially considering that the burden of proof is greater when trying to establish positive results. For most of the other areas of evaluation outlined in the question list given in Appendix C there is not enough information to come to a clear conclusion.

3.4 Review of approach to fragile states

Table 3.2 compares the OECD principles on support to fragile states that are particularly relevant to East Timor with the approach adopted by AusAID support programs.

Table 3.2: OECD fragile state principles compared to the approach adopted by AusAID programs in the sector

OECD guideline	Approach of AusAID support
Take context as the starting point.	The projects have tended not to take context as the starting point and have instead devised complex program arrangements, which are not deeply anchored in the existing institutional context.
Do no harm.	The programs have explicitly followed a 'do no harm' approach and attention has been given to ensuring compliance with this principle. For example, the 'do no harm' principle is integrated as a crosscutting issue in the RWSSP work plan and strategic framework. The workplan indicates that, where possible, the program will contribute to development of trust and unity among communities. The previous program (CWSSP) established and trained water user groups to this end.
Focus on state-building as the central objective.	The programs have not focused on state building but rather on fulfilling service delivery and health benefits. While this has brought tangible benefits to a large number of people, the opportunity to build up Government and its image as a reliable, essential services provider has not been optimised. The four-phase approach discussed earlier has been incorporated in the RWSSP to a degree, but it needs to be strengthened.
Align with local priorities in different ways in different contexts.	The programs have aligned with community priorities in a direct way from the start. Alignment with government priorities has been less clear, partly because the Government was not able to give clear, stable direction and partly because of program design.
Agree on practical coordination mechanisms between international actors.	In the absence of government coordination, the programs have been able to ensure, by taking a lead donor role, that most external efforts are harmonised. The programs have also helped to transfer coordination to the Government and have supported the Ministry of Education's efforts to coordinate school water and sanitation projects.
Act fast, but stay engaged long enough to give success a chance.	AusAID support has been both fast and engaged for the long term. The CWSSP and the RWSSP represent a minimum of 10 years of commitment and the prospect is even longer. At the same time, immediate priority has been given to service delivery.

Table 3.2 indicates that the CWSSP and the RWSSP have largely followed OECD guidelines on fragile states. More could have been done to anchor support in the existing institutional context and in state building. In other areas, such as coordination, however, delivery of immediate results and a longer-term commitment the support has been very appropriate for a fragile state situation.

3.5 Aid effectiveness issues

Project-based coordination is effective in the absence of government systems

In the absence of effective government coordination, the AusAID-supported project has adopted a lead donor role. This has ensured effective coordination and the pursuance of similar or at least compatible methodologies by other support efforts such as USAID support to districts and sub-districts. In the context of a fragile state—where the authorities have not been able to establish coordination—a harmonisation of external efforts has proved useful and will aid future alignment.

Separate attention to health and education authorities

The RWSSP project supported to date—although based in the Ministry of Infrastructure—has been able to provide valuable support to the health and education function. It has done this through interaction with existing working groups and committees rather than by establishing a separate project. This is possible while support is still delivered in parallel, but it may not be as

practical once the project is implemented within government systems. When government systems are used, a separate sanitation and hygiene support project might be needed to reflect how the Government is organising its support to the sector.

Lack of assessment of government systems

External assistance has tended to develop complex programs implemented by well-resourced TA packages using project systems. An assessment of government systems and how they can be used and strengthened has not been undertaken.

Phased approach to use of government systems not prominent

The original phased approach towards using government systems and gradually transferring implementation from the MC to the Government indicated a simple and promising path towards alignment. While this phased approach has been included in the RWSSP, it does not appear to be a guiding factor.

Proportion of Technical assistance appears high

TA consumes around two-thirds of the total budget, which appears high even for a fragile state. The need for TA is not well documented. In some cases, the short-term assistance seems to have resulted in a complex and over-planned approach (with a planning document of more than 200 pages). In practice, however, the TA has adopted a more pragmatic, flexible approach than that reflected in the whole-of-project life work plan and strategic framework.

Potential under-exploitation of the sector's capacity to support democracy

In a number of cases it was pointed out that project-supported implementation by NGOs tended to sideline the districts. Once the NGOs leave and the systems start to require support and in some cases fail, the Government and district authorities are contacted and in many cases are unable to help. The result is that external parties such as the NGOs and the project are associated with delivery of services and the Government is associated with failure to maintain or support the services.

Communication burden

Government authorities mention they do not have enough information on the activities of the RWSSP project and very little control over its direction. This is not surprising given that the project is implemented by the MC and not the Government. More substantial effort is needed to ensure the Government is better informed. As project activities are integrated into government routine planning, the level of information required will increase.

3.6 Lessons learned that are relevant for sector support to fragile states

Ten lessons learned have emerged from the experience of the water and sanitation sector in East Timor during the last 10 years:

1. Efforts should be made to support areas where sustainable results are possible—for example, where communities are cohesive (provided this does not cause division or enhance the potential for conflict).
2. Simple robust technology is much more likely to result in worthwhile and sustainable results (because the means for maintaining more sophisticated technologies are absent).
3. It is better to experiment and pilot instead of over planning.
4. NGOs can be used when government agencies and the private sector are not able to deliver services, but it is important not to de-link Government even if it is not able to take an active part.
5. Harmonisation of donor efforts can be effective even when one donor takes the lead in the absence of strong government leadership.
6. Be prepared to support recurrent budgets for operations even if short-term sustainability is not possible.
7. It is acceptable to provide gap filling TA if skills are lacking. Care should be taken, however, not to overwhelm government institutions with advisory TA assistance if the absorption capacity is not in place.
8. The model of using a MC to oversee an implementation project is sound provided all opportunities are used to enhance capacity building of national staff and the case for continuing this modality is regularly reviewed.
9. A transition plan from the emergency phase to the emerging development phase to the longer-term development phase is needed to adjust the modalities and type of support.
10. It is constructive to focus on harmonisation of different donors even when it is difficult or impossible to align to government systems because they are not functional.

CHAPTER 4: RECOMMENDATIONS

4.1 Recommendations for Australian support to the water and sanitation sector in East Timor

Recommendation 1

Engage in extended policy dialogue with national sector authorities and in harmony with other sector donors.

Rationale

The water and sanitation sector in East Timor faces many challenges and has to operate in a complex and highly dynamic environment with exceedingly unstable budgets. To enhance performance and increase the effectiveness of external assistance to the sector it is recommended that Australia address these sub-recommendations:

Sub-recommendation 1.1

Enhance sector coordination: i) between different donors supporting the sector including NGOs; ii) horizontally between the Ministry of Infrastructure, Ministry of Health, Ministry of Economy and Development and Ministry of Education; and iii) vertically between the national level, districts and sub-districts (municipalities).

Rationale

There is already some sector coordination working; for example, major donors self-coordinate between themselves; the Ministry of Education provides a strong lead in schools water and sanitation and the DNSAS hold frequent meetings with district staff. These examples show that coordination is not only possible, it is highly beneficial and should be extended (particularly to coordination of NGO activities and to providing greater coordination within sanitation and promotion of hygiene). An accelerating service delivery will demand more effective coordination.

Box 4.1: Key indicators for adopting a sector wide approach in the sector

Policy

- > Policies are comprehensive, appropriate and approved

Financial management

- > Funding modalities defined
- > Fiduciary risk assessed, improvement plan in place
- > Sector investment plan approved
- > Institutions and capacity
- > Capacity gaps understood and being addressed
- > Sector mandates clear and implementable

Performance measurement

- > Transparent sector review process
- > Simple monitoring and evaluation system in place
- > Coordination
- > Leadership of the sector by Government
- > Ministry of Finance involved

Sub-recommendation 1.2

Introduce a simple robust sector M&E as part of a sector performance measurement framework.

Rationale

There is great uncertainty about the level of sector coverage which means it is difficult to: i) know if sector policy is working as intended or needs to be adjusted; ii) direct investment where it is most needed; and iii) hold the sector accountable for performance. The sector monitoring and evaluation should be as simple as possible in order not to impose a burden on government and to ensure continuity and sustainability in monitoring a few key indicators. It should be based as far as possible on regular household surveys to eliminate the need for new data collection. It could be based on up to 10 key indicators as shown in Box 4.2. All donor projects should use and support this simple sector monitoring instead of using their own systems.

Sub-recommendation 1.3

Develop a transition step-by-step strategy for moving from present realities to policy ideas.

Rationale

Box 4.2: Possible indicators for the rural water and sanitation sector

11. water supply coverage
12. sanitation coverage
13. coverage of water supply and sanitation in schools
14. functionality of water supplies
15. unit costs of water supply
16. unit costs of sanitation
17. gender*
18. water quality*
19. water resources regulation*
20. hygiene practice*

* measures to be decided upon

Many policy ideas, such as community-based management of rural schemes, the notion of user-based cost recovery and a fully capacitated district service, are far from reality. There is a need to develop a step-by-step strategy, to align ambition with resources and capacity and to indicate a process of gradually reaching policy goals. There might be a need to introduce a number of management models to reflect the different situations in the rural areas (for example, community based management for communities that are suitably cohesive and commercialised local government run models for multi-village or larger schemes where communities are unlikely to be able to manage collectively).⁵¹ The step-by-step strategy would define the prerequisites for development of a sector wide approach and the approval of a sector investment plan to which all

donors and sources of funding can subscribe and support. These prerequisites would also provide a plan for gradual alignment of external support efforts to the government systems.

⁵¹ Problems with the community-managed model are also illustrated in the power sector, where the majority of the 35 rural power stations established in 2002 were not working two years later because of lack of operational funding (communities did not pay) and management issues (written communication, AusAID Dili, March 2009).

Sub-recommendation 1.4

Clarify operations and maintenance policy.

Rationale

At present the operations and maintenance policy is not clear. In some documents (e.g., the water decree of April 2004) it appears that for rural areas the beneficiaries will be fully responsible and liable to pay the DNSAS for O&M services. Other documents have a looser definition suggesting that the Government will step in to support systems. The clarification of O&M policy will be a sub-set of the transition strategy mentioned above.

Recommendation 2

Assist the Government to develop: i) a transition strategy; ii) a simple monitoring and evaluation system; and iii) greater clarity in O&M policy and practice.

Rationale

The sub-recommendations on the policy dialogue to the national sector authorities outline the need to develop a transition strategy, develop a simple monitoring system and clarify O&M policy and practice. These are not simple matters but the effectiveness of the project will depend on them. As the project has access to resources with relevant experience and expertise it will be constructive if the Government is given early assistance to advance these areas.

Recommendation 3

Screen projects to be supported in order to improve poverty targeting, sustainability (four-factor filter), and cost effectiveness. An additional criterion, which may be considered, is communities where there may be gains for socio-political reasons, that is, where there may be some potential for reducing conflict and reinforcing the role of Government.

Rationale

Given the level of poverty in East Timor, almost any water supply and sanitation project can benefit the poor. AusAID projects do not always aim at the poorest of the poor, because geographical, cost and sustainability factors must also be considered. Experience has shown that projects where: i) the community is cohesive; ii) very simple technical solutions are possible; iii) there are adequate and secure water resources; and iv) demand is great because alternative sources are far away, will tend to have much greater sustainability and potential to target the poorest. There are enough situations like this to absorb the project funding. In the meantime, it is expected that the macro-economic environment will improve, decentralisation will advance, the private sector will develop and the conditions for tackling more difficult situations will improve. Once this happens it will be meaningful to devote attention to schemes that fall out of the four-factor filters above. Simple but explicit criteria for choice would assist subsequent evaluation.

Recommendation 4

Increase the post-construction mentoring period, link up more closely with district and sub-district levels as capacity develops.

Rationale

At present, the RWSSP contracts with NGOs do not extend greatly into the post-construction period whereas some NGOs with their own funds offer post construction support as long as three years, mainly in the form of six-monthly visits where advice is given and user groups retrained. It is important to ensure that post-construction support does not take away responsibility from the communities and that it is efficient and arranged on a cluster basis to minimise logistical costs. In the longer term, experience of post-construction mentoring can be fed into the government systems to be established at district and sub-district level so the Government, in time, can take over this oversight and regulatory role.

Recommendation 5

Give the Government a higher profile and greater leadership, especially at district and sub-district level.

Rationale

It will be important to ensure that as more and more district and sub-district staff becomes available (particularly once the planned 55 sub-district staff are employed) that government staff, rather than project or NGO staff, lead the process of community mobilisation, commissioning and the handover of facilities. In addition, it will be important to ensure that the Government, rather than external supporters, are seen in the lead role as they will remain the most reliable long-term point of contact for users. This approach will also serve to increase the contribution of the sector towards visible service delivery and support the development of civic attitudes and appreciation of the benefits of democracy and peace.

Recommendation 6

Develop an alignment plan based on the four phases defined in the project agreement. Consider aligning some projects or systems on a 'shadow basis'.

Rationale

The project agreement defines a four-phased alignment plan. The project is at present somewhere between phase 1 and phase 2. It will be necessary for the project and the Government to develop a more detailed alignment plan that specifies the triggers and benchmarks for government performance needed for a confident transfer from one phase to the next. In this way, the process towards alignment can be made transparent and measurable and all parties held to account.

Recommendation 7

Make available and communicate all relevant information on project progress and plans.

Rationale

Although the RWSSP project goes to great lengths to make information available, there is still a perception in the sector that some information is not available. Those working on the project must take the communication burden and ensure the Government is fully engaged in, and at all times has access to, project progress and plans. This will tend to follow automatically from full implementation of the first step of the phased alignment plan mentioned earlier.

4.2 Recommendations for external support to the water and sanitation sector in fragile states

Recommendation 1

Focus first on harmonisation and then alignment.

Rationale

In fragile states, the national systems are often in disarray and there is very little that can be reliably aligned to. In these circumstances, it is preferable to focus first on harmonisation to at least ensure that compatible methods and approaches are being introduced to the sector.

Recommendation 2

Adjust support modalities when the emergency phase is over and the development phase begins.

Rationale

The most appropriate support modalities will vary from the emergency phase to the development phase. In the emergency phase, the focus will be on fast delivery of services with less attention to sustainability and capacity building. Delivery by international NGOs will often be the only and most appropriate modality. As the emergency phase gives way to development, it is important to adjust the support modalities so that greater attention is paid to sustainability. It may be necessary to rehabilitate and/or build up models of local management for the operations and maintenance of those emergency works that can serve a more permanent function.

Recommendation 3

Consider extensive use of NGOs for project implementation and medium-term community support and an MC for management of the support.

Rationale

The use of an MC with implementation outsourced to NGOs who can combine social and technical skills is highly effective in the period between the end of the emergency phase and the start of the longer-term development phase. The focus will still be on delivery but with increasing use of local resources; either NGOs or the local private sector combined with capacity building and involvement of government agencies where possible. As development progresses, the modalities will focus more on empowering the Government, civil society and the private sector

to fulfil their roles. At these stages, the MC should assist in the process of harmonisation of different approaches in the sector.

Recommendation 4

Involve Government in the provision of services and post construction support even where purely project modalities are used.

Rationale

Even if Government is not fully operational it is important not to de-link the delivery of water and sanitation services from government agencies especially local government where it exists. With the correct modality, services can be delivered while building rather than undermining the role of Government. In fragile states, delivery of basic services such as water and sanitation can help support an emerging democracy, contribute to peace and security and increase the credibility of Government.

Recommendation 5

Undertake analysis to determine the balance between use of Government and project systems and between service delivery and capacity building. A move toward capacity building should be contingent on (and support) increased levels of government investment.

Rationale

The shift from emergency to early and more mature development phases is uncertain and reversals will often occur. External assistance needs to be aware of these changes and be able to react to them by changing modalities in a consistent and constructive manner. This will require an identification of performance and capacity benchmarks that can serve as triggers for changing modalities. Favour a gradual shift from project to government and from financing delivery to financing capacity building.

APPENDIX A: TERMS OF REFERENCE

Water and Sanitation Sector Evaluation Terms of Reference

Series—improving the provision of basic services for the poor

Background

During 2008–09, the ODE will evaluate the Australian aid program’s performance in three key service sectors: health, education and water supply and sanitation. These terms of reference relate to the water and sanitation sector evaluation. Improving basic services for the poor was identified as a significant challenge for the aid program in the ODE 2007 ‘Annual Review of Development Effectiveness’.

A greater focus on aid effectiveness and increased spending on water supply and sanitation has given rise to the need to assess various aid modalities and their relative benefits in different settings. Some competing priorities need to be considered such as the long-term objective of building capacity for sustainable improvement versus the immediate needs of the poor for enhanced service delivery. There are also questions over how to maintain effectiveness whilst scaling up efforts in the sector, particularly where capacity is an issue.

This evaluation seeks to evaluate the effectiveness of contemporary aid delivery mechanisms to improving water and sanitation service delivery to the poor. A focus on two case study countries, East Timor and Indonesia, will allow the evaluation to comment on various different delivery mechanisms and potential areas for future improvement.

Purpose

To inform understanding of how Australian aid can support sustainable improvement in the delivery of essential water and sanitation services. The evaluation will do this by assessing the effectiveness of previous Australian support and drawing out lessons on what has worked and what has not, in order to identify improved approaches. It will also indicate what should be continued, and what Australia should be doing differently. A key role of the evaluation will be to identify the factors that explain the differing results observed and consider the implications for future support.

Scope

The evaluation will include a desk review, case studies and field visits. It will review major Australian activities supporting the delivery of essential water and sanitation services completed within the last five years and assess their contribution to water and sanitation service performance in recipient countries.

It will also consider, where possible, the extent to which current and planned activities reflect the lessons learned from previous support to the sector. ‘Water and sanitation system’ is defined broadly to include all stakeholders involved in financing and delivering essential water and

sanitation services, including private sector and not-for-profit organisations as well as public sector water and sanitation bodies. The evaluation will examine the effectiveness of joint efforts in the sector. It will not attempt to attribute results to Australian funds in a narrow sense.

The evaluation will address this core question:

- > Is the approach used by the aid program to improving the delivery of essential water and sanitation services to poor women, men, girls and boys effective?

Subsidiary questions will be

- > Does Australian assistance to the sector meet the needs of poor men, women, girls and boys?
- > Is the approach taken by Australia to provide support cost effective?
- > Is the aid provided likely to have sustained results?
- > Are the current approaches scalable and/or applicable to different countries/regions?

Management arrangements

ODE will manage the evaluation. To do so, ODE will procure a team of independent consultants. The team will consist of two to three consultants with (collectively) significant experience in:

- > water and sanitation service delivery (technical and institutional knowledge)
- > aid modalities: bilateral, multilateral, sector wide approaches etc.
- > gender equity impacts of aid and engendering aid programs
- > public financial management
- > community development
- > governance
- > social development
- > evaluation methodology and practice
- > country knowledge/experience in selected evaluation field sites.

Ideally, the team will also include a representative from the partner government and a representative from ODE. Local consultants known to both the post and partner government may be employed to assist in the logistical arrangements or preliminary research where required.

A reference group will be set up to provide technical and quality review of the evaluation TOR, methodology and draft report and may include among others:

- > members of AusAID's infrastructure, gender and fragile states thematic groups
- > Australian, international or local NGO representatives
- > technical experts unable to join the field team
- > representatives from desk or post
- > others with specialist knowledge (i.e. gender) to ensure high evaluation quality.

The reference group will provide advice to the team leader but will not have a management role.

Implementation

The evaluation will include several phases, as outlined below.

Time permitting, preparation will include a brief visit by the evaluation team to Canberra to consult with thematic and country representatives to gain a deeper understanding of the context in which the water and sanitation sector programs have been developed.

Preparation Phase

- > consultation with desk and post
- > document and data review and analysis (sector and country)
- > development of evaluation methodology and fieldwork guides
- > development of evaluation tools and report outline
- > identification of key stakeholders for interview
- > develop field research plan
- > consultation with associated AusAID staff

Outputs for Preparation Phase:

- > synthesis report summarising Australian support to the water and sanitation sector and the available evidence on results
- > background paper on intended fieldwork locations
- > detailed research methodology and evaluation tools
- > list of key stakeholders for interview
- > field research plan

Fieldwork Phase

The evaluation team will conduct fieldwork in East Timor for approximately 10 days and in Indonesia for approximately 15 days. ODE will liaise closely with Posts to coordinate with existing planned reviews and ensure there is no duplication or avoidable burden on the programs.

Fieldwork will be primarily based on semi-structured interviews and focus group meetings (as appropriate) with key stakeholders identified by the team including:

- > AusAID field staff
- > government officials at different points in the delivery 'chain'
- > MCs (technical assistance staff)
- > other donors and multilaterals
- > private sector
- > relevant NGOs/civil society organisations
- > intended beneficiaries.

Fieldwork will be conducted at a number of sites as well as at the central level in each location. Site choice will be informed by inter alia available poverty analyses, variation in water and

sanitation service delivery agents and variation in outcomes of Australian support and performance of the water and sanitation services.

Outputs for Fieldwork Phase

- > a summary of all information acquired from key informant interviews, meetings, focus group discussions and other activities carried out during fieldwork
- > data and reports collected from field locations
- > other documentary evidence such as photographs and maps
- > draft country reports for each country visited.

Report Writing, Review and Finalisation Phase

Subsequent to the fieldwork phase, the evaluation team and ODE will ensure that all relevant information is gathered to prepare a preliminary draft report for review. The team and ODE will participate in a visit to Canberra to debrief and discuss the evaluation findings. Information may include (but is not limited to):

- > retreat minutes
- > written inputs from team members
- > other data and evidence collected from field sites
- > previously prepared sector and country reviews.

The team leader will be responsible for producing a country report for each field study location and an overall report for the sector encompassing the views of all team members based on discussion and written inputs.

After the research team agrees on the draft report, a final draft will be written and circulated for peer review. The report will then be finalised.

ODE will present the findings to the Parliamentary Secretary for International Development Assistance.

Outputs for the Report Writing, Review and Finalisation Phase

- > minute of evaluation team retreat
- > individual written inputs from evaluation team members
- > draft evaluation report for review
- > minute of peer review meeting
- > final report
- > PowerPoint presentation for the Parliamentary Secretary.

Schedule

Timing is dictated by the fieldwork schedule, which in turn should be aligned as far as possible with partner government or AusAID activities and not clash with other planned missions. The availability of core team members will also influence the timeline.

The current schedule for field visits is:

East Timor: 2nd to 3rd week December 2008

Indonesia: 2nd to 4th week January 2009.

It is hoped that fieldwork for both locations can be completed no later than end January 2009 to ensure results are available in time to feed into the broader Service Delivery evaluation.

Potential Evaluation Questions

Relevance of Australian support

- > Is the predominant model of water and sanitation service delivery supported by the Australian aid program fit for purpose in meeting the priority service needs of poor men and women? And, if not, why?
- > Are the improvements in water and sanitation service delivery supported by the aid program sufficient to improve priority outcomes for poor men and women related to water and sanitation services (including primary outcomes such as access and affordability and secondary outcomes such as improved health)?
- > Has Australian support been based on an adequate assessment of the constraints to service delivery for poor men and women, including political economy factors, the impact of conflict (where applicable) and the willingness and capacity of stakeholders to deliver the necessary improvements?
- > Has the aid program supported the right stakeholders in the water and sanitation sector?
- > Have sufficient resources been directed to address the targeted constraints?
- > Has the design and implementation of Australian support achieved the right balance between long-term capacity development and short-term, visible results?
- > Does the previous and current pattern of assistance provide a sound basis to scale up assistance effectively for water and sanitation service delivery?

Appropriateness of approach

- > Has the strategy to improve service delivery supported by the aid program been coherent, realistic and well-budgeted, and based on consultation and stakeholder ownership?
- > Has alignment of Australian support with partner governments been appropriate given assessment of responsibilities, capacity and commitment and, where applicable, the impact of conflict?
- > Has an appropriate balance been struck between support for capacity-building, provision of technical assistance and the provision of goods and services?
- > Has Australian support been sufficiently harmonised with other international and national actors to manage the risks of fragmentation?
- > Has the choice of instruments and modalities for Australian support been appropriate, given local context and timing/sequencing issues? And are current modalities adequate to enable a scaling up of support to water and sanitation service delivery?

- > Has the aid program adequately managed the risks of Australian support eroding existing local capacity?
- > Has the approach taken by Australia addressed concerns of aid volatility and predictability?
- > Where relevant, has Australian support been sufficiently whole-of-government to address linked political-security-development issues?
- > Has adequate, timely performance information been available and have appropriate changes been made to approach of the aid program in the light of this?

Effectiveness of Australian support

- > What outcomes have been achieved as a result of Australian support and have these improved the delivery of essential water and sanitation services?
- > Has access to essential water and sanitation services increased for the poor, women and other vulnerable groups?
- > What contribution has Australian support in the sector made towards improving gender equality/reducing gender inequality
- > What factors explain variations in the outcomes achieved and system performance within the case study countries?
- > Has Australian support helped improve the productivity of the system, including: incentives to deliver better services, more efficient delivery mechanisms, increased resources at the front-line, and greater reach of services to the poor, women and other vulnerable groups?
- > Has Australian support strengthened key accountabilities within the water and sanitation system between policy makers, service providers, civil society organisations and poor service users?
- > How sustainable are the gains that have been achieved, in terms of the effectiveness of Australian support in building:
 - • Political support and pro-poor policy-making capability?
 - • System capacity, including financial viability and harnessing skills of state and non-state providers?
 - • Voice and participation of poor women and men or advocacy groups in the system?

Scalability

- > Is there potential for successful interventions to be scaled up within the case study country?
- > Is there potential for successful interventions to be applied to different countries? What aspects would be transferable?

APPENDIX B: BACKGROUND PAPER

National Framework—2008

Situation overview

East Timor's sixth year of independence has seen the country trying not only to develop economically, politically and socially but also to recover from the violence that erupted in April 2006 and displaced between 100 000 and 150 000 persons out of a total population of about 1 million. A UN peacekeeping force of some 3500 military police and civilian personnel (heavily supported by Australia) is due to stay in the country until at least February 2009.

Human development

East Timor was ranked 150 out of 177 countries in the 2007 UN Human Development Report.⁵² The IMF estimates 2008 GDP per capita in East Timor will be about USD 460 but adjusted for PPP this figure would be about USD 2560 per year (compared with about USD 2181 and USD 3990 respectively for Indonesia).⁵³ Life expectancy is 56 years, the adult literacy rate is only 58 per cent and under-five child mortality is about 91 per 1000 live births, compared with about 32 for Indonesia, 27 in the Philippines, (and about 231 in Angola).⁵⁴ The average East Timorese woman gives birth to nearly eight children and 42 per cent of the population is under 15 years of age. Population growth is very rapid at 4 per cent per year compared with about one per cent in Fiji and the same in Indonesia.⁵⁵ Rapid population growth is perhaps the most salient feature in considering the country's economic and social development as well as progress in water and sanitation coverage.

Appendix Table 1: East Timor—population growth estimates 2005-2020

	2005	2010	2015	2020
Total population	999,278	1,166,611	1,350,592	1,550,595
Urban population	221,911	283,221	361,469	461,337
% of total	22	24	27	30
Rural population	777,367	883,390	989,122	1,089,258
% of total	78	76	73	70
Dili sub-district	149,244	175,232	204,253	236,412
% of total	15	15	15	15
Total population growth	3.3	3.1	2.9	2.7
Urban	5.0	5.0	5.0	5.0
Rural	2.8	2.5	2.2	1.8
Households	208,183	243,044	281,373	323,041
Urban	39,190	51,003	66,347	86,245
Rural	168,993	192,041	215,027	236,795

⁵² <http://hdr.undp.org/en/statistics/>

⁵³ IMF World Economic Outlook Database October 2008. <http://www.imf.org/external/pubs/ft/weo/2008/02/weodata>

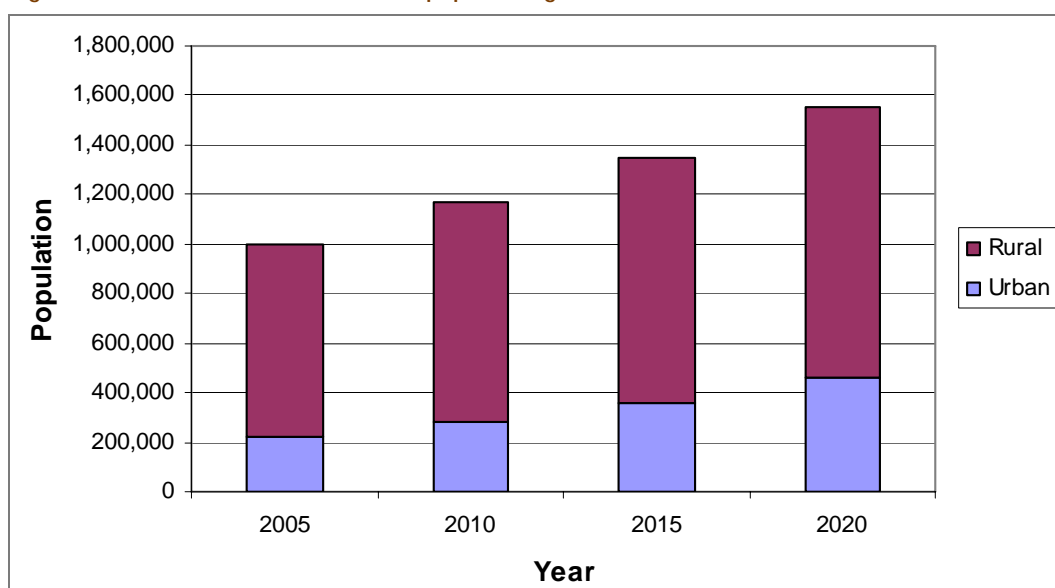
⁵⁴ Population Division of the Department of Economic and Social Affairs of the UN Secretariat (2007). *World Population Prospects: The 2006 Revision, Highlights* New York: UN. Table A19.

⁵⁵ World Bank Development Indicators 2007. Accessed 7 February 2009 at: <http://ddp-ext.worldbank.org/ext/DDPQQ>

	2005	2010	2015	2020
Average households size	4.8	4.8	4.8	4.8
Urban	5.7	5.6	5.4	5.3
Rural	4.6	4.6	4.6	4.6

Source: Economic database in the Macroeconomic and Tax Policy Unit of the Ministry of Planning and Finance, consistent with the Government's official population projections since the 2004 Census, cited in the Government of East Timor DNSAS 2007 Draft 'Water Supply and Sanitation Proposed Priorities and Sector Investment Program', prepared by Findley M.

Figure 1 East Timor—Urban and rural population growth estimate 2005–2020



Source: Economic database in the Macroeconomic and Tax Policy Unit of the Ministry of Planning and Finance, which is consistent with the Government's official population projections since the 2004 Census, cited in the Government of East Timor DNSAS 2007 Draft 'Water Supply and Sanitation Proposed Priorities and Sector Investment Program', prepared by Findley M.

Macroeconomic trends

In 2006, the non-oil economy, chiefly based on agricultural (coffee) production, contracted but rebounded by eight per cent in 2007, when inflation was also about nine per cent mostly as a result of high global food costs.⁵⁶ The ADB estimated that 2008 GDP growth will be approximately 6.5 per cent.⁵⁷

Resources

The Petroleum Fund (set up in 2005 to protect national patrimony revenues from oil leases in the Timor Sea) had assets of about USD 4.2 billion as of 30 December 2008.⁵⁸ In August 2008 the Parliament approved a transfer from the fund of not greater than USD 686.8 million for the entire fiscal year for a 2008 'rectified' budget totally USD 788.3 million.⁵⁹ The most recent formal IMF review concludes: 'While the government has the financial resources to increase needed

56 Statement by Giulio Tremonti, Italian Minister of Finance, on behalf of Timor-Leste, IMF International Monetary and Finance Committee. 11 October 2008.

57 ADB. 'Asian Development Outlook' September 2008. <http://www.adb.org/media/Articles/2008/12621-asian-gdp-comparisons/>

58 Petroleum Fund of East Timor Quarterly Report vol. 4 Issue VII February 2009 p. 9. Viewed 3 April 2009 at: <http://www.laohamutuk.org/Oil/PetFund/Reports/PFQR08q4en.pdf>

59 República Democrática de Timor-Leste. Ministério das Finanças Direcção Nacional do Tesouro. 'Relatório de Execução Orçamental até ao Terceiro Trimestre Janeiro a Setembro de 2008.' p. 1.

investment spending, administrative capacity is weak and the economy's absorptive capacity is limited.⁶⁰

Budgeting and financial management

The most pressing public financial management issues are the Government's ability to plan for both the short- and medium-term and its ability to implement budgets effectively. Six major national budgets were produced between May 2006 and October 2008, locking ministries in cycles of uncertainty.⁶¹ Most ministries (including the Ministry of Infrastructure) attempt four-year, medium-term planning, but given short-term budget instability, this seems fruitless.

Although budget execution has been low it has improved markedly in 2008. As at 30 September 2008, the Ministry of Finance claims a budget execution rate of 80.6 per cent (commitments and actual expenditures) in five major categories (salaries, goods and services, minor capital, transfers—pensions, and development capital), which includes a 92.1 per cent expenditure rate for development capital. This does not, however, include a 6.1 per cent expenditure rate from a USD 240 million economic stabilisation fund—if this were included, total 2008 budget execution rate as of September 30 would fall to 57.9 per cent. About half of the 92.1 per cent rate is expenditures, the other half commitments.⁶² Within the Ministry of Infrastructure, the DNSAS—the chief agency responsible for water and sanitation in East Timor—claimed 90 per cent budget execution at 9 December with 14 per cent major capital budget paid and 86 per cent committed.⁶³

A 2007 review of public financial management in East Timor undertaken for the European Commission using a set of Public Expenditure and Financial Accountability (PEFA) indicators rated the country well in some aspects of performance such as economic reporting and aggregate fiscal discipline but concluded that: 'It is on the strategic allocation of resources and efficient service delivery that the public finance system fails to deliver.'⁶⁴

Development priorities

The development priorities as expressed in a government report in March 2008⁶⁵ reflect the strong desire to address segments of the population that rioted in 2006 (and fomented other forms of insecurity during and since that time, such as roving gang violence and assassination attempts on political figures), as well as dealing with unemployment that stood at about 23 per cent of the population in 2004. Youth unemployment was stated in the report to have risen from

60 IMF. 'Democratic Republic of East Timor: 2008 Article IV Consultation—Staff Report.' IMF Country Report no. 08/202. June 2008. Available at: <http://www.imf.org/external/pubs/ft/scr/2008/cr08202.pdf>

61 These were: May 2006/late—budget for July 2006–June 2007 financial year (FY); May 2007—budget for July 2007–June 2008; August 2007—six-month transitional budget (July 2007 to December 2007) for revamp to calendar fiscal year; October 2007—FY 2008 budget; July 2008—Major budget 'rectification'; October 2008—FY 2009 budget produced.

62 Ministry of Finance Directorate of Treasury, 'Relatório de Execução Orçamental ate oao Terceiro Trimestre Janeiro a Setembro de 2008', p. 3.

63 DNSAS figures, 13 December 2008.

64 'Timor Leste Public Financial Management Performance Report', prepared by Richard Walsh, Linpico, Avenue Ernest Renan, 83460 Les Arcs-sur-Argens France, info@linpico.com p. 7.

65 Government of Timor-Leste Working Together to Build the Foundations of Peace and Stability and Improve Livelihoods for Timorese Citizens 2008 National Priorities. Prepared for the Development Partners Meeting 28–29 March 2008.

40 per cent in 2004 but 58 per cent after the crisis of 2006.⁶⁶ Half of the East Timorese population is under 18.

The priorities expressed in the report are: 1) public safety and security; 2) social protection and solidarity; 3) addressing the needs of youth; 4) employment and income generation (including addressing the needs of youth); 5) improving social service delivery; and 6) clean and effective Government. The main priorities in social service delivery are education and health, although, according to the report, ‘... the interconnectedness of other basic needs, such as water, sanitation, and nutrition support is also recognised.’ (p.11)

Water and sanitation spending

East Timor’s recurrent and capital expenditure on water and sanitation from its own budget has been low both in relative and absolute terms in the last five years. The total budget of the DNSAS fell to 0.4 per cent of the total government budget in 2008.

Appendix Table 2: East Timor: National Budget for Water Supply and Sanitation

	2004–05	2005–06	2006–07	2008	2009 projected
Total government budget	245.4	142.3	328.6	788.3	681.0
SAS/DNSAS budget	2.4	3.7	3.9	3.2	3.5
SAS/DNSAS percent of total government budget	1.0	2.6	1.2	0.4	0.5
SAS/DNSAS capital development budget	1.0	1.8	1.9	1.5	1.5
Total water and sanitation sector donor financing		15.0	10.0	11.5	10.4

Note: Estimated total government budget, budget for the National Directorate for Water and Sanitation (SAS—Serviço de Águas e Saneamento), the DNSAS, and total donor water and sanitation sector financing, 2004–05 to 2009 projected, USD millions

Source: SAS/DNSAS, Ministry of Finance (various budget papers). Minister of Finance quoted on Law Journal website. Donor amounts are from the Registry of External Aid Assistance, 26 March 2008, maintained by the Ministry of Finance (see also p. 23). 2006–07 for donor financing combine existing fiscal year with the transitional period budget (East Timor changed to a calendar fiscal year in 2007).

The reasons for this may include a lack of absorption capacity for capital spending, other budget priorities and a substitution effect from donor financing for the sector.

Decentralisation

Administratively, East Timor has 13 districts, 65 sub-districts, 443 suco (towns or villages), and 2336 sub-villages or hamlets (aldeia). With support from the UN Capital Development Fund, The Ministry of State Administration and Territorial Management is leading a process of local government reform that will promulgate two basic laws—The Law on Territorial Division and The Law on Local Government.

Among the goals of the process are promoting efficient service delivery. The policy guidelines for decentralisation have settled on a ‘single-tier’ of municipal government, intending to merge sub-district and district administrations into municipalities that will deliver services, specifically ‘civil registration, primary health, primary education, water and sanitation, and local roads.’ These

⁶⁶ Ibid. p.3. The 2004 estimate was 23.1 per cent youth unemployment according to UNDP. 2006. ‘The Path out of Poverty Integrated Human Development. Timor Leste Human Development Report 2006 p. 83. Steve Bracks, Senior Advisor to Prime Minister Xanana Gusmao, estimated the youth unemployment rate at 60 per cent in September 2008. Financial Standards Foundation eforum. September 2008 available at: http://www.estandardsforum.org/secure_content/country_profiles/cp_400.pdf Consulted 12 February 2008.

units will have representative assemblies. It is intended that most sub-district offices will be kept as ‘service-providing extension units.’⁶⁷

A Local Development Program (part of a larger Local Government Support Program) has piloted two different models of representative assemblies (one model at the district and one at the sub-district level). In total this has meant piloting the establishment of 28 assemblies in eight districts (with 750 members) and established local development funds in each. Data are available on sector priorities chosen for investment from four districts (Bobonaro, Lautem, Aileu and Manatuto) over the period 2005 to 2008, covering 195 projects with a combined value of USD 1.03 million. Projects in the education sector were chosen only slightly more often (49 projects, total value USD 318 562) than in water and sanitation (48 projects, total value USD 195 504). Water and sanitation projects were the highest priority among sub-district assemblies and second among district assemblies. Road projects were chosen third most often, in total (39 projects) but their total cost (USD 222 318) was higher than projects in water and sanitation.⁶⁸

Sector framework

Because of the focus and nature of this evaluation and its relation to previous Australian support, the sector framework presented here concentrates mainly on rural water supply and sanitation. Urban water supply and sanitation, according to the definitions used in East Timor, is limited to Dili city and district capitals.⁶⁹

Water and sanitation policy, legal environment and guidelines

East Timor has a wealth of legal, policy, strategy and guideline documents pertaining to water resources, the water and sanitation sector, health, and related service delivery. Unfortunately, it appears few have been officially adopted or given the force of law. However, several documents, particularly some guidelines, have been adopted as *de facto* modes of operation.

Key policies and strategies

A draft **National Water Policy**, along with an implementation strategy and action plan, was prepared with ADB assistance and presented to the Council of Ministers in 2005, but has not yet been adopted by the Council. The draft policy presents a vision for water management and includes a set of principles. Seven groups of individual policies are presented in seven groups in four management areas (public health and safety, equity of resource use, resource sustainability, and efficiency of resource use) and three general areas (institutional arrangements, financial arrangements and knowledge base).

The **Timor-Leste Rural Water Supply, Sanitation, and Hygiene Sector Strategy 2008–2011** is signed by Eng. Pedro Lay da Silva, Minister for Infrastructure, Dr. Nelson Martins, MD, MM,

67 GoET. Ministry of State Administration and Territorial Management. Policy and Orientation Guidelines for Decentralization and Local Government in East Timor. March 2008.

68 Local Governance Support Program East Timor Annual Report January—December 2007, published March 2008. UNDP Code 00053898 UNCP Code 00054392 & 00054393. Available at: www.uncdf.org/english/local_development/uploads/other/LGSP_Annual_Report_2007.pdf

69 A good review of water supply for Dili is provided in the Asian Development Bank ‘Proposed Asian Development Fund Grant Democratic Republic of East Timor: Dili Urban Water Supply Sector Project’. Project no. 38189. November 2007.

PhD, Minister for Health, and Prime Minister Sr. Kay Rala Xanana Gusmão. The strategy was produced under AusAID's RWSSP project after consultation with sector stakeholders. It articulates a vision for the sector and sets five priority areas: 1) sector planning and policy, 2) support mechanisms and institutional development 3) service delivery 4) community management and 5) environment and national resource management. Moreover, the strategy sets outcomes, expected general and specific results in each area. It is not a plan in the sense of outlining tasks toward the goals, nor does it directly address or commit the budgetary resources for the DNSAS to reach the goals.

As part of the decentralisation process mentioned previously, the Ministry of State Administration and Territorial Management produced **Policy Orientation Guidelines for Decentralisation and Local Government in East Timor** in March 2008. These provide, in general terms, how decentralisation will occur and they define the relationships between and responsibilities of the central government and new municipal-level governments.

The health sector is responsible for hygiene promotion and environmental sanitation through its health promotion and public health regulation functions. Major relevant policies and strategies include the **National Strategy for Health Promotion** (April 2004) and the **National Strategy for Environmental Health Promotion** (May 2006).

Legal framework

Appendix Table 3 presents the main laws prepared and enacted affecting the water and sanitation sector. As of December 2008, the evaluation team was not able to confirm the status of each law or regulation, but it believes Appendix Table 3 is reasonably up-to-date. Some discussion of major laws follows the table.

Appendix Table 3: East Timor: Legal Framework for Water Resources Management and Water Supply and Sanitation Service Provision

Law	Purpose	Status
Water Services Decree <i>Decreto Lei</i> 4/2004	To provide for the management of water services delivery, includes provisions for the identification of areas to be supplied and the application of service user charges.	Issued 11 February 2004
Ministerial Diploma on Tariff Schedule (No. 1/2004)	Consists of two separate documents to set tariff levels in Dili and district main towns.	Issued 11 February 2004
Draft Ministerial Diploma on Multi-village Systems	To formalise management arrangements of rural multi-village water supply.	A draft was prepared by the DNSAS with assistance of the AusAID-funded CWSSP. An RWSSP feasibility evaluation, also funded by AusAID, ⁷⁰ recommended the use of smaller systems as easier to manage.
Sanitation Management Decree	Provides the DNSAS with authority for management of sanitation services, including provisions for the identification of areas to be supplied, establishment of a management system for septic tanks and wastewater treatment systems, and for the application of service user charges.	Prepared with the assistance of the Trust Fund for East Timor (TFET) Water Supply and Sanitation Rehabilitation Project in 2001–02 but not yet submitted to the Council of Ministers.

⁷⁰ AusAID. Feasibility Study for Provision of Rural Water Supply in Timor-Leste.

Law	Purpose	Status
Authority for Sanitary Vigilance Decree <i>Decreto Lei</i> 14/2005	Provides authority for the Ministry of Health to undertake water quality testing direct organisations and individuals to remove any public health 'nuisances' (i.e., anything that may adversely affect public health).	Issued October 2005
MSA Decree on Local Assemblies (No. 8/2005)	Provides the legal basis for creating Local Assemblies to manage their own budget and exercise autonomous decision-making powers for service delivery. Also established the Local Development Fund within the Consolidated Fund for East Timor (CFET) budget of MSA to provide for Local Assembly budgets.	Approved July 2005
Ministerial Directive on Planning Guidelines for Sub-Districts (No. 3/2005) and Districts (No. 4/2005)	Establish conformity in the local planning process and ensure high levels of informed participatory decision-making, with local priorities fully taken into account.	Approved 2005
Ministerial Directive on Procurement Regulation (No. 8/2005)	Establishes the Planning and Implementation Committees as the procuring entity on behalf of Local Assemblies, and Local Tender Boards to ensure transparent and accountable awarding of contracts.	Approved 2005
Decentralized Procurement Decree (Nos. 10-11-12/2005)	Allows for procurement of up to USD 10 000 by individual line ministries, with all other procurement of public goods, services and works above this monetary limit issued through the National Procurement Division of the Ministry of Planning and Finance (MPF).	Approved 2005. After the crisis in mid-2006, the monetary limit for delegated authority was raised to USD 100 000 to facilitate a more efficient procurement process.
Water Resources Management Decree	Sets out agency responsibilities and cooperation framework; the obligation of Government to develop a water resources register, assessment and to develop water resources management plans; the process for approving water development proposals; and the issuing of water abstraction licenses and the process of appeal.	Initially drafted 2002, updated with ADB technical assistance in 2004–05, but not yet adopted by the Council of Ministers.
Draft Law on Environmental Impact Assessment (EIA) and Guidelines	To provide guidance on implementing EIAs to: 1) ensure that the water supply and sanitation construction of infrastructure does not negatively impact the environment and protects human health; and 2) protect water quality and ultimately human health from contamination by land use and development activities.	Draft prepared by Ministry of Development and the Environment and ready to present to Council of Ministers (NB responsibility for the environment was shifted to the Environmental Directorate of the Ministry of Economy and Development by Decree/Law 09/2008).
Draft Law on Pollution Control	Specifically defines parameters and regulations on water quality contamination.	Draft prepared by the Ministry of Development and the Environment and ready to present to Council of Ministers (See note above on shift of responsibilities for the environment).
Protected areas	To enable declaration, establishment, development, management and regulation of a Protected Area Network, specifically the preservation and management of forests, watersheds and water resources.	Under discussion (as of 2007)

Source: GoET DNSAS 2007 'Draft Sector Investment Program', prepared by Findley M. Updated by the AusAID evaluation team 2008.

The draft **Water Resources Management Decree** has adopted four main principles for water resources management: i) fresh water is a finite and vulnerable resource, essential to sustain life, development and the environment; ii) water development and management should be based on a participatory approach, involving users, planners and policy makers at all levels; iii) women play a central role in the providing, managing and safeguarding water; and iv) water has an economic value in all its competing uses and should be recognised as a social and an economic good.

The 2004 **Water Services Law** establishes responsibilities for urban and rural water supply. Formally, water supply in the national capital and district capitals is the responsibility of the DNSAS and rural water supply is the responsibility of communities led by water management groups. The law also establishes the principle of (full) cost recovery and sets out initial tariffs.

It is not entirely clear from the law where rural areas begin.⁷¹ Moreover, the provision of O&M is contradictory within the law and other policy and strategy documents. Finally, stakeholder consultations related to Australia's RWSSP express dissatisfaction with the framework. Reportedly the provisions for the structure of rural supply, especially mandates for community involvement, are given little attention by Government and nominal or no attention by contractors.⁷²

The **Sanitation Management Decree** gives the DNSAS management of the safe disposal of sewage and wastewater in urban areas, the collection and safe disposal of solid wastes from urban areas and the effective management of drainage in urban areas. It does not appear to address community-level sanitation.

Guidelines

Community Water and Sanitation Guidelines. The AusAID Community Water Supply and Sanitation Project supported the development of technical guidelines that were revised in 2005 with ADB support and issued by the SAS (which became the DNSAS in 2007). The final version of the guidelines is more than 250 pages with technical specifications and guidelines for the organisation of, and support to, water user groups. The guidelines have a 14-page section on community organisation and management and are the *de facto* guidelines of the sector. They were distributed in September 2005 by SAS to: 1) donors supporting community water and sanitation projects; 2) UN agencies working in the community water and sanitation sector; 3) international NGOs working in the community water and sanitation sector; 4) local NGOs working in the community water and sanitation sector; and 6) community water supply district officers in all districts. The guidelines were also produced in *Bahasa Indonesia*.

From direct observation, the guidelines seem to be fairly well known if not consistently applied. The CAP process document appears to be the relevant section of this document.

⁷¹ In Dili, for example, groups who normally settle in peri-urban areas, such as IDPs, are actually within 'the cement city'; reportedly, the district capitals have people living near or in the city who could form as much as 20 per cent of the total population but might not be classified as 'urban'. Meeting with RWSSP staff.

⁷² AusAID – IDSS – DNSS. 'Synthesis Paper and Initial Stakeholder Feedback Draft—January 2007'. P. 10.

Staff have been trained in the use of the guidelines, but not in any systematic or routine manner. User-friendly versions are not so readily available to community-based management groups nor do these groups have ready access to them if they require support.⁷³

Chapter 3 of the National Water and Sanitation Guidelines details the steps, inputs, roles and responsibilities for community participation in water and sanitation programs. The guidelines, while acknowledging that NGOs may well have their own processes, recommend the use of the CAP developed by the CWSSP. The guidelines for community participation, however, are not sufficiently comprehensive to be useful as a model for promoting community ownership and planning and so are not widely used by NGOs and almost never by private sector contractors. The UN Department of Economic and Social Affairs (UNDESA), for example, has developed its own guidelines for community action planning.⁷⁴

Institutional structure

The national institutional framework is governed by the organic law of 2007,⁷⁵ which sets out the structure of the current constitutional government and outlines the jurisdiction and responsibilities of each ministry. Each ministry is required to have its own separate organic law for reorganisations, which can delay some work and processes. An outline of responsibilities related to the water and sanitation sector are given below.⁷⁶

The Ministry of Finance is responsible for preparing the state budget and ensuring that funds are transferred and managed according to state regulation. The Ministry provides support to line ministries in financial management and is a coordination mechanism for government bodies. It sets water supply tariffs in coordination with the Ministry of Infrastructure.

The Ministry of Economy and Development, through its National Economic Research Unit, is responsible for revising and collating all sector investment plans under eight sector working groupings, which will feed into the national development planning mechanism. Environmental issues and regulations are also the responsibility of this Ministry, through a directorate established in 2008.

The Ministry of State Administration and Territorial Planning is responsible for developing the institutional framework for Government at national and local levels and for territorial planning. It is responsible for civil service regulations and for training, capacity building and improving the efficiency and rationalisation of administrative activities. It is engaged on a reform program to decentralise decision-making and spending to the local government level based on approaches piloted through the Local Development Program (LDP) and the broader Local Government Support Program (LGSP).

Local Government is undergoing reform guided by a local government policy and decentralisation framework.⁷⁷ At present, there are a number of districts and sub-districts with some staff directly reporting to, and employed by, the district and others seconded from and

⁷³ Description from AusAID – IDSS – DNSS. ‘Synthesis Paper and Initial Stakeholder Feedback Draft—January 2007.’

⁷⁴ Ba An Rasik Program (UNDESA). ‘Guidelines for Community Development Planning.’ (internal use only). May 2007.

⁷⁵ http://www.mof.gov.tl/en/docPub/Decree_Law_Structure_of_IV_Constitutional_Government_RDITL.pdf

⁷⁶ This account draws on a number of sources.

⁷⁷ MSA—technical working group, ‘Decentralisation and Local Government in East Timor’ Policy. 2006.

reporting to line ministries. The reform foresees the creation of municipal assemblies by amalgamating sub-districts. Each municipality will be constituted by indirect election from its constituent *succo* (village) councils and in a later phase is likely to be directly elected by the populace. Municipal assemblies will be the 'legislative' organ of the municipality, with clearly defined powers to approve budgets, adopt by-laws, and oversee the activities of the municipality as well as service delivery units within their jurisdiction. Each municipality will be managed by a mayor who will also preside over the municipal assembly as the head of the legislature. Each municipal government will be served by its own municipal administration, under assembly control, and sector departments, which the assembly will co-supervise with the parent ministries. The municipalities will coordinate with the *succo* authorities. To facilitate such coordination and involve the *succo* authorities, special (sub-district) area standing committees with *succo* representatives will be established as part of the committee structures under the assembly.

In the **Ministry of Infrastructure**, the Secretary of State for Power, Water and Urbanisation (through the DNSAS) is responsible for water supply and sanitation. According to the organic law 2997, '... the Ministry of Infrastructure is the government's main body responsible for the design, execution, coordination and assessment of the policies designed and approved by the Council of Ministers for the areas of civil works, urbanization, water and power supply ...' The Ministry should '... promote the study and building of new infrastructural networks related to water and power supply as well as basic sanitation, and oversee their operation and exploration.' The duties of the DNSAS are described in the Water Decree (4/2004). The DNSAS has district level offices and staff with one staff member being responsible for supporting rural (community-managed) programs. Staff members draw up a district plan but do not have budget responsibility—they rely on the DNSAS.

The **DNSAS** appears to have many qualified staff members who have considerable experience and longevity in the sector.

The **Ministry of Health** is responsible for ensuring equitable access to health care for all citizens and for undertaking health promotion and education. The Environmental Health Department is responsible for regulations on sanitation, vector control and water quality. The Health Promotion Department is responsible for information, education and communication and for coordinating the Family Health Promoters (village volunteers) Program. Other departments, such as Planning and Human Resources, are also involved in programming for improving rural health. The district health service in each district provides input to annual plans and supports environmental health campaigns. In each district, there is a district public health officer responsible for coordinating the work of staff in local health facilities in environmental health, health promotion and nutrition.

The Family Health Promoters Program has started to expand a program of placing a community health volunteer (PSF) in each *succo* backed by monthly visits by local clinic staff covering six topics, including environmental health and sanitation.

The Ministry of Education is responsible for ensuring adequate water and sanitation facilities at schools and for providing hygiene education in the classroom.

Civil society plays a crucial role in the management of water supplies outside the capital city. According to the Water Decree (4/2004) communities will set up water management groups (GMFs) with responsibility for O&M, including cost recovery. The decree allows for the

adoption of traditional means of managing water supply and does not specify in detail how the GMFs will operate.

Communities⁷⁸ are self-defined along family and kinship lines. The state tends to deal with communities structured on geographical units, which are often not cohesive. Even within villages, there are often deep-rooted conflicts, which impede collective action.

Some 14 local NGOs have experience in water supply and sanitation construction and environmental health promotion.⁷⁹ Some have been active in the sector since independence. In many cases, these NGOs are supported by international NGOs such as Oxfam, Triangle and WaterAid. The international bodies usually integrate water supply and sanitation as part of their broader-based community development programs. Water and sanitation improvements are often undertaken in consultation with Government but are apart from Government control.

Suco councils are advisory bodies that do not have formal powers or responsibilities but they can make recommendations to district authorities and local government has an obligation to consult them. *Suco* councils comprise elected representatives from the sub-village (*aldeia*) level. They are accorded a role in setting up the GMFs by the Water Decree (4/2004).

The private sector within the water supply and sanitation area is not given a prominent role and does not appear to be highly developed. There appear to be few private contractors capable of, for example, drilling boreholes and (anecdotally) those who may be capable often have financial or equipment-related constraints. Small shops must often be persuaded to carry the taps or other parts necessary for small systems.⁸⁰ The self-supply of water (including water sellers) does not appear to be robust given East Timor's geography but must play a role during dry seasons; it appears that this aspect has been little researched or quantified in any sector studies.

Sector programs, plans and budgets

The water and sanitation sector is guided by the **IV Constitutional Government Program 2007–2012** (September 2007).⁸¹ In relation to water, sanitation and environmental health this program proposes to:

- > legislate on water usage
- > legislate on sanitation
- > rehabilitate existing water treatment and sanitation facilities
- > build new water treatment and sanitation facilities
- > perform maintenance on such facilities⁸²
- > develop transversal policies that may have a bearing on human health area such as:
 - environmental conservation; sanitary control of products; health education programs;
 - programs to fight diseases originating in animals; nutritional and medicine programs.⁸³

78 National Democratic Institute (NDI), 2008.

79 NDI, 'Making Democracy Deliver'. October 2008. 62 pages.

80 Conversation with WaterAid engineer, 12 December 2008.

81 Description taken from the AusAID – IDSS – DNSS. 'Synthesis Paper and Initial Stakeholder Feedback Draft—January 2007. pp. 3–4.

82 Democratic Republic of Timor-Leste, Presidency Of The Council Of Ministers, Program Of The IV Constitutional Government 2007–2012, Dili 6 September 2007. p. 56.

These very general promises remain largely unfulfilled a year-and-a-half after the program was announced. It appears there has been little progress on formally adopting the Water Resources Management Decree, the Sanitation Management Decree or the National Water Policy. Both the overall and capital budget of the DNSAS fell in 2008 by 15 per cent and 20 per cent respectively to USD 3.2 million overall and USD 1.5 million for capital works. They are not expected to appreciably increase in 2009 (Table 1). While figures on donor contributions to the sector (kept by the Ministry of Finance's Registry of External Assistance) may not be complete, the scale of donor funding—in total more than three times larger than the Government's own budget for the sector for 2008—is indicative of heavy reliance on external aid for water supply and sanitation development.

The major donor projects and programs are summarised in Section 2 and detailed in Table 6.

Each of the 15 major sectors in East Timor (aligned with ministries) had developed a five-year SIP. These were nullified in favour of year-by-year planning when the new Government came to power in 2007. The water supply and sanitation SIP was formally revised in 2005 to include 2004 census data; another version was produced with Australian technical assistance in 2007, which apparently, due to the abandonment of SIPs in the government planning process, was left in draft. It is a high-quality resource document cited often in this paper.

At the district level, one legacy of the AusAID-funded RWSSP was the development of SIPs for each district in East Timor. These plans may continue to guide priorities in some districts that produce annual plans prioritised at the national level. Anecdotally, the priorities chosen from among the SIPs at the national level by the DNSAS are heavily subject to political interference.

Within the health sector the main programs, plans and budgets relevant to hygiene promotion and sanitation are outlined below:

Health Sector Strategic Plan 2008–2012 (September 2007).⁸⁴ This plan recognises water and sanitation as one of the five most significant determinants of health. The second priority area is 'behaviour change/health promotion' and under this is the fourth crosscutting strategy, which states: 'Strengthen BCC/BCI activities to promote better community appreciation of the value of effective, evidence-based medicine and health care, and, as a consequence, promote more appropriate behaviour in this important area'. Section 4 of the strategic plan, which has a sub-section dealing with environmental health, identifies 10 strategies, three of which are directly related to water, sanitation and related hygiene-promoting behaviour.

The Ministry of Health has been among the best-performing ministries in terms of budget formation and execution, and the Ministry of Finance has delegated certain procurement and financial management functions to it as a result. The strategic plan was accompanied by a Medium-Term Expenditure Framework (MTEF) for the sector, the **Health Department Strategic Expenditure Framework** (August 2007).

⁸³ Ibid. p. 50.

⁸⁴ This description directly quoted from the '2007 RWSSP Synthesis Paper' above pp. 9–10,

Sector status

Data on coverage of safe water and basic sanitation are difficult to determine; there is a great deal of variance by district and by data source. In 2006 WHO estimated that 56 per cent of the rural population and 77 per cent of the urban population had access to safe drinking water; with improved sanitation available for 32 per cent of the rural population and 64 per cent of the urban population.⁸⁵ A review of historical estimates from different sources—as well as current estimates—in the 2007 draft SIP reveals lower percentages for both.

Water supply coverage

One issue with data on water supply coverage is that it is unclear whether historic reports actually mean ‘clean’ rather than ‘safe’ (implying potable) water.

Appendix Table 4: Access to safe water estimates 1999–2004

Indicator	National Socioeconomic Survey (SUSENAS) (1999)	Timor-Leste Suco Survey 2001	Timor-Leste (MICS 2002)	Timor-Leste (estimate 2003)	Timor-Leste MDG Rpt (2004)	Indonesia	East Asia & Pacific
Total population with access to safe water (%)	62	50	40–57	-	56	76	75
Rural population with access to safe water (%)	62	44	31–51	46	51	65	66
Urban population with access to safe water (%)	78 (Dili)	64	82–87 (Dili)	55 (Dili)	72	91	93
			65–75 (all urban)	50 (all urban)			

Note: Percentage of total urban and rural populations.

Source: draft sector investment plan citing Government of Indonesia (SUSENAS 1999); ADB, October 2001 (Suco Survey); UNICEF, May 2003 (MICS 2002); informal surveys by Ministério dos Transportes, Comunicações e Obras Públicas (MTCPW) Serviço de Águas e Saneamento (SAS, i.e., the water and sanitation service) staff (2003); Benchmark Timor-Leste MDG Report 2004 (GoET and United Nations Country Team, February 2004); data from The World Bank SIMA database (East Asia and Pacific); UNDP Human Development Report 2003 (Indonesia).

In the 2007 draft SIP, the DNSAS estimated that the 2007 national level of access to clean water is approximately 43 per cent, with 45 per cent access in urban/peri-urban areas, and 41 per cent access in rural areas. District levels of coverage are variable and range from a high of 63 per cent in Bobonaro to a low of 27 per cent in Ermera.⁸⁶ The UNDP⁸⁷ reported in 2004 that of all households with access to safe water supply, only about 13 per cent had piped house connections and 16 per cent used community taps. The remainder primarily used protected well and spring sources.

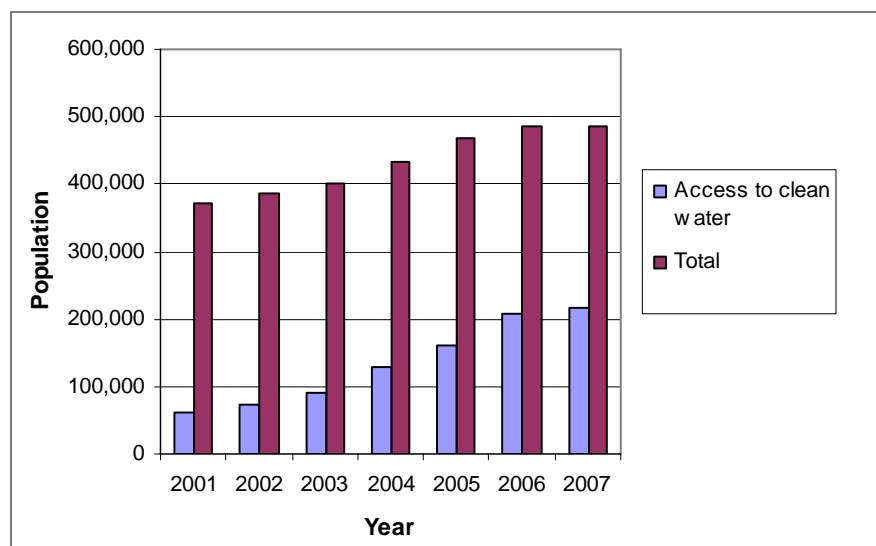
Although this evaluation focuses chiefly on rural water supply in line with the Australian program, Figure 3 and the paragraph quoted directly from the 2007 draft SIP (p. 12) concerning coverage in urban areas illustrates the problems presented by population growth.

⁸⁵ WHO, Country Status Report. www.who.int/countries/tls/en Accessed 29 November 2008.

⁸⁶ GoET, DNSAS. Draft 2007 SIP, p. 18.

⁸⁷ UNDP (2004). Timor-Leste Human Development Report: Paths out of Poverty cited in the draft 2007 SIP.

Figure 2: East Timor—Access to clean water supply in urban areas relative to total population growth 2001–2007



Population growth will require additional investments in O&M, in addition to new infrastructure, to keep pace with increasing demand as well. In Dili, for example, while existing water sources and transmission mains may have sufficient capacity to meet the city’s water needs without substantial additional capital investment for at least five years, leakage and other sources of non-revenue water will need to be reduced from the current estimated levels of 92 per cent to 25 to 30 per cent through increased O&M and customer service to accommodate the growing urban population.

Sanitation coverage

Appendix Table 5 presents historical data for sanitation coverage, which also appears to have diminished over time

Appendix Table 5: East Timor—Access to adequate sanitation (toilets) estimates 1999-2004 (percentage of total, urban and rural populations)

Indicator	SUSENAS (1999)	Timor-Leste Suco Survey (2001)	Timor-Leste (MICS 2002)	Timor-Leste (estimate 2003)	Timor-Leste MDG Rpt (2004)	Indonesia	East Asia & Pacific
Total population with access to adequate sanitation (toilet facilities)		42	16–33	-	19	66	48
Rural population with access to adequate sanitation (%)	10	33	8–13	19	10	52	n/a
Urban population with access to adequate sanitation (%)	54	70	54–72 (Dili)	70 (Dili)	44	87	72
			37–55 (all urban)	45–55 (all urban)			

Sources: Government of Indonesia (SUSENAS 1999); ADB, October 2001 (Suco Survey); UNICEF, May 2003 (MICS 2002); informal surveys by Ministério dos Transportes, Comunicações e Obras Públicas (MTCPW) Serviço de Águas e Saneamento (SAS—the Water and Sanitation Service) staff (2003); Benchmark Timor-Leste MDG Report 2004 (GoET and UN Country Team, February 2004); data from The World Bank Statistical Information Management Analysis (SIMA) database (East Asia and Pacific); UNDP Human Development Report 2003 (Indonesia).

The 2007 draft SIP reported that ‘No surveys have been conducted on sanitation levels since the MDG Report was published in 2004. National level of access to adequate sanitation is assumed to have remained the same in the last three years, and is therefore reported as approximately 19 per cent, with 44 per cent access in urban and peri-urban areas, and 10 per cent access in rural areas for 2007.’ (p. 17).

Water supply sustainability

The variance in data highlights the broad issue of monitoring and evaluation on a sector basis. For urban water supply (if not sanitation) the DNSAS does monitor coverage and undertook estimates in 2003 for the 2004 MDG report and estimates of urban and rural water supply coverage for the 2007 draft SIP. There appear to be no sector performance indicators or sector-wide monitoring other than these periodic estimates.

It appears that most data on rural sustainability, especially the functionality of systems, is related to—or at least financed by—projects, specifically the AusAID-funded RWSS project which is sponsoring assessments of rural water supply systems in all districts.⁸⁸ Assessments of Manatuto and Covalima districts had been completed by December 2008 (major conclusions are in Box 1). Functionality of rural water supply systems assessed ranges between 14 per cent and 65 per cent. Furthermore, the Manuato District assessment estimated that a three-year long rehabilitation of rural systems in the district would cost approximately USD 1.6 million, roughly equal to the entire capital budget of the DNSAS for one year.⁸⁹ This highlights the extreme need for an adequate O&M strategy and resources to implement it. For rural areas, follow-on support to community-managed systems is crucial if rehabilitation costs are to be minimised.

Box 4.3: East Timor: Summary of Assessments of Rural Water Systems

The Aus-AID funded RWSSP sponsored studies of rural water supply system functionality in two districts in East Timor, Manatuto and Covalima. The major conclusions below are selected directly from the studies.

Manatuto District

- > Of the 65 sites where water supply systems were studied, nine sites (14%) are functioning, 44 sites (68%) are partly functioning, and 12 sites (18%) are not functioning (no water supplied).
- > Sixty-seven per cent of gravity-fed systems (i.e., river and spring catchments that represent 89 % of all the water and sanitation sector) do not provide enough water during the dry season.
- > Illegal connections are common, mostly due to personal initiatives after the departure of the supporting organisation.
- > Water from tap stands is recovered for irrigating small family gardens in only less than 10 per cent of the sites. The awareness level about the danger of stagnant water is very low.
- > Only 22 per cent of the sites have an active water management committee. Water fee collection is effective in only 12 per cent of the studied sites.
- > Access to spare parts and tools, both in terms of cost and transportation, remains a major issue for the communities.

⁸⁸ Interview with Alan Smith, RWSSP Team Leader, 13 December 2008.

⁸⁹ Triangle Génération Humanitaire (2008). ‘Manatuto District Rural Water Supply Management Survey’ Contract no. RDTL-07-06-206-C-0223—Final Report. (Survey data completed December 2007). p. 67.

- > The DNSAS district office is limited to managing only the Manatuto town water supply network. Local village leaders are eager for increased support from the DNSAS.
- > Brief discussions and sites visits indicate that only a minority of families own a latrine.
- > According to brief discussions with communities, knowledge of issues linked to bad hygiene and disease is very low. Moreover, families lack the material means to follow good practices. Many live in a high-risk environment.

Covalima District

- > 134 systems were assessed (which involved a technical assessment of the water system and discussions with users) Of 54 piped systems, 24 systems were fully functional (44%) and 16 were partially functional (30%) leaving 14 not functioning (26 %). Of 80 hand pumps systems, 11 were under construction, leaving 69 completed systems of which 28 systems were fully functional (41%) and 41 not functioning (59%). A few examples of alternative technology were found (diesel, solar powered systems and rain harvesting) and these were not functioning.
- > Twenty-five per cent of those functioning were constructed between 2005 and 2006.
- > Thirty-three of 54 piped-water systems (60%) had some type of community management structure or group. Five of these groups (9%) had a fund for O&M. None of the 80 hand pumps had committees formed (although ad hoc collection for repairs had been done by the users). Women are rarely actively involved in decision making within the water management committees, however a number did have women as treasurers.
- > Seventy-five per cent of the systems are environmentally unsustainable due to a number of factors including indications that a number of sources had reduced water discharge from the time of design and farming practices that interfere with water resources, particularly clearance of land near water sources and in the broader catchment area.
- > Eighty-two per cent of the systems are not financially sustainable due to factors including levels of poverty.
- > There is limited access to external financing for major repairs or rehabilitation where 92 per cent of the piped systems had been affected by flooding or landslides, often requiring expenditure that is out of reach of community contributions.
- > The capacity of district government to support rural water supply systems is very low for a number of reasons, including limited human resources, limited financial resources and limited technical capacity.

Source: Triangle Generation Humanitaire. 2008. 'Manatuto District Rural Water Supply Management Survey' Contract no. RDTL-07-06-206-C-0223—Final Report. (Survey data completed December 2007). p.3 and Oxfam. Covalima District Rural Water Supply Management—Phase 1 Contract no. RDTL-07 06-206 C-0224 Ref: RDTL 75938. 30 September 2007–30 March 2008.

Health and hygiene promotion

Some of East Timor's basic health data is presented in Section 1.1.

No detailed study of hygiene behaviour has been carried out yet in East Timor to provide an insight into knowledge, beliefs and practices. However, results from a recent study suggest that most households understand the link between preventing sickness and actions such as washing cooking utensils, washing hands with soap and boiling drinking water.⁹⁰

Donors and NGOs are not routinely collecting project-specific data on the health impacts of water, sanitation and hygiene projects. WaterAid is one of the few organisations monitoring clinic records over time in one of its project areas, noting that diarrhoea cases have fallen from 578 to

90 University of New South Wales and Ministry of Health (2008). Timor-Leste Health Care Seeking Behaviour Study. Draft Report. 27 November 2008.

320 for comparable periods representing a 44 per cent decrease.⁹¹ Baseline information of beneficiary communities may be obtained through individual Public Health Action Support Team (PHAST), PRA, or CAP activities but there is no systematic or consolidated reporting of health impacts in the sector.

Responsibility for primary health care and hygiene behaviour is with the Ministry of Health's Department of Health Services through the Health Promotion and Environmental Health divisions, and district public health officers. The Ministry of Health's Health Sector Strategic Plan 2007 recognises water and sanitation as one of five most significant determinants of health and has behaviour change and health promotion as a core priority. The Ministry manages SISCA, a volunteer-based program for personal hygiene and sanitation, which is not yet fully implemented in all districts because most volunteers are not yet assigned or trained. The health messages in the program, including the importance of using a toilet, how to build a toilet, treating water, and washing hands, are delivered by way of a typed and illustrated laminated leaflet. The SISCA system relies on people attending monthly clinics and is likely to have limited impact on hygiene behaviour because it does not target all members of the community. In 2008, the International Year of Sanitation, the Ministry of Health carried out some promotional activities around sanitation and has also used national television and radio for vector control, but it has no budget for hygiene promotion using any other method or program.

Some NGOs are approaching hygiene promotion in a more holistic way, including separate targeting of women, protecting water sources and taps stands from animals, penning animals and promoting total eradication of open defecation. However, NGOs such as World Vision admit there is no link with government health promotion systems. WaterAid uses drama and role-playing to deliver hygiene promotion messages. Overall, hygiene promotion is an undeveloped area of water and sanitation intervention.

Crosscutting issues

Poverty

East Timor has the highest levels of income poverty in the region. About half of people live below the basic needs poverty line of USD 0.88 per day.⁹² Moreover, poverty increased significantly between 2001 and 2007 from about 35 per cent to about 50 per cent of the population.⁹³ Those living in extreme poverty (less than USD 0.71 per day) increased from 25 per cent to 33 per cent of the population. While about three-quarters of the poor live in rural areas, (nearly 80 per cent of the poor nationally and 90 per cent of the poor in rural areas depend on agriculture for their livelihood) the incidence of poverty varies among districts, being worse in the centre and west of the country.⁹⁴ About 59 per cent of the working age population is employed, about four per cent are unemployed and the remaining 37 per cent are outside the labour force.⁹⁵

91 Clinic Café Timor Data Kunjungan Pasien, Clinic Vatuvou 1 January 2007–31 December 2007 and 1 January 2008–27 October 2008.

92 Government of Timor-Leste, Ministry of Finance, Directorate of National Statistics, and the World Bank. Timor-Leste: Poverty in a Young Nation. Preliminary Draft, November 2008. p. 3.

93 Ibid. p. 4.

94 Ibid. p. 10.

95 Ibid. pp. 13–14.

Gender

Although the Constitution of the Democratic Republic of Timor-Leste (2002) promotes equality of men and women in all aspects of life, East Timor remains an extremely traditional patriarchal culture.⁹⁶ Within the household, women have prime responsibility for domestic duties, including food production, livestock raising, food preparation, water collection, cooking, cleaning, childcare and caring for the elderly and sick, all which have implications for household water, waste water and solid waste, yet women have had little input into decisions on water and sanitation systems. Women's heavy domestic workload and traditional gender roles are serious constraints to participation outside of the home in community affairs, including education and training and community meetings associated with water and sanitation. Women's lower literacy and education levels (2006 estimates indicate that 43.9 per cent of women are literate compared with 56.3 per cent of men and that combined and adjusted estimates of primary, secondary and tertiary enrolments are 63.6 per cent female and 68.6 per cent male)⁹⁷ also severely limit the employment and income-generating opportunities available to them.

Traditional gender attitudes and lack of gender sensitivity are endemic within water supply and sanitation, micro finance, health and governance. Women are not expected to voice their opinions when men are making decisions. Even national NGOs active in water and sanitation appear to have a weak understanding of gender and development issues.

The DNSAS and NGO staff is overwhelmingly male.⁹⁸ No women occupy senior technical positions in the DNSAS and only nine per cent of the directorate's 205 permanent and temporary staff are women.⁹⁹ Within national NGOs there are a small number of female facilitators, most of whom are given less responsibility than their male colleagues. Although it is critical that female facilitators engage women community members, a constraint is their freedom to travel and live alone or with men in distant communities. While 29 per cent of national level parliamentarians are women, only seven of the 435 elected *suco* leaders, and 22 (one per cent) of the 2206 *aldeia* leaders are women. On the *suco* councils where Government legislated that at least three positions had to be held by women, they actually outnumber men at just over 50 per cent.¹⁰⁰ Village volunteer family health promoters, who will provide hygiene promotion as part of SISCA, are expected to be mostly male.

Water, sanitation and hygiene interventions present opportunities to contribute to gender equity and mainstreaming. The Rural Water, Sanitation and Hygiene Sector Strategy (RWASH-SS) identifies gender as a crosscutting issue, which will guide implementation of water and sanitation activities. A stated goal is that men and women have equitable opportunity to participate in decision making, leadership, program delivery, program benefit and evaluation. The indicators for this are the increased participation of women in all aspects of Rural Water, Sanitation and Hygiene (RWASH) and improved social and economic status of women in the community.

96 ADB (2005). 'Gender and Nation Building in Timor-Leste - Country Gender Assessment'. ADB, Manila.

97 UNDP (2006). Timor-Leste 2006 Human Development Report. The Path out of Poverty: Integrated Rural Development. p.15.

98 RWSSP (2008). Community Development Issues Paper.

99 Whalen, M (2008). Gender, Poverty and Social Inclusion Issues Paper. East Timor, RWSSP.

100 Timor Institute of Development Studies 2007. 'Baseline Study on the Feminization of Poverty in Timor-Leste Deprivation of Women Across Sectors' cited in Whalen, M 2008. Gender, Poverty and Social Inclusion Issues Paper. East Timor, RWSSP.

The Office for the Promotion of Equality (OPE) has been set up in the Prime Minister's Office to assist in the coordination of gender mainstreaming and to advise various ministries and departments, with health, education, justice and police as priorities. The OPE has received high levels of support from Government, but it alone cannot ensure that gender is addressed across the whole-of-government. Twelve new staff were appointed in 2008 and a further 12 will be appointed in 2009 to boost mainstreaming efforts. Gender focal points have been established in each ministry and agency and in districts—although as part of recent field work in Covalima and Oecussi the district focal points could not be identified.¹⁰¹ Challenges to gender mainstreaming are lack of resources, supporting legislation and policy, as well as sex-disaggregated data.

Several donors are supporting gender mainstreaming in the water and sanitation sector, including ADB (urban) and Australia (rural), through gender awareness training, gender analysis, collection sex-disaggregated data and affirmative action in employment. Irish Aid is supporting the OPE. The major challenge in water and sanitation is to keep women's interests and participation at the forefront of service planning, delivery and O&M. This requires changes in the way men in water and sanitation think. Collection of sex-disaggregated baseline data and its integration into program performance and monitoring systems is essential to assess impact on gender equality.

Environment

East Timor is a mountainous country with steep terrain and prone to erosion during heavy rain in the wet season, with sedimentation in surface water sources. Pollution and the lack of waste management pose significant problems in the urban areas of East Timor. Dili has a very limited sewerage system and an inadequate system for the collection and disposal of solid waste. Poor waste management has resulted in the pollution of groundwater, which is the source of drinking water for many living in Dili.

Environmental issues and challenges in rural water supply include conflicts over ownership of rural sources, domestic and productive water use, demand on water sources, waste water disposal resulting from improved water systems, and the use of alternative water supplies such as rainwater.

Section 1.2.1 includes a review of environmental laws, including water resources management laws, affecting this sector. While many laws and regulations have been drafted, few have been approved; moreover, the Government elected in 2007 has subsumed responsibility for environmental management (formerly in the Ministry of Development and the Environment) into a directorate in the Ministry of Economy and Development.

Governance

The non-government sector plays an important part in delivering services in East Timor through grant funds and other assistance channelled to church, youth and other community groups. The DNSAS relies heavily on project partners (NGOs, Community Based Organisations, community groups, private contractors and aid donors) to support the delivery of water and sanitation services in rural towns and villages. An advocacy role by NGOs and civil society organisations appears to be missing.

¹⁰¹ Personal communications. Whalen M.17 December 2008 as part of a review of Irish Aid grants program.

Recent surveys demonstrate that citizens believe the Government is unresponsive to their needs and is not being held accountable, partly due to reliance on NGOs for water service delivery.¹⁰² Communities are active in identifying areas of local concern and readily reach out to community leaders and local government officials to seek solutions to water and sanitation problems; however, community leaders and many local government officials feel hampered by the lack of resources available to help people. Key recommendations from the surveys were the need to increase coordination and presence of Government at the district level for delivery of water and sanitation, and to enhance the capacity of the DNSAS to oversee the implementation of rural water and sanitation, set up coordination mechanisms for NGOs and boost government resources to support implementation.

Through the Australian-funded CWSSP, the DNSAS developed manuals and guidelines for engaging communities on CAP for water and sanitation, and for establishing water user groups. The detailed manuals include strategies for community engagement, the importance of integrating gender and ages in community planning, sustainability measures such as infrastructure maintenance, and techniques for collecting and managing community resources, such as dedicated repair funds. However, CAP has not been consistently adopted by NGOs and the private sector.¹⁰³ The sustainability of community water user groups is variable (as discussed in Box 1, only 22 per cent of the rural water supply systems in Manatuto District had active water user groups) and depends a great deal on community cohesion.

Summary of national sector framework issues

Poverty targeting

The level of poverty in East Timor, particularly in rural areas, renders targeting the poor a minor issue—nearly any infrastructure investment will help the poor. The Government's second national priority for 2008 is for social protection and solidarity programs for poverty reduction, including housing for Internationally Displaced Persons (IDPs), pensions for veterans and cash transfers to the elderly and disabled. Although access to water and sanitation is considered important (within Priority area No. 5—Improved Social Service Delivery) the very low budget commitment suggests water and sanitation improvements are not a high government priority. Several international NGOs are targeting poor districts and rural remote areas with water and sanitation projects. It is likely that donors are targeting districts without other donor support rather than from a specific analysis of where the poorest are.

Operations and Maintenance

While legislation makes O&M responsibilities clear for urban areas, and policy favours community-managed systems for rural areas, there are contradictions. Moreover, considering the early results of assessments (Box 1); it is clear that medium-term support for community-

102 NDI (2008). 'Making Democracy Deliver: How Citizens and Local Government Participate in Political Processes Surrounding Water and Sanitation Service Delivery in Timor-Leste'. An Assessment Report. NDI, Dili.

103 AusAID (2007). 'East Timor Rural Water Supply and Sanitation Program'. Synthesis Paper and Initial Stakeholder Feedback. Draft January 2007. Dili.

managed systems is crucial if scarce investment funds are not to be recycled into rehabilitation. Much of this is in the nature of support for management operations.

Private sector and self supply

While the private sector may be able to supply certain services, especially for urban or larger piped systems, it plays no significant role in rural water supply, except for the supply of small parts for community-managed systems (even then, ensuring local availability of such parts should be a consideration in small system project design). There is very little data on self-supply outside of this.

Sector monitoring and evaluation, and performance measurement

Outside of water supply coverage, there appears to be very little monitoring or evaluation and few sector (as opposed to project) performance measurement indicators. There is a dearth of consolidated information on sanitation coverage and what appears to be a complete lack of data on hygiene behaviour.

Investment spending and implementation capacity

It is clear that without large increases in infrastructure investment, East Timor will not reach its MDGs for water and sanitation. On the other hand, serious capacity constraints limit the absorption capacity for investment, especially for sustainable investment.

Policies, laws, guidelines and regulations

While there are serious gaps in this area, there are equally serious gaps in the capacity of institutions to enforce them. Reliance on TA in drafting many documents is obvious.

Sector coordination

Coordination between water, sanitation and hygiene promotion is poor. Apart from some instances of specific projects or NGOs integrating the three components at project delivery, there are no mechanisms at the national level for coordination. Informal ad hoc inter-sectoral coordination occurs at the district level but past attempts to formally coordinate at the district level—for example through district WASH committees—appear to have stalled.

Dynamic local government reform

Decentralisation creates an extra layer of complication in building capacity and in investment. There is some risk that responsibilities and roles for water and sanitation will devolve in a fashion that will inhibit progress in national sector goals, monitoring and performance.

Community cohesion

Community-managed systems may be appropriate only where communities are cohesive and limited in size; they may not be appropriate for peri-urban or even many rural areas with inchoate communities. The community management model for water and sanitation O&M adopted through Decree 2004/4 presupposes a certain level of organisational, technical and financial capacity in communities, which in reality is not always present. Many communities lack basic cohesion either due to historical conflict, distrust, lack of strong leadership or lack of social

capital. These individual communities need a high degree of social preparation before any technical work begins. Communities in multi-village systems that lack cohesion or have a high level of conflict are better suited to a more institutional model of service delivery, with less emphasis on community management.

External support to the water supply and sanitation sector

External support to East Timor

Overall external support

Between 2002 and 2008, USD 1.78 billion dollars was allocated to East Timor as aid through emergency and development assistance—one of the highest levels on a per capita basis of any post-conflict state.¹⁰⁴ The five biggest donors are Portugal, Australia, the United States, Japan, and the European Commission.¹⁰⁵

During the initial period of reconstruction under UN authority (1999–2002), total external support peaked at USD 280 million per year. The value of donor assistance for 2008 is USD 201 million, with USD 133 million committed for 2009.¹⁰⁶ While initial donor support focused on emergency rehabilitation, donors remaining in-country have adopted a longer-term view of institutional and individual development and capacity building. Since 2002, the GoET has had to contend with 51 bilateral and multilateral donors and agencies, carrying out hundreds of projects, each implemented using different approaches and modalities.¹⁰⁷ The period 2002 to 2005 is described as one of ‘donor frenzy’ when donors overrode the Government’s priorities (agriculture, rural development, decentralisation, livelihood, economic development, civil society, media, youth and reconciliation) in pursuit of their own interests. In some cases this resulted in duplicate programs.¹⁰⁸ Most assistance between 2002 and 2006 focused on strengthening the Timorese state by developing institutions, mechanisms and processes. A recent analysis of development assistance found that capacity development was the single largest activity item within the international assistance portfolio as a response to East Timor’s structural human resource shortage and that most assistance centred on Dili.¹⁰⁹

The number of donor projects presents a significant challenge for donor and sector coordination and places an unprecedented management burden on the capacity of the Government to cope with so many projects. A recent stocktake as part of the ‘State of the Nation’ report found that since 2002, more than 300 donor reports had been produced in the infrastructure sector alone.¹¹⁰ Recent studies indicate that much of the Government’s time and energy is being diverted from

104 ScanTeam, 2007, Review of Development Cooperation in East Timor, Final Report. NORAD, Oslo.

105 Ministry of Finance. 2008, Registry of External Assistance (REA) Report, 6th Release. ‘Working Together’—Project Disbursements by Donor. 26 March 2008.

106 Ibid.

107 Ministry of Finance (2008). op cit.

108 Scanteam (2007), op cit.

109 Scanteam (2007), op cit.

110 AusAID (2008). A Balancing Act: Implementation of the Paris Declaration in Timor-Leste. Background Paper for the Third High Level Forum on Aid Effectiveness, Roundtable 7: ‘Aid Effectiveness in Situations of Fragility and Conflict’, Session 3: ‘Improving the delivery of international assistance for the reduction of fragility and conflict’. ODE, Canberra.

running the country to donor management, and there is frustration by government officials with the interest-driven behaviour of some larger donors.¹¹¹

Mechanisms for donor coordination include the biannual government and donor partners meetings to agree on broader policy and targeting of government priorities and financing requirements. While these meetings are well attended by international donors and organisations, and have had some success in building consensus for government priorities and donor financing, their high-level dialogue and infrequency means they do not contribute to ongoing implementation coordination.¹¹²

Multidonor Trust Funds coordinated by the World Bank (such as the Trust Fund for East Timor), have been evaluated positively as mechanisms for coordination, information sharing and policy dialogue.¹¹³ However, only 16 per cent of aid since 2002 has been channelled through multilateral mechanisms, with only one-third of bilateral donors participating.¹¹⁴

When the SIPs were launched in 2005 they were supported by 11 sector working groups established by the Government to coordinate sector-level activities. Donors were requested to participate in the working groups relevant to their contributions. Although the plans have now been abandoned, sector working groups continue, but few meet on a regular basis, particularly after the disruption of the 2006 crisis. Some working groups, such as the maternal and child health group and the nutrition group, are an effective means of uniting actors working in these areas.

Sector wide approaches are being established in several sectors, including health and education. There is some evidence of division of labour among other donors (for example the World Bank is concentrating on health and education projects). There is also evidence of increasing use of joint donor missions (for example joint UNDP – AusAID review missions in the justice sector, and the Joint USAID – AusAID Conflict Assessment).¹¹⁵

While donor coordination has improved since 2005 through these mechanisms, there is considerable potential for further gains. Information on external assistance is lodged with the Registry of External Assistance (Ministry of Finance), but it is particularly challenging (and time-consuming) to obtain detailed information about each donor's programs in water and sanitation.

Australian support to East Timor

Australia provided more than AUD 641 million in official development assistance to East Timor between 1999 and June 2007. It is expected to spend AUD 86.4 million in 2007–08 and \$96.3 million in 2008–09. This represents an increase in annual aid to East Timor as a response to the 2006 security and humanitarian crisis. Australian assistance to East Timor in 2008–09 will focus on supporting democracy, security and justice, strengthening economic development and management, and improving service delivery. The East Timor program is AusAID's fifth largest country program.¹¹⁶

111 AusAID (2008), and Scanteam (2007). p. 39.

112 Scanteam (2007), op cit.

113 Scanteam 2007. op cit p. 36.

114 Scanteam 2007. op cit p. 37.

115 As cited in AusAID 2008. op cit.

116 Personal comment by James Gilling, AusAID Assistant Director General Indonesia and East Timor. December 2008.

A summary of AusAID activities in East Timor to date can be found on the Agency's website: <http://www.AusAID.gov.au/country/country.cfm?CountryID=911&Region=EastAsia>

In addition to emergency assistance, Australia has supported many sectors—including public financial management, policing and security, health, education, water supply and sanitation, agriculture, law, governance—through contributions to multidonor trust funds.

A new Australia – East Timor Development Assistance Strategy 2007–2011 is being prepared. It will outline the provision of long-term support in existing areas—policing, economic management and budget execution, and water supply and sanitation—as well as new areas such as vocational education, system-wide health service delivery, strengthening the courts and justice system, and development of key infrastructure for growth (including roads and electricity transmission).

Appendix Table 6: East Timor – Major current (2008) Australian support programs and activities outside the water and sanitation sector

Activity	Years	Amount	Description
Public Sector Management Capacity Development	2006–10	A\$35 million	Strengthen the skills base and institutional capacity of public administration, economic management and service delivery. Incorporates Australia – East Timor Development Scholarships.
Ministry of Planning and Finance Capacity Building Project	2003–08	A\$21 million	Improve capacity of the Budget and Revenue Office to sustain prudent fiscal outcomes. Expanded program will integrate management support to the Ministry of Planning and Finance. At the conclusion of the activity, Australia will continue to provide support through a joint donor program led by the World Bank.
AusAID – UNDP Strengthening Parliamentary Democracy	2006–09	A\$1 million	Help National Parliament to develop institutional capacity with a focus on oversight capacity development, legislative support, democratic representation, gender mainstreaming and secretariat capacity development.
Police Development Program	2004–09	A\$32 million	Maintain a safe and stable environment conducive to economic and social development through helping to strengthen the capacity of the police service to keep law and order while respecting human rights. Includes policy development and review, financial and personnel management and promotion of suitable operating procedures.
Law and Justice Development Program	2003–08	A\$8 million	Help justice and oversight institutions protect against destabilising bottlenecks in the legal and judicial system and to improve stability.
Program of Assistance for Special Services	2006–11	A\$8 million	Provide support for surgically treatable illness, disability or trauma and capacity building to East Timorese medical staff.
Seeds of Life 2	2001–10	A\$7.5 million	Identify higher yielding varieties of food crops.
Community Assistance Scheme	2001–current	A\$5 million	Small grants scheme to support community initiatives through NGOs, CBOs and religious groups.
Development Scholarships Program	2000–10	A\$15 million	Award undergraduate and postgraduate scholarships to East Timorese students to study at Australian educational institutions.
Emergency and Humanitarian Program	Response to 2006 crisis	A\$13 million	Provide support to East Timor, international and local NGOs in integrated health and nutrition, education, community empowerment and reconciliation, and disaster preparedness and mitigation.

Key issues

The AusAID Post in Dili currently has 36 active program initiatives (many in a start-up phase), with a further nine being planned.¹¹⁷ This is a large number for staff to track and manage.

The absence of a published Australian East Timor country strategy has made it difficult for AusAID staff to resist requests for support and maintain a clear focus on strategic areas of support.¹¹⁸ Demands on staff time and the urgent need for support to many areas in East Timor have tended to make decision making reactive rather than planned and rational.

High staff turnover at AusAID Post has affected program continuity. In the last two-and-a-half years, AusAID has had three water supply and sanitation program officers, for example. The East Timor desk in Canberra has also experienced a large staff turnover, including six directors in the last 18 months.¹¹⁹ Reasons for leaving are varied, but are largely the result of devolution of management responsibility to country posts and increases in AusAID's overseas programs.

Compared with other large donors, Australia is able to take a flexible approach to the way it supports development activities in East Timor. It can react quickly—for example responding rapidly to the need for food aid in 2006. Country support can include in-line advisors and/or payment of government staff salaries if required.

External support to the water and sanitation sector

ADB, JICA, and Australia are the three key donors supporting water and sanitation at present although others are involved as well (Table 7).

Australia

Australia has supported water and sanitation in East Timor since 1992. Australia is the largest donor to the water and sanitation sector, contributing AUD 46 million since 2003, through the past CWSSP and the current RWSSP.

Asian Development Bank

Since 2000, ADB has supported development of water supply and sanitation services in East Timor, focusing on urban areas. During the transition period, ADB administered the USD 9 million multi-donor financed Water Supply and Sanitation Rehabilitation Projects, phases I and II. Direct ADB projects include the Urban Water Supply and Sanitation Project (Dili) and DNSAS's Organization Development Technical Assistance. Due to the disruption to the DNSAS caused by the 2006 civil strife, the Urban Water Supply and Sanitation Project has been simplified to address just unaccounted-for water in Dili; and the DNSAS organisation development TA has refocused to help the DNSAS manage the Dili water system only (Dili Water Supply Performance Improvement Technical Assistance).¹²⁰

117 AusAID (2008). Current Financial Year Summary: Program Fund (Detail). 7 December 2008.

118 Personal communications with AusAID staff 6 to 18 December 2008.

119 Personal communications with James Gilling, AusAID Assistant Director General Indonesia and East Timor. December 2008.

120 ADB (2007). Country Operations Business Plan East Timor 2008–2010. ADB. Manila. p. 3.

Japanese International Cooperation Agency

Japan's grant aid contribution of USD 27.4 million has mostly supported Dili water rehabilitation and selected village and district town improvements. Projects include: the Water Supply System in Dili (USD 10.9 million, completed May 2007) and the Water Supply Project in Same and Ainaro (USD 9.94 million, completed March 2008). JICA has recently prepared a new grant aid project—the Urgent Improvement Project of Raw Water Main in Dili—and in November 2008 launched a new technical cooperation project, the Capacity Development for Water Supply System, to enhance DNSAS capacity for O&M of water supply facilities rehabilitated by Japanese grant aid which will run until March 2011.

United Nations Children's Fund

UNICEF's Water, Environment and Sanitation (WES) currently has a number of programs related to water, environment and sanitation across the country working through Health, Education and the DNSAS. UNICEF has recently committed to an annual allocation of USD 2 million for the five-year period 2009–13.¹²¹ Current programs include subsidies for sanitation facilities at the same time as providing water systems. In some locations, water facilities are only provided once there is a commitment to improving sanitation. A WASH program committee has been established and in theory has representative bodies (Team WASH) at the district level in the more accessible districts of Ermera, Dili, Aileu, Manatuto and Liquica that integrate water, sanitation and hygiene with government services. According to field workers, however, this system has not been active in the last 12 months. UNICEF has also been involved in water, sanitation and hygiene in IDP camps.

United Nations Department of Economic and Social Affairs

The UNDESA carried out a pilot program on sustainable access to water and energy from 2005–08 on Atauro Island and in Aleiu District in an attempt to influence best practice standards in the provision of water and sanitation services. This included adapting the CAP process introduced by the CWSSP, although the pilot produced its own guidelines.

United States Agency for International Development

USAID is a new entrant to the water and sanitation sector, although it has been operating in East Timor for several years on economic growth, democracy and governance, and maternal and child health projects. The USD 20 million District Water Supply, Sanitation and Hygiene Services Program commenced in early 2009 to support the Government's agenda to increase rural access to water supply in up to four districts (two districts during the first two years, then two additional districts in the following two years). It is forecast to last four years.

121 Republica Democratica de Timor-Leste 2008. Timor-Leste Rural Water, Sanitation and Hygiene Sector Strategy, 2008–2011.

Appendix Table 7: East Timor—donor contributions to water and sanitation 2003–2010

DONOR/Project	2003–04	2004–05	2005–06	2006–07	Transition budget	2008	2009	2010	Total
ADB									8.180
Urban water supply and sanitation project						1.500	2.500	2.000	
Dili water supply performance improvement						0.600	0.400		
Integrated water resources management	0.240	0.240	0.100						
Urban water supply and sanitation			0.300		0.300				
Australia									46.428
CWSS policy, planning, management	7.355	2.336							
RWSSP		0.194	0.400	0.118	1.244	7.233	7.239	5.008	
CWSS water sanitation, hygiene	4.479	6.895	3.927						
Canada									1.028
Rural community water and environmental Health	0.634	0.394							
European Commission									0.479
Potable water and better sanitation conditions for vulnerable population			0.150	0.161					
Humanitarian aid water and sanitation			0.081	0.087					
France									1.483
Water and sanitation for IDPs				0.148	0.148				
Water and sanitation	0.675	0.154	0.358						
Japan									27.350
Capacity building of water supply and sanitation					0.050	0.250	0.250	0.250	
URI/ Maintenance of Dili Distribution Network	1.224								
Dili Water Supply Rehabilitation II	1.829								
Rural water supply system, Laurai and Lautem districts	0.057								
Clean water for two villages in Liquica district	0.058								

DONOR/Project	2003-04	2004-05	2005-06	2006-07	Transition budget	2008	2009	2010	Total
Training in Japan/Water and Sanitation 2 trainees	0.035								
Urban water supply and sanitation project			0.100	0.100	0.200	0.200			
Dili water supply improvement project		5.445	5.445	0.500	0.250	0.250			
Water and sanitation system in five villages, Aileu			0.029	0.029					
Improvement of water supply in Same and Ainaro		2.486	2.486	2.486	1.243	1.243			
Advisor for water supply		0.127	0.128						
Urban water supply and sanitation project			0.300	0.300					
New Zealand									0.660
Water and sanitation				0.150					
Water and sanitation assistance to IDPs				0.510					
Portugal									1.446
Water supply and sanitation	0.187								
Rehabilitation of the Atauro aqueduct		0.909	0.306	0.044					
UNDESA									1.615
Sustainable water and renewable energy—rural			0.104	0.203	1.066	0.242			
UNICEF									2.438
Water and sanitation			0.757	0.325	0.325				
CWSS water, waste water, hygiene	0.515	0.516							
TOTAL	17.288	19.696	14.971	5.161	4.826	11.518	10.389	7.258	91.107

Source: Register of External Assistance. 26 March 2008. Proposed projects not included

Other donors

Several other donors, including Portugal and New Zealand, have undertaken small-scale projects in selected rural districts and IDP camps at various times. Both New Zealand's International Aid and Development Agency (NZAid) and Irish Aid also fund small grant programs that include water supply and sanitation. Irish Aid has built 5000 pour flush toilets in East Timor communities in the last three years through grant funding to local NGOs.¹²²

Possible new donors to the sector next year are Brazil—funding rain water harvesting for government buildings—and Spain who may work with the European Commission.¹²³ Details of these donor programs are unknown.

Non-government organisations

International NGOs, often collaborating with local NGOs, play a key role in the delivery of rural water and basic sanitation services throughout East Timor. Active international NGOs in the water sector include WaterAid, Plan, Oxfam, World Vision, Triangle, Care and Cruz Vermelha de Timor-Leste (CVTL)—the East Timor Red Cross). Frequently NGO interventions are part of an integrated package of assistance in geographically defined areas of the country. World Vision, for example, operates in Baucau, Bobonaro and Aileu districts where villages receive nutrition, water supply, sanitation, hygiene and agriculture support. WaterAid prioritises poor, remote and previously unserved *aldeia*.

The key issues in external support to water supply and sanitation are:

1. There are few donors in water and sanitation, and the ones operating are usually aligned with rural or urban areas. There is potentially a role for a donor to take the lead in the sector to coordinate and align other donors with government policy and strategy.
2. Long-term water and sanitation investments are needed, but donor funding is unpredictable. ADB and Australia acknowledge the need for a long-term approach, but this is not reflected in their budgets, which are usually short-term (three to five years) to match internal budget cycles and political decisions. International NGOs are also subject to unpredictable funding. For example because of the devaluation of the Australian dollar in 2008, Oxfam's anticipated budget of \$300 000 for 2009 has been reduced to \$170 000. This uncertainty not only constrains annual operations but also prevents any scaling-up of delivery of water and sanitation services. The flux of smaller donors in the water and sanitation sector within the last six years also contributes to funding unpredictability.
3. Sector coordination is weak and relies principally on the Technical Working Group and Sanitation Working Group, both which meet irregularly. There is no mechanism for coordination between water, sanitation and hygiene from the departmental level to service delivery. Links between donors undertaking school or health services upgrading and those implementing rural water supply and sanitation are weak, resulting in fragmented service delivery and lost opportunities for integrated village improvements. District Team Water Sanitation and Hygiene coordination committees are not functioning well. There is

122 Personal communications with Michelle Whalen, 17 December 2008.

123 Personal communications with Alan Smith Team Leader RWSP.

considerable opportunity for collective action—for example, information sharing, advocacy and policy development—which could strengthen water and sanitation delivery.

4. Sanitation has been a secondary focus for donors and hygiene promotion largely ignored, with senior government members opposed to any research on hygiene behaviour.
5. At the service delivery level, district DNSAS staff, local government, and health staff are not routinely included in water and sanitation project planning and implementation.
6. Weaknesses of NGOs include variability in approaches including participatory methods, gender, hygiene promotion and the level of coordination with local government. A recent study found that coordination among NGOs on the delivery of water and sanitation services is limited.¹²⁴ The NGO forum provides limited coordination and NGOs are perceived as self-serving when they press for more money to be spent on water and sanitation. There is also no forum for information sharing.

Australia contribution to the water supply and sanitation sector

Australia has been supporting East Timor’s water and sanitation sector since 1992. The two most recent major programs—the CWSSP and the RWSSP—are outlined in Appendix 1.

The CWSSP

The CWSSP has been subject to a number of project monitoring and evaluation reviews by AusAID’s Project Monitoring and Review Group and the project’s own ACR and ICR, representing many hours of reflection and analysis. The main findings described in the May 2006 ICR were:¹²⁵

- > improved access to clean water has been made available for 9991 households and improved sanitation facilities for 1994 households
- > the majority of water supply schemes are functioning
- > the development and implementation of a district planning process to identify and prioritise water and sanitation needs in each district has resulted in district plans being adopted throughout the country
- > community capacity to organise and operate water users groups has improved
- > the introduction of guidelines and procedures, particularly the use of the CAP has resulted in a positive development outcome and succeeded in building capacity within the Government of East Timor
- > better coordination of the Community Water and Sanitation Division (CWSD) with service providers and other government departments has occurred
- > project design flaws that limited achievements included a lack of focus on health outcomes and a lack of complementary activity in capacity building for government agencies in the water and sanitation sector.

124 NDI (2008). Making Democracy Deliver: How Citizens and Local Government Participate in Political Processes Surrounding Water and Sanitation Service Delivery in Timor-Leste. An Assessment Report. NDI, Dili.

125 Freeman, M & Bowman, C (2006). Australia-East Timor Community Water Supply and Sanitation Program Independent Completion Report. AusAID, Canberra.

After meetings and visits to CWSSP sites in Viqueque and Bobonaro districts¹²⁶ in December 2008, the OED evaluation team has drawn similar conclusions. User satisfaction with functioning systems is very high. While some water systems continue to function well (for example Caiuati) others have failed to provide sustainable services due to problems with ongoing O&M and community conflict (in Liaro, for example). Many district plans for prioritising water and sanitation are still in use and will be reviewed again in 2009. The guidelines for community water supply and sanitation are also still in use and have been institutionalised in DNSAS operations. The guidelines were reissued in 2005 by the DNSAS and another update is proposed for 2009. Participatory processes for design and management of community water systems have been institutionalised by Government.

The RWSSP

This program has only recently started, which makes detailed assessment of progress and outcomes premature. However, a second Project Monitoring and Review Group visit in October 2008¹²⁷ concluded that:

- > Publication of the RWASH-SS, endorsed by the highest levels of Government, is a significant achievement. The strategy moves the RWSSP from a bilateral development intervention to a broader government-owned sector strategy.
- > Senior government officials place greater emphasis on infrastructure and less emphasis on capacity building and stakeholder consultation and are pushing for more infrastructure to be built quickly.
- > There is lack of integration of water and sanitation with health and education programs. A significant number of schools and health centres are being built across the country without access to a reliable water supply. Improved coordination and a review of the RWSSP work plan are needed to increase the effectiveness of health and education sector programs by providing funds to connect schools and health centres to existing or new water supplies.
- > The program's monitoring and evaluation system is too complex for practical monitoring.
- > Any further funding should be linked to tangible government priorities and provided as performance-based finance where clear progress is being made by Government in policy, regulation, capacity, resource allocation and budget execution in respect of agreed objectives.

Further findings noted during this evaluation are:

- > Consultation undertaken by the RWSSP during development of the RWASH-SS was extensive and helped to unite the actors in the sector for that purpose.
- > Effective project-level cooperation is occurring with other donors (for example, with USAID to develop its District Water Supply, Sanitation and Hygiene Program, and coordination with the Prime Minister's Infrastructure Task Force on water and sanitation planning and prioritisation).
- > A longer period of post-construction mentoring is necessary, as a minimum, for sustainability.

¹²⁶ Caiuati and Liaro in Viqueque District, and Moelana in Bobonaro District.

¹²⁷ RWSSP Monitoring and Review Group 2008. Timor-Leste AusAID Rural Water Supply & Sanitation Program. Monitoring & Review Group, October 2008 Visit Draft Report. AusAID, Canberra.

- > The RWSSP administrative systems, with the exception of some technical files, are separate from the DNSAS systems so the opportunity to build capacity of the organisation from within is underexploited.
- > WaterAid's approach to sanitation can provide a lesson for the RWSSP on achieving 100 per cent open defecation free villages and longer post-construction mentoring.
- > The RWSSP demonstrates that effective use of regional experts from, for example, the Philippines and Indonesia, is one way to access skills for moderate costs. Recruiting regional expertise is a benefit of using a MC.

East Timor Community Assistance Scheme

AusAID's East Timor Community Assistance Scheme (ET-CAS) is a small grants funding mechanism that has contributed a total of A\$525 682 to 63 water and sanitation projects by communities and NGOs since 2000–01, with A\$100 151 expended in the 2007–08 financial year alone.¹²⁸ Project selection is through a panel review of applications (including AusAID and the DNSAS). Recently, projects have been directed to the RWSSP for technical design and advice; however, there is no supervision or post construction follow-up, and no assessment of the project against district plans or their selection criteria. Many project facilitators are local NGOs. AusAID has not commissioned specific follow-up studies or site visits to evaluate the sustainability and cost effectiveness of these water and sanitation grants.

Major conclusions for Australia's support to the water and sanitation sector

1. Current aid delivery mechanisms are undermining opportunities to build better governance and democracy. The Government has the opportunity to utilise the delivery of essential water and sanitation services to rural communities as a way of building citizen participation and democracy. However, water and sanitation services delivered by donors and NGOs often supplant the responsibility of Government. This can have a negative effect when the services fail and when the Government is blamed for lack of maintenance or asked for help to repair a system despite having minimal involvement previously. This creates the potential for citizen dissatisfaction and conflict. Water and sanitation schemes developed with little or no technical input, construction supervision or operational monitoring are even more likely to fail and have greater potential to exacerbate this situation.
2. The assumption that the poor will be served by targeting rural water supply and sanitation systems continues to remain valid, as most poor live in rural areas.¹²⁹ While there is also a need for urban services in East Timor, the rural poor are further disadvantaged compared with the urban poor by being remote from social services. Poverty is so endemic that virtually any rural water and sanitation project would be reaching the poor.
3. The departure point for Australian support to the sector is not client focused. The RWASH describes a vision of where rural water and sanitation should be, and identifies the indicators needed to measure progress towards this vision, but it does not start from the current status

¹²⁸AusAID General Database of ET-CAS, 12 December 2008.

¹²⁹ Upper poverty line used from: World Bank and Directorate of National Statistics, 2008. Timor-Leste: Poverty in a Young Nation. Preliminary Draft, Limited Distribution. November 2008, p. 4–5.

of the sector and government realities in terms of staffing and capacity. Steps needed to achieve the vision are not, in other words, part of the strategy.

4. Although the proportion of capacity building to physical investment may appear high, it is not considered by the evaluation team to be excessive at this time. The type of capacity building and the role of international TA to deliver capacity building is appropriate and realistic given the staffing shortages in Government.
5. Traditional attitudes about the designated roles of women are held fast by staff in water and sanitation, including NGOs implementing projects in communities. Field visits¹³⁰ revealed the expectation that the only role women assume in water management groups is Treasurer. They have no role in maintenance, although women have expressed interest in maintenance training. This suggests a need for greater gender awareness at all project levels.
6. The RWSSP's original concept design contained a four-stage process for closer alignment with government processes and systems, which has been abandoned. This should be resurrected.

AusAID project outlines

Community Water Supply and Sanitation Program

Initiative number	Initiative name	Dates	Amount approved	Amount expended
	CWSSP	January 2002 to April 2006	AUD 18.3 million	AUD 17.2 million
Goal	To contribute to the improvement of health in target communities through increased access to clean water and sanitation services and increased environmental health awareness.			
Purpose	To deliver sustainable community-managed water and sanitation services to priority sub-district towns and villages in Bobonaro, Viqueque and Covalima.			

Project rationale

The widespread violence and destruction following the August 1999 Popular Consultation in East Timor left the country's water and sanitation systems and facilities severely damaged and disrupted. At the request of the UN Transitional Authority (UNTAET), AusAID participated in an emergency assessment of the water and sanitation sector to prepare for a restoration program. In April 2000, AusAID also participated in an ADB-led water and sanitation sector mission, which made several recommendations on support for the sector. The CWSSP resulted from an expression of interest by AusAID to the UNTAET to support the capacity building, institutional development and rural water and sanitation needs arising from the mission. It was originally designed as a three-year program to support the Office of Water and Sanitation (now the DNSAS) to rehabilitate and develop rural water and sanitation systems to communities in Bobonaro, Viqueque and Covalima districts and develop policy and capacity within the DNSAS.

Project summary

The program was bilateral grant aid delivered by an Australian MC through a TA project. The MC worked in close partnership with the CWSD of the water supply and sanitation. The CWSSP

¹³⁰ Liquica and Dili Districts in particular.

commenced in January 2002 for three years. Following an Independent Mid Term Review in November 2003, the Program Monitoring and Review Group recommended that a fifth component, on Multi Village Water Supply Systems, be added and that the project be extended until April 2006.

The components of the CWSSP were:

- > *CWSSP Preparation*: To assess needs and establish project management systems and capacity.
- > *CWSSP Bridging Program*: To provide community groups, NGOs, and CBOs in the target districts with funding and technical advice for priority community-based water and sanitation initiatives while the CWSSP procedures are established.
- > *District water and sanitation plans*: To mobilise the implementation of the community-based district water and sanitation plans.
- > *Project Management*: To implement the project according to approved work plans and within budget.
- > *Multi Village Water Supply Systems*: To develop and trial a model for implementation and management of multi village water supply systems in East Timor.

Key strengths and achievements

The CWSSP was implemented during a difficult transitional period in East Timor's development. The program's main strength was the introduction of participatory development planning and implementation processes and systems. The CAP process is well established and in use, while district planning processes and methodologies developed by the CWSSP have been adopted by the GoET for use nationally.

A significant achievement is the large number of water supply and sanitation systems built in the three target provinces. Almost 10 000 households now have access to clean water, and 2000 households have improved sanitation facilities due to the program.

Key weaknesses

The Australian MC and the ICR highlight weaknesses with the program's design. Firstly, the health goal was not explicitly linked to any component objectives and the design contained no specific health outputs, making achievements under this component difficult. Secondly, the original design did not address issues of capacity building for the evolving East Timor water sector, particularly as the proposed complementary East Timor Water Supply and Sanitation Service Institutional Project did not eventuate. Thirdly, the program focus was on the design and implementation of physical systems, rather than generating demand through health promotion. A redesign, to address the interim components of the program, was recommended by the mid-term review in late 2003 but due to the satisfactory amount of progress achieved to date under the existing design, the addition of the multi village systems component was the only major design change. The ICR identified the lack of redesign as a missed opportunity to redress design inadequacies. Financial sustainability of the program was identified by the ICR as a weakness, but given the unique country circumstances and increasing levels of poverty, this is not unexpected.

Rural Water Supply and Sanitation Program

Initiative number	Initiative name	Dates	Amount Approved	Amount expensed ¹³¹
	Australia – East Timor RWSSP	September 2007 to 2012	AUD 28.7 million	
Goal	To improve the health and living standards of women, men, girls and boys in East Timor's rural communities, recognising the crucial contribution that access to clean water and enhanced sanitation related health behaviour can make to the improvement in health and livelihoods for rural people in East Timor.			
Purpose	Healthy rural communities have sustainable access to improved water supply, sanitation and environmental health for poverty reduction and rural economic development, achieved by community action that: is aligned with government policy and customary law promotes gender and social equity is supported by an integrated and enhanced government, civil society and private sector maintains a balance with environmental and natural resource management.			

Rationale

Australia supported rural water and sanitation activities in East Timor through the CWSSP as well as placement of advisors within Government of East Timor. In 2005, the Australian Government commissioned a feasibility study into the provision of assistance to rural water supply and sanitation that recommended a long-term, national program which 'actively supports and contributes to improve the efficiency of government and gives increased emphasis to enhancing health related outcomes'. The RWSSP is the result of a request by the GoET for continuing Australian support for rural health improvements. The RWSSP is designed as a major integrated program of development assistance for five years.

Project summary

The RWSSP commenced in September 2007, although the work plan had not been approved as of December 2008. The program is implemented through the DNSAS, the Ministry of Infrastructure, and the Ministry of Health—in partnership with AusAID. It is a five-year commitment from AusAID.

The RWSSP's scope is:

- > *To improve systems and capacities* within the DNSAS, the Environmental Health and Health Promotion Divisions of the Ministry of Health, water management groups or communities, NGOs and the private sector, to plan, design, implement, operate, manage and evaluate sustainable rural water supply and sanitation programs and activities.
- > *To plan, implement, operate and evaluate* a hygiene and sanitation program that achieves behaviour changes and creates the demand for rural water supply and sanitation infrastructure.
- > *To design, implement, operate and manage* technically appropriate sustainable rural water supplies and sanitation facilities.

¹³¹As of the end of December 2008.

- > *To establish the organisational and management framework, systems and plans* for the efficient and effective management and implementation of the RWSSP, including the development of the Program Strategic Framework, work plans and capacity building strategies. Much of the support provided through the RWSSP is by TAs who act as enablers and facilitators within government departments rather than running or implementing a discrete project.

Key strengths and achievements

The RWSSP design has adopted recommendations from both a 2005 feasibility study and independent evaluations of the CWSSP. Recommendations include: continued emphasis on engaging communities in a community action process; placing more emphasis on hygiene and sanitation promotion; building the capacity of the Government and other service providers (such as NGOs and contractors) as well as the capacity of communities; and preparing a strategic plan for the sector.

The first six months of the program included extensive stakeholder consultation and collaboration and resulted in the drafting of the RWASH-SS. The RWASH-SS provides a five- to 10-year strategic planning horizon, indicators of success, risk assessment and responsibilities for delivery of national rural water supply and sanitation, which can be used as a key planning tool for GoET and other donors.

Key weaknesses

The RWSSP's model of assistance continues to operate largely in parallel to GoET systems.

A significant number of schools and health centres are being built across the country with no access to a reliable water supply. The RWSSP has yet to coordinate and fund connections of schools and health centres to existing or new water supplies.

The program's monitoring and evaluation system is overly complex for practical monitoring and does not effectively link to GoET's water and sanitation indicators.

There appear to have been considerable delays and some uncertainties in officially launching the program. The program's work plan has not been approved by AusAID, resulting in the need for a bridging period between 2007 and early 2009. Continuity was maintained using short-term staffing contracts and rates.

Timeline of recent Australian assistance to the East Timor Water Supply and Sanitation Sector

Date	Activity	Findings/results
1999	AusAID emergency water supply and sanitation mission	Recommendations for immediate restoration program, to facilitate the early operation of the UNTAET.
April 2000	AusAID participated in ADB-led sector assessment	Recommended development of sector framework; capacity building and institutional development program; urban and rural water supply and sanitation rehabilitation; community development and environmental health.
September 2000	Feasibility/design of capacity building and rural water and sanitation initiatives	
March 2001	AusAID short term advisers support capacity building and institutional development of the WSS	
January 2002	The CWSSP commences	Covalima, Bobonaro and Viqueque districts
2002	East Timor 2020—'Our Nation Our Future' published	Stated that community owned and managed water and sanitation schemes would be best way to meet needs in rural areas
October 2003	The CWSSP Mid Term Review published	Project extended by 15 months to April 2006. Multi village component added.
April 2004	Water Services Decree published	Sets out agency responsibilities and cooperation framework
2005	Feasibility Report on the provision of Australian assistance to rural water supply and sanitation published	Recommended a long term national program which 'actively supports and contributes to the initiatives to improve the efficiency of government and gives increased emphasis to enhancing health related outcomes'
March 2006	The CWSSP activity completion report published	Outlines progress and achievements of the CWSSP
April 2006	The CWSSP completed	
April 2006	AusAID advisers placed in the DNSAS	
April 2006	National crisis and civil unrest	Activities in water sector restricted temporarily
May 2006	The CWSSP's ICR published	The CWSSP rated overall as a satisfactory activity, being marginally satisfactory in sustainability and appropriateness of design
January 2007	Synthesis Paper and Initial Stakeholder Feedback released	Summarises stakeholders in the sector and sector needs.
2007	<i>Timor-Leste 2005 Millennium Development Goals—where are we now?</i> published	Stated intention to meet MDG by setting goal of 75 per cent of rural population have access to drinking water and 40 per cent have access to sanitation facilities by 2015.
2007?	SIP for water and sanitation published	Outlines plan for rural and urban investment in water and sanitation. Rural areas receive low cost improved water supply systems, with ownership and ongoing operational and maintenance responsibilities by the benefiting community.
July 2007	The RWSSP MOU signed	Five-year commitment by the Australian Government to the rural water supply and sanitation sector.
September 2007	The RWSSP commences	Support to GoET for those parts of the RWASH-SS considered most timely and useful for Government and other sectors to implement.

Date	Activity	Findings/results
September 2007	Program of the IV Constitutional Government 2007–12	Stated intention to legislate on water usage and sanitation; rehabilitate and build new water treatment and sanitation facilities; perform maintenance on facilities; develop transversal policies (for example, health and environment).
September 2007	Responsibility for water supply and sanitation comes within the Ministry of Infrastructure's National Directorate for Water and Sanitation and under the Secretary of State for Electricity, Water and Urbanisation	Changed with new Government.
September 2007	Health Sector Strategic Plan published	Recognises water and sanitation as one of the five most significant determinants of health. The second priority area is behaviour change and health promotion.
February 2008	Interim Monitoring Review Group meets	
March 2008	Six Monthly Progress Report/Inception Report	Period covered preparation of Program Strategic Framework and some preliminary environmental health promotion work, issues papers, and basic project information.
2008	GoET Rural Water Sanitation and Hygiene Sector Strategy 2008–2011 published	Outlines long term sector vision, and identifies five functional areas and general results and outcomes expected.
August 2008	The RWSSP Whole of Program Life Work Plan published	Defines how the RWSSP will contribute to achieving the RWASH-SS.
October 2008	The NDI Report on Citizens and Local Government Participation in Political Processes surrounding water and sanitation published	Recommended increased communication between Government and community, increased government presence, enhance the DNSAS capacity, and improve NGO coordination.
October 2008	The RWSSP Monitoring Review Group meets	Recommended greater use of existing government structures and processes in program governance.

APPENDIX C: EAST TIMOR REVIEW OF EVALUATION QUESTIONS

Appendix Table 8: Summary

Relevance of Australian support	Summary	Evidence/ comments
Is the predominant model of water and sanitation service delivery supported by the Australian aid program fit for purpose in meeting the priority service needs of poor men and women? And if not, why?	Adequate can be improved	The model is project based and well suited for a fragile state, but in East Timor there is now a need to implement the original four-phased alignment plan.
Are the improvements in water and sanitation service delivery, supported by the aid program, sufficient to improve priority outcomes for poor men and women related to water and sanitation services (including primary outcomes such as access and affordability and secondary outcomes such as improved health)?	Primary Adequate. Secondary less certain	Primary outcomes are judged as sufficient. The situation for secondary outcomes is less certain in part because of data problems and in part because sanitation has not been as successful as water supply and evidence of hygiene behaviour change is not yet available.
Has Australian support been based on an adequate assessment of the constraints to service delivery for poor men and women, including political economy factors, the impact of conflict (where applicable) and the willingness and capacity of stakeholders to deliver the necessary improvements?	Poor	Poor because the institutional linkage to local government is not strong enough and many of the user groups are not functioning due in part to a lack of social cohesion and the need for more intensive post construction follow up.
Has the aid program supported the right stakeholders in the water and sanitation sector?	Good	Yes. Poor people are targeted and institutional stakeholders are relevant (once health authorities were involved in the middle of phase 1). NGO involvement is also relevant but private sector and local government less so (although this is explained by their absence in phase 1). Need to support the private sector and local government more, which is gradually happening.
Have sufficient resources been directed to address the targeted constraints?	Good	Yes. The implementation capacity was fully utilised—no failure due to lack of funds.
Has the design and implementation of Australian support achieved the right balance between long-term capacity development and short-term, visible results?	Adequate	Yes, for the fragile situation, but now needs to change and focus on longer-term perspective.
Does the previous and current pattern of assistance provide a sound basis to scale up assistance effectively for water and sanitation service delivery?	Adequate	Partially. Needs to move with the times as the situation becomes less fragile. Needs to implement the original four-phased alignment plan
Appropriateness of approach	Adequate	Ok for the fragile situation but not to be recommended otherwise.
Has the strategy to improve service delivery supported by the aid program been coherent, realistic and well budgeted, and based on consultation and stakeholder ownership?	Poor	The strategy was not linked to a proper assessment of the national sector framework. It has been subject to extensive stakeholder consultation, but without the proper assessment it remained flawed.
Has alignment of Australian support with partner governments been appropriate given the assessment of responsibilities, capacity and commitment and, where applicable, the impact of conflict?	Poor	As above.
Has an appropriate balance been struck between support for capacity building, provision of technical assistance and the provision of goods and services?	Adequate	The focus has been on service provision and the local and international TA necessary to obtain that service provision. For the fragile state situation this is appropriate, although the TA has been too heavy (two-thirds of the total budget). The alignment plan originally envisaged would have helped to better direct the TA and result in a more appropriate balance.

Relevance of Australian support	Summary	Evidence/ comments
Has Australian support been sufficiently harmonised with other international and national actors to manage the risks of fragmentation?	Good	Yes. Good coordination with other projects, such as USAID and UNICEF, with support being given to government leadership of the coordination.
Has the choice of instruments and modalities for Australian support been appropriate, given local context and timing/sequencing issues? And are current modalities adequate to enable a scaling up of support to water and sanitation service delivery?	Adequate	To a certain extent. The four-phase alignment plan originally proposed would have been more appropriate.
Has the aid program adequately managed the risks of Australian support eroding existing <i>local</i> capacity?	Poor	Private sector capacity has not been increased. NGO capacity has been increased, but mostly through management by international NGOs. Government capacity has increased in terms of individuals but less so for their systems.
Has the approach taken by Australia addressed concerns of aid volatility and predictability?	Adequate	Very long-term assistance (10 years) provided, but some uncertainty in the protracted bridging phase.
Where relevant, has Australian support been sufficiently whole-of-government to address linked political-security-development issues?	Adequate	Support has been somewhat isolated as the institutional support originally designed was dropped. The link to how the general public financial management and civil service reform can be implemented in the sector with project help is not prominent. Not much discussion in design documents on site selection for security reasons.
Has adequate, timely performance information been available and have appropriate changes been made to the approach of the aid program in the light of this?	Good	Yes. Intensive monitoring which has resulted in a number of important and useful changes (e.g., introduction of health objectives and providing funds for district staff).
How effective has Australian support to the sector been?	Good	Poor reached (but longer-term sustainability questionable).
What outcomes have been achieved as a result of Australian support and have these improved the delivery of essential water and sanitation services?	Good	As above.
Has access to essential water and sanitation services increased for the poor, women and other vulnerable groups?	Good	As above.
What contribution has Australian support in the sector made towards improving gender equality/reducing gender inequality	Poor	Inadequate, support has improved water collection burden for women which is a big improvement but opportunity to further empower and capacity build women is missed.
What factors explain variations in the outcomes achieved and system performance within the case study countries?	n/a	While the site selection and entry point are very important, the presence of simple technical solutions and a cohesive community are probably the most important. Oxfam has developed a series of sustainability factors that clearly suggest why schemes continue to function.
Has Australian support helped improve the productivity of the system, including: incentives to deliver better services; more efficient delivery mechanisms; increased resources at the front-line; and greater reach of services to the poor, women and other vulnerable groups?	Adequate	Some planning improvements have reached the government system, which now plans with communities and districts. Otherwise, the government systems have not been much improved.
Has Australian support strengthened key accountabilities within the water and sanitation system between policy makers, service providers, civil society organisations and poor service users?	Poor	No, it could even have weakened it because of the independent project approach.
How sustainable are the gains that have been achieved, in terms of the effectiveness of Australian support in building:	Poor	The systems function now but they are highly vulnerable without more support to the post construction phase and are likely to fail well before their design life.
Political support and pro-poor policy making capability?	Poor	Very little evidence.

Relevance of Australian support	Summary	Evidence/ comments
System capacity, including financial viability and harnessing skills of state and non-state providers?	Adequate	Some capacity has been built within the international and national NGOs, but not enough within the government sector.
Voice and participation of poor women and men or advocacy groups in the system?	Adequate	Some community mobilisation but no support for the civil society advocacy role.
Scalability		
Is there potential for successful interventions to be scaled up within the case study country?	Adequate	To some extent, but the private sector needs developing and the sector itself needs reforming.
Is there potential for successful interventions to be applied to different countries? What aspects would be transferable?	Adequate	The support used was based on tried and tested approaches relevant for project modalities. The four-phase alignment plan, if implemented, could be something that was transferable.

APPENDIX D: EAST TIMOR KEY INFORMANTS AND EVALUATION TEAM PROGRAM

Appendix Table 9: Key Informants

Position	Organisation
Team Leader	RWSSP
Programme Operations Manager	RWSSP
International Development Consultant	Contracted to AusAID Dili
Liquica District Officer	DNSAS Liquicia
Bilateral Officer	National Planning and Coordination of External Assistance
Secretary of State	Ministry of Infrastructure
Operations Manager	International Development Support Services (IDSS)
Division Head, Dili Water and Sanitation	DNSAS
Staff Member	La'o Hamutuk
Strategic Framework Adviser	IDSS
East Timor Country Program Manager	AusAID, Canberra
Country Representative	WaterAid East Timor
Director	National Planning and Coordination of External Assistance
Water and Sanitation Specialist	Prime Minister's Infrastructure Taskforce, Dili
Head of Administration, Finance and Human Resources	DNSAS
Secretary General	CVTL (East Timor Red Cross)
Assistant Director General Indonesia and East Timor	AusAID Canberra
Environmental Health Adviser	RWSSP
Director	National Directorate for Water and Sanitation Service - GoET
Country Program Director	World Vision, East Timor
Program Officer	AusAID Dili
Resident Representative	ADB Special Office in Timor-Leste
Capacity-building Advisor	RWSSP
Director	Treasury - Government of East Timor
WSS Technical Facilitator	World Vision
Planning Department	DNSAS
Program Coordinator, District Water and Sanitation Department	DNSAS
Community Development and Gender Adviser	RWSSP
Deputy Program Manager	Oxfam Australia, Timor-Leste Program
Second Secretary	AusAID, Dili Post
PFM/Governance Analyst	The World Bank, Timor-Leste
Executive Officer	USAID, Timor-Leste
East Timor Desk Officer	AusAID, Canberra
Sanitation Officer, Environmental Health Department	Ministry of Health
Counsellor	AusAID, Dili Post
District Engineering Advisor	RWSSP
Division Head, Planning and Development	DNSAS
Environmental Health Adviser	Independent Consultant
Environmental Health Officer	Ministry of Health
Researcher	La'o Hamutuk
Water and Sanitation Engineer	WaterAid East Timor
Head of Environmental Health Department	Ministry of Health
Programme Officer	World Vision, East Timor

Appendix Table 10: Evaluation Team Program

Date	Day of week	Activity
2 December 2008	Tuesday	Team travel
3 December 2008	Wednesday	AusAID meetings Canberra: ODE; Assistant Director General Indonesia and East Timor
4 December 2008	Thursday	AusAID briefings: Gender Adviser, Indonesia focal points. IDSS briefing on the CWSSP and the RWSSP. Department of Foreign Affairs and Trade briefing on Australia – Indonesia relationship
5 December 2008	Friday	AusAID briefings: Indonesia Country Program and strategy; East Timor Country Program; Water and Sanitation Program Briefing from Watsan NGO reference group Depart Canberra
6 December 2008	Saturday	Arrive Dili, Team document review and planning
7 December 2008	Sunday	Document review and ,planning
8 December 2008	Monday (public holiday)	Team planning. Prepare background report.
9 December 2008	Tuesday	Briefings with AusAID and the RWSSP Australian MC Meetings with key stakeholders in Dili: Aid Effectiveness Directorate; USAID
10 December 2008	Wednesday	Meetings with key stakeholders in Dili: NGOs; WaterAid; World Vision; CVTL; Oxfam; RWSSP AMC; ADB
11 December 2008	Thursday	Meetings with key stakeholders in Dili: the DNSAS; Ministry of Finance; Prime Minister's Infrastructure Task Force; Ministry of Health; La'o Hamutuk NGO; World Bank
12 December 2008	Friday	Field visit 1: Caiuati, Viqueque District (RWSSP); Liaro, Viqueque District (RWSSP) Field visit 2: Glai, Liquica District (WaterAid)
13 December 2008	Saturday	Team workshop
14 December 2008	Sunday	Debriefing AusAID.
15 December 2008	Monday	Field visit 3: Liquica District Town (DNSAS); Maubara Sub District Town (DNSAS) Field visit 4: Moleana, Bobonaro District (RWSSP); Balibo (RWSSP)
16 December 2008	Tuesday	Debriefing with the RWSSP Australian MC. Debriefing with the DNSAS. Ministry of Health Departure of two team members
17 December 2008	Wednesday	Meeting with community consultants. Field visit 5: Lelaus, Dili District (World Vision)
18 December 2008	Thursday	Report writing. Follow up. Remaining team departure.

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