

**Timor-Leste Rural Water Supply and
Sanitation Program - Bee, Saneamentu no
Ijiene iha Komunidade (BESIK 2)**

FINAL MONITORING AND REVIEW GROUP

FINAL - 8 June 2016

Aid Activity Summary

Aid Activity Name	DFAT Timor-Leste Rural Water Supply and Sanitation Program. In Tetum: Bee, Saneamentu no Ijiene iha Komunidade (BESIK 2)		
AidWorks Initiative Number	INK217		
Commencement Date	17 September 2012	Completion date	30 June 2016
Total Australian \$	Up to AUD 29 million		
Total Other \$	Not applicable		
Delivery Organisation(s)	Aurecon Australia – International Projects Pty Ltd		
Implementing Partner(s)	Ministry of Public Works, Transport and Communication Ministry of Health		
Country/Region	Timor-Leste		
Primary Sector	Rural Water Sanitation and Hygiene		

All currency amounts are in Australian Dollars (AUD) unless noted otherwise.

Acknowledgments

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Map of Timor-Leste



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Reference: <http://xtremeretirement.wordpress.com/about-2/> (accessed 24 March 2014)

Acronyms

ADN	National Development Agency (of GoTL)
APF	Administrative Post Facilitator (previously known as SDF - Sub-District Facilitator)
BESIK 2	Bee, Saneamentu no Ijene iha Komunidade, Phase 2
CD	Capacity Development
CLTS	Community-Led Total Sanitation
DAA	Departments of Water Supply (Departameto de Abastecimento de Água) (before known as SAS)
DFAT	Australian Department of Foreign Affairs and Trade
DGAS	Directorate General of Water and Sanitation (Direcção Geral de Água e Saneamento)
DHS/SDS	District Health Services (Serviços de Saúde Distritais)
DNCQA	National Directorate for Control and Quality of Water (Direcção Nacional de Controlo e Qualidade da Água)
DNSC	National Directorate for Community Health (Direcção Nacional de Saúde Comunitária)
DNSA	National Directorate for Water Services (Direcção Nacional dosde Serviços de Água)
DNSB	National Directorate for Basic Sanitation (Direcção Nacional de Saneamento Básico)
DPES	Department of Health Promotion and Education / Departamento Promosaun no Edukasaun Saude
DPHO	District Public Health Officer
DRWSEA	Water and Sanitation Engineering Adviser
DSA	Department of Environmental Health / Departamento de Saude Ambiental
DTO	District Technical Officer
EHD	Environmental Health Department
FRA	Fiduciary Risk Assessment
GMF	Water Facility Management Group (Grupo Manajementu Fasilidade or Grupo de Gestão de Água)
GoA	Government of Australia
GoTL	Government of Democratic Republic of Timor-Leste
HWWS	Hand Washing With Soap
ICT	Information and Communication Technology
LES	Locally Engaged Staff
LTA	Long Term Adviser
LTP	Long Term Personnel
M&E	Monitoring and Evaluation
MC	Managing Contractor
MEF	Monitoring and Evaluation Framework
MRG	Monitoring and Review Group
MS	Ministry of Health (Ministério da Saúde)

MOPTC	Ministry of Public Works, Transport and Communications (Ministério das Obras Públicas, Transportes e Comunicações)
MAE	Ministry of State Administration (Ministério da Administração Estatal)
MSS	Ministry of Social Solidarity (Ministério da Solidariedade Social)
NGO	Non-Government Organisation
NPOMP	National Pump O&M Program
PAKSI	Community Action Planning, Sanitation and Hygiene (Planu Aksaun Komunitade, Saneamentu no Ijiene)
O&M	Operations and maintenance
ODF	Open Defecation Free (ALFA if using the Tetum acronym)
PD	Program Director
PDID	Integrated District Development Plan (Plano de Desenvolvimento Integrado Distrital)
PDD	Program Design Document
PFM	Public Financial Management
PLWD	People Living With Disabilities
PNDS	National Program for Village Development (Programa Nacional de Desenvolvimento dos Sucos)
RWASH	Rural Water, Sanitation and Hygiene
RWSSP	Rural Water Supply and Sanitation Project
SDP	Timor-Leste Strategic Development Plan
SIBS	Water and Sanitation Information System (Sistema Informasaun Bee no Saneamentu)
SIDJRI	Sistema Informasaun no Dados Jestaun Rekursus Idricos,
SISCa	Integrated Community Health Service (Servisu Intergradu Saude Comunidade)
SDS	District Health Service (Servisu Distrital Saude)
SSS	Sub-District Health Services (Servisu Saude Sub-Distritu)
STA	Short Term Advisor (Specialist)
ToR	Terms of Reference
WASH	Water Supply, Sanitation and Hygiene

Executive Summary

1 Purpose

This report outlines the findings of the third and final independent review of the Government of Australia (GoA) funded Rural Water Supply and Sanitation Program (RWSSP) Phase 2, known locally as *Bee, Saneamentu no Ijiene iha Komunitade* (BESIK 2). The review was conducted in late March/early April 2016 by the program's Monitoring and Review Group (MRG).

2 BESIK 2 program design

BESIK 2's goal is to improve the health and quality of life of rural people in Timor-Leste through three end-of-program goals:

- a. All levels of Government with well-functioning systems for effective policy development, planning and management for rural water supply and sanitation (through four specified outcomes).
- b. Rural communities have sustainable and equitable access to/utilisation of safe water (through twelve specified outcomes).
- c. Rural communities and selected schools have sustainable and equitable access to/utilisation of improved sanitation (through seven specified outcomes).

BESIK 2 was designed as an eight year program. Due to budget constraints the program is ending after four years. Australian support to the rural water supply, sanitation and hygiene (RWASH) sector will continue under a new program – the Australia Timor-Leste Partnership for Human Development (ATLPHD).

3 Australia Timor-Leste Partnership for Human Development

ATLPHD will deliver Australia's development assistance in health, water, education, nutrition, gender equality, disability and social protection. The program is valued at up to AU\$120 million over five years and scheduled to commence in June 2016. Some elements of BESIK 2 will continue under the ATLPHD under the Water and Health Pillars - some will not. *Detailed planning will be undertaken as soon as the program commences.*

4 Findings

4.1 Overall progress towards program outcomes

As the program comes to an end at its midway point, BESIK 2 has a great deal to celebrate. Highlights include¹:

¹ From the Draft Activity Completion Report.

- Through advocacy for operations and maintenance (O&M) from DGAS, BESIK 2 and others, GoTL allocated considerable funds for the O&M of water supply in 2016.
- Several different delivery systems for O&M and water system rehabilitation have been tested and a national water pump database has been prepared.
- Twenty seven thousand people, thirty six schools and thirteen health clinics have improved access to water through direct implementation by BESIK 2. Almost 60,000 others have benefitted through BESIK 2².
- Strong GoTL leadership, supported by BESIK 2, resulted in a very successful sanitation campaign in Bobonaro Municipality.
- 51,100 people have improved sanitation and hygiene knowledge through attendance at Behaviour Change and Communication (BCC) campaign events and Community Action Planning, Sanitation & Hygiene (PAKSI) “triggering”, (December 2015).³
- 29,580 additional people in target areas have access to “improved” or “unimproved” household sanitation facilities (at December 2015)⁴.
- The Water Resource Management (WRM) Law and Policy documents are complete and will be supported by a WRM database.

As with any program, there are also areas that were less successful including the lack of progress in water supply O&M and limited progress with sanitation marketing.

4.2 Water supply and operation and maintenance (O&M)

There is no overarching framework for rural water supply and the organisational structures that support rural water are unclear. GoTL has allocated significant sums for O&M in 2015 and 2016. DNSA senior staff has a broad vision for rural water supply O&M that is based on Decree Law 04/2004. It envisages small, simple systems being maintained by communities themselves, with government playing a role in larger, complex systems. BESIK 2 attempted the development of an O&M Pathway but this has stalled. Consequently, there is no overarching framework within which Australia can direct its O&M assistance.

ATLPHD presents an opportunity to ‘reset’ Australian Aid support to the rural water sector. The focus on O&M remains appropriate but should be coupled with greater promotion for ongoing GoTL capital expenditure. ATLPHD’s focus could be at the municipal level, avoiding a strict demarcation between urban and rural. Strengthening the function of Water Management Groups and Administrative Post Facilitators should remain a priority.

² From BESIK 2 Activity Completion Report. Page 1.

³ As above.

⁴ As above.

4.3 Sanitation and hygiene

The Sanitation and Hygiene Improvement Program (SHIP) in Bobonaro has been successful. Strong local leadership was key. The momentum in Bobonaro must be maintained and its impact deepened. The program also needs to be rolled out across the country. GoTL funding is a concern - there is no GoTL funding for sanitation or hygiene promotion programs. MoH needs a strategy, plan and budget for the implementation of SHIP. Responsibility for most of SHIP's activities sits with the Ministry of Health (MoH). Consequently, the MRG supports locating sanitation and hygiene in the Health Pillar of the ATLPHD. Finally, SHIP provides a good model for 'action learning' that could be applied in other situations.

During both phases, BESIK has worked diligently to promote gender equality and strong engagement by women—both within beneficiary communities and amongst service delivery agencies. Whilst the current SHIP team is highly effective, there are no women team members and community leaders are traditionally men. This is a concern.

4.4 Water resource management (WRM)

The WRM Law and Policy is to be submitted for approval in May 2016. BESIK 2 also developed a national Water Resources Data and Information Management System that is now fully functional and staff has been trained in its use (further training may be needed). Sustainability of the contributions made by BESIK 2 is not assured. Resources will be required to implement the new law and policy and to populate and interrogate the database. There should be a pause in the support from DFAT for WRM so that the National Directorate for Control and Quality of Water (DNCQA) can clarify its priorities and objectives and secure political and budgetary support.

4.5 Corporate services

Engagement with the Corporate Services function has primarily been at the operational level and carried out within GoTL personnel and finance policies. The challenge for the new program is to determine where to target its capacity development support. The simple option is to focus on the organisational structures that are closest to rural communities such as the Municipal Water Supply Department offices and health units. The more difficult option is to target corporate-wide functions and processes.

Good lessons can be learned from the R4D program. With strong support from DFAT, R4D has recently met with considerable success in securing GoTL funding for rural road rehabilitation in the 2016 budget. R4D also created a Rural Roads Master Plan which has been endorsed at ministerial level and provides a sound basis for prioritising expenditure.

4.6 Linkages with other DFAT programs

BESIK 2 has good communication with other DFAT programs, such as Governance for Development (G4D) and R4D. Where linkages have been relevant they have, in the main, been made. However, while there was considerable contact between the two programs, the links between BESIK 2 and the National Program for Village Development (PNDS) could have been

stronger given the common interest in rural water supply if it had been supported at the Ministerial level.

5 Conclusions and Recommendations

The ATLPHD provides an opportunity to refocus support for rural water and sanitation. *GoTL must have a clear role in reshaping the program, within the boundaries of ATLPHD's overall goal and objectives.* There is still a great deal to do to provide a foundation for support to RWASH O&M and the development of a service delivery systems and processes. Support is also needed to rollout SHIP across the country. Encouragingly, the Bobonaro experience shows that quality change is possible at the rural level. The new program (under all its pillars) can learn from that experience when considering where and how it will work.

Recommendations are made throughout the report and documented in Attachment D.

Priorities for ATLPHD support should be to:

- Assist MPWTC with the development of a 'masterplan' for rural water through a bottom up approach with municipalities
- Assist MPWTC to develop an O&M plan or framework
- Assist MoH to deepen the work done in Bobonaro and expand the success in Bobonaro to other municipalities.

In addition, the MRG recommends that:

- BESIK 2 ensure there is a planned exit process for the program that includes the handover of all relevant documentation to DGAS before the end of June.
- The ATLPHD team ensure its stakeholders are informed about the process for the implementation of the new program and what it is likely to mean for them.
- BESIK 2 to clearly identify all outstanding work and assess each activity as needing to be ended (finished or not), completed or transitioned to the new program. Care should be taken to ensure work is not rushed at the expense of stakeholder engagement.

The MRG notes that the ATLPHD will be consulting with all relevant stakeholders in water and health when planning its activities.

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1. Introduction

1.1 Purpose

This report outlines the findings of the third and final independent review of the Government of Australia (GoA) funded Rural Water Supply and Sanitation Program (RWSSP) Phase 2, known locally as *Bee, Saneamentu no Ijiene iha Komunidade* (BESIK 2). The review was conducted in late March/early April 2016 by the program's Monitoring and Review Group (MRG).

1.2 BESIK 2 program design

BESIK 2's goal is to improve the health and quality of life of rural people in Timor-Leste through three end-of-program goals:

- a. All levels of Government with well-functioning systems for effective policy development, planning and management for rural water supply and sanitation (through four specified outcomes).
- b. Rural communities have sustainable and equitable access to/utilisation of safe water (through twelve specified outcomes).
- c. Rural communities and selected schools have sustainable and equitable access to/utilisation of improved sanitation (through seven specified outcomes).

BESIK 2 was designed as an eight year program. In mid-2015, due to budget constraints and a falling currency exchange rate, DFAT was forced to review its aid program to seek more efficient means of delivery. In the short term this meant a significant reduction in the BESIK 2 budget and a reduction in both national and international staff. In the longer term, DFAT chose to integrate support to rural water and sanitation (RWASH) with health, education and cross cutting issues under a new program – the Australia Timor-Leste Partnership for Human Development (ATLPHD). BESIK 2 is ending after four years.

BESIK 2 was initially designed to be managed by a DFAT Program Director (PD) with operational support from a contracted service provider (Aurecon Australia – International Projects Pty Ltd). There were four different people in the PD role until December 2015 when it moved to a Team Leader model under the management of Aurecon.

1.3 Australia Timor Leste Partnership for Human Development

ATLPHD will deliver Australia's development assistance in health, water, education, nutrition, gender equality, disability and social protection. It will work towards Strategic Objective 2 of Australia's Timor-Leste Aid Investment Plan: enhancing human development.⁵ The program is valued at up to AU\$120 million over five years and scheduled to commence in June 2016. The

⁵ Timor-Leste Aid Investment plan is available at www.dfat.gov.au.

following table shows the draft water and sanitation goals and end of program outcomes proposed for ATLPHD. These will be refined at commencement.⁶

Pillar and focus within Pillar	PILLAR GOALS	END OF PROGRAM OUTCOMES
Health Maternal and children's health; sanitation and hygiene	<i>Households (especially mothers and young children) are accessing improved health services and adopting better health, sanitation and hygiene practices</i>	1.1 – Health sector professionals have improved clinical competencies to deliver primary healthcare services, particularly in maternal and infant health.
		1.2 – Maternal health providers are providing timely and better quality information about maternal, neonatal and infant health services.
		1.3 – Family planning sexual reproductive health service providers are delivering improved information and services (particularly for youth).
		1.4 – MoH and CSOs are generating increased demand for improved sanitation facilities and increased use of hygiene practices in target communities.
		1.5 – MoH has improved health sector policies and systems.
Water Access to water in rural areas	<i>Rural households have better access to sustainably maintained water sources</i>	2.1 – MoPWTC has developed a national policy and system for rural O&M that is operationalised in target areas.
		2.2 - MoPWTC has improved water supply policies and systems that increase rural water access.

The new program offers the opportunity to review and reshape Australia's support to the RWASH sector. Some elements of BESIK 2 will continue under the ATLPHD - some will not. Detailed planning will be undertaken as soon as the program commences.

Support for the rural water sector will sit under the Water Pillar. The focus will be on supporting the development of systems and processes to support rural service delivery, particularly operations and maintenance (O&M). The new program is not intended to fund the building of new rural water systems or the rehabilitation of existing water systems. Community Action Planning for Sanitation and Hygiene (PAKSI) will continue under the Health Pillar. There are further comments on the ATLPHD throughout this report.

⁶ ATLPHD Design Document. Section C3.

2. Methodology

2.1 Review objectives and questions

During this final review process, the MRG was asked to look back at the work of BESIK 2 and to look forward to the opportunities provided by the ATLPHD. Specifically, it was asked to provide comment in six areas.

- Water supply and operation and maintenance (O&M)
- Sanitation and hygiene
- Water resource management (WRM)
- Corporate services (human resources, public financial management, information and communication technology)
- Linkages with other DFAT programs

The TORs for the Final MRG are in the Evaluation Plan at Attachment E.

2.2 Review scope and methods

The review's scope and methodology is also detailed in the Evaluation Plan. In summary, the team:

- Reviewed a wide range of documents (Attachment A)
- Conducted individual and group interviews with a total of 54 people (19 females and 35 males) (Attachment B)
- Visited Bobonaro Municipality where it met with GoTL Municipality and Administrative Post managers and staff
- Visited Tapo Memo Suco where it met with Suco and Aldeia Chefs and Natural Leaders involved with the sanitation program and conducted village visits to view toilets
- Met with the Atabae Administrative Post team (the first sub district to be declared open defecation free (ODF) in the country)
- Met regularly with DFAT, GoTL and BESIK 2 to share and test findings

The team consistently reviewed the question checklist (detailed in the Evaluation Plan at Attachment E) to ensure all key issues were covered. Three separate aide memoire presentations to (a) DFAT (b) GoTL senior directors and staff and (c) BESIK advisers provided each group with the opportunity to discuss the findings and recommendations and provide further feedback to the MRG. The MRG also briefed the Australian Ambassador at the commencement and conclusion of the assignment.

As identified during the two previous MRGs, the process would have benefitted from a full time and independent Timor-Leste team member to provide the local context and perspective. It is difficult for GoTL employees to take time out from their busy roles to provide consistent contributions. Several of the key international advisory staff, including the National Water

Supply Adviser, had concluded their assignments prior to the MRG visit and it was not possible to discuss their experiences.

2.3 Review team

The team leader of the MRG is Robyn Renneberg, a capacity development specialist with monitoring and evaluation experience. Matthew Bond is the WASH specialist. He has an extensive background in the WASH sector in Timor-Leste, having worked on the two previous phases of Australian support to the sector. The third team member is Carlos Freitas, a Sanitation and Hygiene Officer with the Environmental Health Department (EHD), Ministry of Health (MoH). He has recently been recruited to the position after a period as a District-based Sanitarian. The fourth team member is Martinus Nahak, Department Head, Program and Technical Support with the National Directorate for Water Services (DNSA). The local team members joined the MRG for some meetings in Dili and for the visit to Bobonaro Municipality. Mr Nahak also provided a written submission to inform the MRG's deliberations.

3. Findings

3.1 Overall progress towards program outcomes

As the program comes to an end at its midway point, BESIK 2 has a great deal to celebrate. The full contribution from BESIK 2 is well documented in its Activity Completion Report and the seven progress reports. Highlights include⁷:

- Through advocacy for O&M from DGAS, BESIK 2 and others, GoTL has recognised the need to fund O&M of infrastructure. GoTL has allocated USD3.9 million for O&M of water supply in 2016, up from zero in 2014. This is an essential step towards sustainability of water supplies.
- With technical support from BESIK 2, several different delivery systems for O&M and water system rehabilitation have been tested. A national database has been prepared of the location and condition of rural water supply pumps.
- Twenty seven thousand people, thirty six schools and thirteen health clinics have improved access to water through direct implementation by BESIK 2. Almost 60,000 others have benefitted either through BESIK 2 technical support to GoTL water supply works or through delivery of O&M services.
- Strong GoTL leadership, supported by BESIK 2, resulted in a very successful sanitation campaign in Bobonaro Municipality. A local-government led initiative with non-government organisations (NGO) PAKSI implementation and MoH technical engagement has been successful in achieving open defecation free (ODF) at scale. It is expected that Bobonaro Municipality will reach ODF status by the end of BESIK 2.

⁷ From the Activity Completion Report. Pages 1 and 2.

- 51,100 people have improved sanitation and hygiene knowledge through attendance at Behaviour Change and Communication (BCC) campaign events and Community Action Planning, Sanitation & Hygiene (PAKSI) “triggering”, (December 2015).⁸
- 29,580 additional people in target areas have access to “improved” or “unimproved” household sanitation facilities (at December 2015)⁹.
- With direct technical support from BESIK 2, the Water Resource Management (WRM) Law and Policy documents are complete. It is anticipated they will be officially submitted in May 2016 for the approval of the Council of Ministers (CoM). The legal and policy framework is supported by a WRM database developed under BESIK 2.

As with any program, there are also areas that were less successful. Of most note are the lack of progress in water supply O&M, including poorly designed and incomplete processes designed to test O&M approaches; the limited progress with sanitation marketing; and a reversal in the amount of GoTL capital expenditure for rural water supply.

3.2 Water supply and operation and maintenance (O&M)

What is the level of commitment and ownership within DGAS to develop an O&M strategy (i.e. O&M Pathway) and establish an annual budget for O&M? What are the areas in the other GoTL agencies that ATLPHD should engage on O&M? What are the challenges and opportunities to support the water sector under the ATLPHD?

Australia’s support to rural water in Timor Leste

The conclusion of BESIK 2 and commencement of ATLPHD is an opportune time to reflect on Australian Aid support to the Rural Water, Sanitation and Hygiene (RWASH) sector in Timor-Leste. The Community Water Supply and Sanitation Program (CWSSP) 2002-2005, commenced with an initial one year ‘bridging’ period that was aimed at the rapid construction of high-priority water supply systems using non-government organisation (NGO) partners, before moving to capacity building for GoTL to enable it to take over contracting NGOs. Water Management Groups (GMFs) were established and trained to take on the prime responsibility for O&M, but with limited success.

BESIK 1 was designed as a sector-wide approach, with an emphasis on rural water service delivery rather than construction. There was continuing attention to government capacity building aimed at GoTL systems. The program had a full-time capacity building adviser and its four engineering LTAs all worked to strengthen GoTL capacity to contract private sector partners to build water supplies. After BESIK 1 had commenced, an additional injection of \$12m from the Government of Australia Water and Sanitation Initiative diverted BESIK 1’s attention away from service delivery back to construction using NGOs. They operated in parallel with GoTL construction of systems using private sector contractors. During this period,

⁸ ACR. Page 1.

⁹ As above.

GoTL allocated substantial funding (peaking at USD11.4m in 2012) and became the biggest financier of rural water supply. Towards the end of BESIK 1, the Water Team began piloting new approaches to O&M that sought to involve government and address constraints to GMF management.

BESIK 2 sharpened the focus on O&M and the Program Director aimed to completely remove construction of water supply systems. In practice, the legacy of ten years of construction meant that BESIK 2 continued to allocate much of its water supply engineering Technical Assistance (TA) to support for building water supply systems. Even now at BESIK 2's conclusion there are still several construction contracts in the process of being finished. Of note, during the life of BESIK 2, GoTL stopped allocating funds to construction of rural water supply systems through DNSA (funding has come through PNDS) and now neither BESIK 2 nor the Directorate General of Water and Sanitation (DGAS) plays a significant role in construction or rehabilitation.

Throughout this whole period, Australian Aid has sought to both shape and respond to GoTL's evolving vision for rural water supply in Timor-Leste. Part of that process was supporting the documentation of the overall vision and approach in a national Water Supply Policy. Drafting of the policy commenced during BESIK 1, progressed under BESIK 2 with considerable rework in recent months. The aim is to have it finalised by the end of May although more time is likely to be needed to ensure full ownership by GoTL stakeholders. The lack of a water supply policy has meant there has been no overarching framework within which Australia could direct its rural water supply assistance. This is a significant constraint to designing the activities to be supported under ATLPHD's water pillar.

ATLPHD will need to engage with the DGAS to understand the vision for rural water supply. If required, it will also need to finalise the National Water Supply Policy since it appears unlikely that this policy will be completed before BESIK 2 concludes. Rushing that outcome could result in poor consultation with sector stakeholders and limited ownership of the new policy by GoTL.

Commencement of ATLPHD will also provide an opportunity for DFAT to engage GoTL in discussion about reinvigorating their financial allocation for capital expenditure on rural water supplies. Funding levels will be an important aspect to the policy discussion, and the aspiration for service levels expressed in the policy will have a strong bearing on how the ATLPHD support should be targeted.

Stakeholders in the RWASH sector, including DNSA, have recently become accustomed to very low levels of funding for capital works. Consequently, water supply systems have been small and almost universally aimed at providing public tap stands rather than household connections. This should be reviewed in light of the funding required to achieve significantly higher levels of service (such as that proposed in Sustainable Development Goal 6). A bigger vision for rural water supply may in itself generate the political interest to see GoTL funds allocated.

ATLPHD's broad sectoral support to rural water will also need to recognise that the GoTL structure does not reflect the rural/urban division that has characterised Australian Aid to

date. During CWSSP and when BESIK 1 commenced, the (then) National Directorate for Water and Sanitation Services, included a Department for Community Water Supply and Sanitation. It dealt exclusively with rural water (and sanitation) and was a natural partner for the Australian Aid activities. Under the current Directorate General of Water and Sanitation (DGAS) structure, there is now no department that deals just with rural water. Even at the municipal level, the Water Supply Department offices are responsible for both urban and rural water supply in their municipalities (note that in practice most have had a stronger focus on urban than rural water). For ATLPHD, it will be very difficult to structure support in a way that just targets rural service delivery. It may be preferable to have a strong municipal focus and recognise that this will strengthen both rural and urban water outcomes.

Water supply O&M

While new capital expenditure on rural water construction through DNSA has fallen to zero, GoTL¹⁰ has allocated significant sums to DNSA for water supply O&M in 2015 and 2016. The 2016 budget is USD3.9m consisting of USD2m from the Infrastructure Fund and a USD1.9 line item within the DNSA Goods and Services budget. These funds cover both urban and rural water supply infrastructure. While BESIK 2 has had some engagement with DNSA in planning the expenditure for funding it does not appear to have made much impact.

As with rural water supply generally, an agreed strategy for O&M within the rural water sector is missing. DNSA senior staff can articulate a broad vision for rural water supply O&M that is based on Decree Law 04/2004. It envisages small, simple systems being maintained by communities themselves, with government playing a role in larger, complex systems. DNSA volunteered to document this broad vision ahead of ATLPHD commencing.

At the time of the previous MRG, drafting of the O&M Pathway—a strategy document for rural water O&M—had stalled. It remains incomplete and DNSA staff are not pushing for its completion. A document of this nature is critical to Government. It is also essential to guide donor assistance. The strategy should be brief and pitched at a high level. All RWASH sector actors, including civil society and the private sector should contribute to strategy development and the strategy should subsequently form the basis for coordinating the activities of government and non-government actors.

The previous MRG visit identified problems with BESIK 2's three pilot activities for gravity supply systems. These were not piloting scalable solutions for O&M, had very little government ownership and had largely transformed into traditional rehabilitation contracts. Two of these activities (Tapo and Atauro) continued during the past year and none have reached an outcome that is likely to see the systems sustained in the future. An additional, newly-signed contract for work in Tapo, in particular, is a major risk to be managed during the

¹⁰ PNDS is currently the biggest financier of rural water supply construction in Timor-Leste. BESIK 2 Progress Report 6 estimates that USD3.4m of PNDS's total USD8.5m for community grants was allocated to rural water supply. PNDS has its own team of municipal and administrative post technical advisers and does not commonly call upon DNSA (or BESIK) for technical advice.

final months of BESIK 2 and will require careful monitoring. Although the three pilots have not been effective, there are undoubtedly lessons to be learned from the approaches undertaken. The MRG suggests that BESIK 2 and DNSA conduct a brief (one to two day) participatory process to document the lessons learned to provide future guidance to GoTL and the ATLPHD.

The National Pump O&M Program (NPOMP) appears likely to make a much stronger contribution to O&M. A national database of pump assets and condition has been prepared and will be linked to the Water and Sanitation Information System (SIBS) and water resources database (see Section 3.4). Contrary to expectations, most pumps were found to be operational—71% of 235 pumps across all 12 municipalities outside Dili. DNSA aims to create ten new positions within their staffing structure for pump technicians, eight of whom will be deployed to the municipalities. These positions have been approved by the Public Service Commission and recruitment is underway. Unfortunately, recruitment will not be completed prior to the commencement of BESIK 2 funded training. Rather than defer the training until ATLPHD has started, BESIK 2 has chosen to proceed and train private sector technicians. Concurrently, DNSA has arranged its own pump training with Grundfos Indonesia (a global pump manufacturer) and they are proposing to send five current DNSA employees to Indonesia for a month-long training course. While there has been some involvement from BESIK 2 it appears that both training courses will occur before the new DNSA pump technicians have been employed even though they are the most important target group for training.

Trainees for the BESIK 2-funded training course will spend a month working in small teams as the practical element of their course, repairing a number of pumps in each municipality. While this will undoubtedly be of value from a technical viewpoint, physically repairing a pump is only one part in a much broader system of activities required to sustain operation. Other elements include raising and managing funds for maintenance, allocation of clear responsibilities for arranging/contracting maintenance and a system for regular preventative maintenance to reduce the frequency of major repairs. Without an overarching strategy for pump O&M—and O&M in general—there is a significant risk that training will have minimal impact on the overall reliability of pumped water supply systems. Greater coordination is required with other sector actors to address this issue. Many pump systems have been installed by NGOs and there is a need for government to oversee a sector-wide response to pump O&M, including the contribution of non-state actors.

The BESIK 2 ACR notes an improvement in functionality of rural water supply systems:

Although these are overall cumulative program totals, there has been a significant increase in functionality of assessed GoTL systems which increased from 68% (71 systems built 2011) to 84% (37 systems, 2012).¹¹

This is a notable achievement. Given that there has been no significant progress on applying an improved approach to O&M, at least two other factors are likely to have played a part. Firstly, it is plausible that the quality of construction has improved and that communities are being provided with better quality infrastructure that performs more reliably than systems did in the

¹¹ BESIK 2 ACR, p20

past. The BESIK 2 water engineering team worked closely with DNSA technical staff, particularly the District Technical Officers (DTOs), to strengthen their design and supervision capacity resulting in improved performance of some DTOs. The other factor may be stronger performance of the GMFs. Again, BESIK 2 invested heavily in capacity building for the Administrative Post Facilitators (APFs) to improve the quality of their support for GMFs. The concept of GMFs is now thoroughly embedded in the RWASH sector in Timor-Leste and it is expected that they will be a central—but not the only—element of a future DNSA O&M strategy.

Support under ATLPHD

ATLPHD presents an opportunity to ‘reset’ Australian Aid support to the rural water sector. The focus on O&M remains appropriate but should be coupled with greater promotion for ongoing GoTL capital expenditure. The suite of O&M support should respond to a strategy agreed with DNSA and be consistent with the overall policy for water supply. ATLPHD’s focus could be at the municipal level, avoiding a strict demarcation between urban and rural and hence making it easier to align DFAT support with existing GoTL structures. Strengthening the function of GMFs and APFs should remain a priority.

It is recommended that:

- a. GoTL develop a ‘masterplan’ for rural water through a bottom up approach with municipalities
- b. GoTL develop an O&M plan or framework (potentially with support provided through ATLPHD)
- c. Using those plans, GoA and ATLPHD advocate for capital expenditure on rural water supply systems
- d. Ongoing assistance from ATLPHD for O&M and water supply generally be based on GoTL plans and should focus on activities that are strongly linked to service delivery improvements. Ad hoc support should not be provided.
- e. BESIK facilitate a simple process with stakeholders from DNSA, municipalities, private sector and civil society to document the lessons from the O&M activities conducted under BESIK 2.

3.3 Sanitation and hygiene

How has the approach to deepening Sanitation and Hygiene support one-municipality at aided BESIK’s progress in these areas? What are the risks and benefits of sanitation being included in the health pillar of the ATHDP?

The focus on delivering the Sanitation and Hygiene Improvement Program (SHIP) in one municipality was an opportunistic response to a request from the committed Administrator of Bobonaro. The new approach, using contracted NGOs and providing an integrated range of initiatives including Community Action Planning, Sanitation and Hygiene (PAKSI), institutional triggering, supply strengthening and Behaviour Change Communication (BCC) was initially intended for implementation in fourteen sucos across Baucau, Viqueque and Manufahi. It is to

the MoH's credit that they adapted their approach to respond to the opportunity when it arose. The upcoming evaluation of the activity will determine what factors and resources made it so successful, and therefore, what should be replicated through support from the ATLPHD. They are likely to include:

- a Municipal Administrator with a strong commitment to drive change (reinforcing that leadership is a critical success factor for any change program)
- an inter-sectoral SHIP Secretariat within the Municipal Administration to oversight the program (ensuring that all those who had some impact on the program contributed in a coordinated and positive way)
- the concentration of both GoTL and BESIK resources on one area, supplemented by resources from World Vision and UNICEF
- close monitoring and risk management by the Head of EHD and the BESIK 2 SHIP Manager and a highly experienced, skilled and committed team of BESIK local consultants
- strong engagement with, and ownership of, the approach by traditional and government leaders at the Administrative Post, Suco and Aldeia levels

There are several challenges recognised by GoTL going forward. Firstly, the momentum in Bobonaro must be maintained and its impact deepened. Movement up the sanitation ladder will reinforce, and build on, the success to date and further improve sanitation outcomes. More broadly, the success will reinforce the benefits of SHIP to leaders in other Municipalities and, ideally, generate demand for the program, including at the most senior levels of Timorese government.

Secondly, MoH needs a strategy, plan and budget for implementation across Timor-Leste. This should reflect the lessons (and costings) from Bobonaro. The plan should ensure roles and responsibilities are clear and help determine the nature of support to be provided through ATLPHD. It is essential that SHIP is only delivered in those areas where the desire for change has been clearly established. Implementation without that commitment is unlikely to be successful.

GoTL funding for sanitation and hygiene is a concern. While the EHD provides annual plans and budgets there is no GoTL funding for sanitation or hygiene promotion programs. BESIK 2 has been unable to get traction at the higher levels of the MoH to advocate for greater resources for these areas.¹² The Bobonaro success provides a basis for discussion on future funding. Without a GoTL financial commitment it is unlikely that sanitation and hygiene efforts will be sustained in the longer term.

During the community visits, several households were visited that were part of a family grouping. In some cases parents in one house and adult children in an adjacent house shared a single toilet. Where this is culturally acceptable and all household members are using the toilet, declaration of ODF status need not require each house to have a separate toilet. This definition has been clarified for the Timor-Leste context and applied in Bobonaro.

¹² From Draft ACR.

Support under ATLPHD

There are practical benefits to locating basic sanitation support under the Health Pillar of ATLPHD. The sanitation work to be carried out will focus on household and institutional hygiene and toilets through SHIP. To be successful, PAKSI needs to be supported by behavioural change programs that advocate hygienic behaviours and are part of the broader SHIP approach. Both currently sit with the MoH. The MRG supports ATLPHD's emphasis on behaviour change and sanitation demand and hence locating sanitation and hygiene in the Health Pillar. It is also worth noting that during both the current and previous phase, BESIK has carried out innovative and high-quality hand washing campaigns with good success. Under ATLPHD this success can be built upon within the Hygienic Suco element of SHIP.

Locating sanitation and hygiene within the ATLPHD Health Pillar will require some risk management. There is a perception within DGAS, especially in the DNSB, that DFAT is discounting the GoTL's Ministerial Diploma which locates responsibility for sanitation infrastructure within the National Directorate for Basic Sanitation (DNSB). Under the National Basic Sanitation Policy, DNSB is responsible for sewerage, solid waste and drainage systems.

The support provided by BESIK 2 to DNSB for sanitation marketing met with limited success. ATLPHD may choose to continue some support for DNSB for sanitation marketing. If so, this would be on a much smaller scale than the support provided to MoH for PAKSI and BCC. Alternatively, ATLPHD could seek to drive collaboration between government and the private sector (including NGOs) for marketing sanitation goods and services, without providing direct funding for DNSB. This is a matter that should be discussed with DNSB by the ATLPHD. Irrespective of whether financial support is provided to DNSB, ATLPHD should work to strengthen inter-ministerial collaboration on sanitation.

Finally, SHIP provides a good model for 'action learning' that could be applied in other situations. MoH were supported by BESIK 2 to trial their preferred model of service delivery and then reflect on, and revise the approach before re-implementing. Activities funded through ATLPHD could benefit from a similar approach to capacity building (for example, comparing the use of in-house Pump Technicians to an outsourced service).

The BESIK 2 team expect that the upcoming evaluation of the Bobonaro experience will identify significant cost savings and efficiency measures that would reduce the cost of SHIP implementation in other municipalities. It is very important that the lessons from this initial municipal approach are documented so that ATLPHD can build upon them. The evaluation will be carried out by an independent consultant during the final months of BESIK 2 implementation when the BESIK 2 team will be concentrating on closing out the existing program. In Bobonaro, the focus will be on achieving the last few ODF sucos and celebrating the achievement of district-wide ODF. The absence of a monitoring and evaluation (M&E) specialist will add further strain to the capacity of the BESIK 2 team to manage the evaluation and share findings with stakeholders. The evaluation should not be rushed. It will also be vital that the successful Timorese BESIK 2 staff are re-engaged for the scale-up of the program into new municipalities. If necessary, it may be appropriate to engage them in a short-term capacity to support the initial assessment, scoping and planning process required for ATLPHD.

Sanitation and Gender

During both phases, BESIK has worked diligently to promote gender equality and strong engagement by women—both within beneficiary communities and amongst service delivery agencies. During the MoH-led delivery of PAKSI, affirmative action ensured that women were employed as sanitarians and encouraged to act as Natural Leaders within their communities following triggering.

Whilst the current BESIK 2 team delivering SHIP in Bobonaro is highly effective, there are no women team members amongst the Timorese staff. Merit-based selection could have been complemented by reserving some places on the team for women, to model a commitment to women's leadership and employment. This would be worthwhile even if additional support was required for the female staff.

Additionally, endorsement from traditional authorities has been critical to the success of SHIP and these leaders are almost universally male (approximately 98% of suco chiefs are men). The BESIK SHIP team reported that '*lian nain*'—community elders, who are traditionally men—are often more important in following up PAKSI than natural leaders who are a mix of women and men. ATLPHD is encouraged to review the gender aspects of SHIP with the ATLPHD Gender Adviser and identify opportunities for strengthening women's influence and leadership.

It is recommended that:

- f. ATLPHD continue to support MoH to lead the 'ODF Municipal' program, to deepen the work done in Bobonaro and expand the success in Bobonaro to other municipalities.
- g. ATLPHD not make any initial commitment to support to DNSB for sanitation marketing until a clear plan, strategy and model have been developed
- h. With support from the ATLPHD Gender Adviser, analyse SHIP from a gender perspective and identify opportunities for strengthening women's influence and leadership in delivery.

3.4 Water resource management

What is the likely sustainability of BESIK's work with DNCQA (e.g. monitoring program, database)? What are the enablers and challenges to sustainability? What should be the extent of the ATLPHD engagement with WRM and DNCQA? What should be the triggers (if any) for ongoing Australian aid program support to DNCQA?

During the last year, the principle areas of BESIK's support to DNCQA concerned the policy framework and development of a water resource database. DNCQA staff, with close support from the BESIK 2 WRM Advisor, are supervising the final editing of inaugural legislation and policy for WRM. DNCQA and BESIK 2 expect the Law and Policy to be submitted in May 2016 for approval by the Council of Ministers (CoM) sometime after. The legislation will provide the basis for critical WRM functions, particularly regulating and licensing of water use and water extraction.

Having these two documents approved will be a very important part of BESIK's legacy. DNCQA and BESIK 2 are strongly encouraged to take advantage of the interest being shown by CoM

and ensure that the WRM law and policy are submitted in May and that the DGAS Director General and DNCQA Director are fully briefed to assist the Minister in presenting them.

The other significant contribution that BESIK 2 has made within DNCQA is the development of a national Water Resources Data and Information Management System, in Tetun, Sistema Informasaun no Dados Jestaun Rekursus Idricos (SIDJRI). The database is fully functional and several staff have been trained in its use. BESIK 2 is working with DNCQA staff to populate the database with the wide range of existing information held in hard copy or in disparate electronic formats. Once populated, SIDJRI will provide DNCQA with ready access to the information it needs to execute its WRM functions. The MRG acknowledges ongoing training and support may be needed.

If the WRM law and policy are approved, DNCQA will have the fundamental building blocks required for its ongoing activities. With strong leadership from senior DNCQA staff the Directorate can use the new legal framework and the SIDJRI database to carry out its mandate.

Sustainability

Sustainability of the contributions made by BESIK 2 is not assured. The WRM policy will have no influence if it is not executed. The policy itself sets out the priorities for implementation and DNCQA staff, including the Policy Development Officer, are already thinking about what actions are required. Allocating resources to these activities will require political will and institutional support from within MoPWTC and DGAS. Likewise, the database will only be useful to the extent that reliable data is entered on a regular basis, and that staff have the skills to extract and manipulate the data. Managing the database appears well within the capabilities of DNCQA. While DNCQA has plans to expand its structure and staffing under the new WRM law, securing the political and financial support will be a challenge.

Other significant risks to sustainability of the work done with DNCQA were evident. For example, the Directorate advised that the borehole monitoring equipment for Dili, purchased and installed with BESIK support, had not been maintained and had not been operational for a number of years. Similarly, DNCQA's fleet of vehicles are reported to be non-operational. Positively, the MRG was advised that the Legal and Policy Officer positions are part of the permanent profile for 2017 – the appointment of staff to the roles will provide evidence of management commitment as these roles will implement the new Law and Policy.

Support under ATLPHD

There should be a pause in the support from DFAT for DNCQA so that DNCQA can clarify its priorities and objectives and secure political and budgetary support from within MoPWTC. ATLPHD will have a clear focus on strengthening delivery of basic services for Timorese community members. Detailed consideration would be required by the ATLPHD team to determine how support to WRM might fit within ATLPHD's priorities. BESIK 2's support to DNCQA was initially funded through a broader GoA Climate Change Initiative. Change will not be sustainable without ongoing management commitment. There is also a need to ensure all are aware of the current focus of DFAT assistance on support and capacity development rather than capacity substitution.

It is recommended that:

- i. DFAT and BESIK 2 staff support DNCQA to submit the WRM law and policy in May, as planned.
- j. During the first year of ATLPHD, DNCQA be encouraged to develop and consolidate its own program before considering any further technical assistance. ATLPHD to discuss this matter with DGAS and DNCQA with future support contingent on engagement and demonstrated demand for capacity development from DNCQA.

3.5 Corporate services

To what extent has BESIK engagement with MoPWTC Corporate Services Directorate been appropriately targeted? To what extent can engagement with Cooperate Services be strengthened through the ATLHDP to improve the likelihood of sustainable change and improvements to service delivery maximized? What are the lessons and systems developed under the Roads for Development (R4D) program that are relevant to improve water service delivery under the ATLHDP?

To date, engagement with the Corporate Services function within the MPWTC has primarily been at the operational level. A Senior Finance Adviser, contracted through the G4D program has been working full time in the Ministry of Public Works, Transport and Communications, with approximately 50% of his time dedicated to DNSA supporting Public Financial Instruments and GMF Finance Training and 50 % to the Director General, Corporate Services (DG, CS), supporting planning and budgeting processes for the whole Ministry. This work also includes monitoring budget execution of the whole Ministry and drafting whole of Ministry Financial Guidelines. This work is known to, and valued by, the DG, CS.

Assistance has also been provided in the organisational development/human resource management sphere. This included, at the request of DGAS, the provision of an advisor with specific expertise in workforce planning and HR management and development was requested. The Organisational Development and Human Resource Adviser (ODHRA), who was co-located with the DNSA HR unit, supported the development of the DNSA Performance Management Systems (terms of reference and performance reviews) and worked with DNSB and DNCQA in the development of work processes to support DGAS directorates to implement Civil Service Commission HR planning processes. It was evident that the DG, CS was not well informed about this work and its value to DGAS.

BESIK 2 has deliberately targeted corporate functions that impact directly on rural water service delivery. This work has been done, appropriately, within GoTL broader personnel and finance policies and has the potential to impact positively on rural water service delivery. While change at the operational level is an important element of capacity development, it needs to occur within a broader, strategic framework that is supported by senior managers.

Lessons from R4D

R4D has recently met with considerable success in that GoTL allocated USD10m for rural road rehabilitation in the 2016 budget and having this channelled through the Infrastructure Fund, which allows for multi-year contracting. R4D also created a Rural Roads Master Plan which has been endorsed at ministerial level and provides a sound basis for prioritising expenditure.

DGCS oversees a robust system for tendering work and supervising rural road contracts, even though funding is allocated through the National Development Agency (ADN) rather than MPWTC.

While there are definitely some lessons to be learned from R4D, the situation does not directly parallel BESIK 2. R4D was able to focus on a single directorate within a single ministry that is responsible for rural roads, the National Directorate for Roads, Bridges and Flood Control (DNRBFC). BESIK 2, in contrast, works across two ministries (MPWTC and MoH) and within MPWTC supports three different directorates (DNSA, DNSB, DNCQA). This diffuses rather than amplifies BESIK 2's influence. BESIK 2 faced many of the same institutional challenges as R4D but on a larger scale.

Two principal lessons stand out from the R4D experience. Firstly, the Australian Embassy played a very effective role in encouraging GoTL to allocate funds to rural road rehabilitation. Without this government-to-government engagement, it is unlikely that GoTL would have allocated substantial funding to rural road rehabilitation and hence that R4D would have continued. This model of engagement would be worth considering for rural water under ATLPHD—both regarding capital expenditure and O&M funding.

The value of a master plan is the second lesson. Developing the plan was challenging for R4D and there was quite limited engagement by DNRBFC, with work largely undertaken by contractors and R4D staff. Once the plan was finalised, however, it was a powerful asset that R4D used effectively to generate high-level support for rural road funding and as a rational, transparent mechanism for prioritising funding allocation.

In previous phases, the Australian Government WASH program supported development of District Water Supply Plans. These have lapsed in recent years and the water supply sector suffers from the lack of an overarching plan such as the Rural Roads Master Plan. Some work is underway for the municipal capitals, with the Asian Development Bank having supported development of urban water supply plans for four municipalities. Based on the R4D success, ATLPHD may wish to consider reinvigorating the district (now municipal) planning processes and build up a national rural water supply plan on a municipality-by-municipality basis (drawing on work done through other agencies). The ATLPHD Water Pillar staff could also collaborate more explicitly with the R4D team concerning capacity building approaches for DGCS and on the use of ministry-wide systems.

Support under ATLPHD

Organisations are complex systems and, for RWASH, operate at many levels (ministries, directorates, municipalities, administrative posts, sucos and aldeias). Each level has its own strengths and weaknesses in strategy, structure, leadership style, systems, staffing, skills and organisational culture.¹³ The challenge for the new program (as it has been for BESIK 2) is to determine where to target its organisational capacity development support for service delivery to RWASH to make the biggest impact. Under BESIK 2 efforts have been focussed on municipal

¹³ The McKinsey 7S Framework is a model often used to describe organisational complexity. There are many other models. For more information on the 7S model go to https://en.wikipedia.org/wiki/McKinsey_7S_Framework

level financial management improvement, suco/aldeia level GMF training (including financial management), municipal level staff Terms of Reference and performance management and Ministry level leadership (through access to international conferences). They are all legitimate areas to work on and will most likely require ongoing support. Technical capacity development, primarily targeted at municipal level technical officers working in both water and health, has had some good results.

Driving organisational change that specifically supports improved service delivery is a challenge. The simple option is to focus on the organisational structures that are closest to rural communities such as the Municipal Water Supply Department offices (DAA) or the various Municipal health units. The more difficult option is to target corporate-wide functions and processes that support RWASH and Sanitation service delivery. These functions are more difficult to identify and it is even more difficult to evaluate the impact of any change specifically on service delivery.

The new program would benefit from an initial needs assessment (and baseline setting) carried out with GoTL partners, particularly the Corporate Service directorates in the MoH and MoPWTC. The process for this assessment will need to consider: what are the systems and processes that support RWASH service delivery at each level of the total system (a process map for each would be a useful tool to understand what actually happens, for example, when setting technical quality standards or identifying and providing skills development); what systems or processes have the most impact on service delivery; how well does each function; and therefore, where should ATLPD organisational capacity development efforts be targeted?

A possible starting point could be with the Corporate Service Directorates themselves. While BESIK 2 has been working on important areas others that could benefit include: learning and development to support both team and individual capacity development, selection (for promotion), procurement, logistics and health and safety (particularly in the rural areas).

As detailed in the MRG 2 report, the capacity development framework developed by BESIK 2 came too late in the program. It was relatively complex, inconsistently applied and targeted specifically at BESIK 2 work. It was not developed with GoTL stakeholders. A more collaborative framework developed with GoTL partners could have resulted in greater traction in this area. It is essential that ATLPD ensure all of its personnel adopt a capacity development approach to their work. To ensure this happens, all TORs should specify capacity development outcomes, personnel recruited should have capacity development capabilities and monitoring processes should ensure progress is being made in the capacity development area as well as the technical areas.

It is recommended that:

- k. ATLPD seeks to build a sound relationship with the Directors of Corporate Services in MoH and MoPWTC that recognises the role of Corporate Services in rural water supply delivery.

- l. ATLPHD work with the two directorates of Corporate Services to analyse the organisational capacity development needs for RWASH and agree on the focus of capacity development under ATLPHD.
- m. ATLPHD develop a capacity development approach with GoTL stakeholders early in its implementation and ensure its use by all those involved with the program.

3.6 Linkages with other DFAT programs

To what extent can BESIK / the ATLPHD Water and Health (sanitation and hygiene) pillars better align with other programs supported by the Australian aid program in Timor-Leste to achieve improved WASH service delivery – including (but not limited to) R4D and engagement with MoPWTC Corporate Services; PNDS to improve rural WASH; TOMAK on water resource management, G4D on PFM and engagement with the Office of the Prime Minister; and MDF on sanitation marketing? What are the opportunities within the forthcoming ATLPHD health and education pillars to address the policy and financing gap in order to support rural WASH in school and health facilities?

BESIK 2 has good links with other development partners in relation to water and health such as the Asian Development Bank and UNICEF and with both national and international NGOs. However, it has had mixed success in linking with other DFAT programs when seeking opportunities presented by the BESIK 2 program design. There is good communication between the BESIK Team Leader and Governance for Development (G4D), R4D and the National Program for Village Development (PNDS). Where linkages have been relevant they have been made. For example, BESIK 2 has adapted community-level financial management guidelines developed through PNDS and PNDS has drawn from BESIK’s successful Community Action Planning materials.

With respect to construction and maintenance of rural water supplies, however, there has been limited engagement between BESIK 2 and PNDS. This is unfortunate since PNDS is currently the biggest financier of rural water supply construction in Timor-Leste. BESIK 2 Progress Report 6 estimates that USD3.4m of PNDS’s total USD8.5m for community grants was allocated to rural water supply. PNDS has its own team of municipal and administrative post technical advisers and does not commonly call upon DNSA (or BESIK) for technical advice. PNDS grants are small in value which can compromise both the level of service provided by new construction and the quality of construction. PNDS guidelines require that communities set up PNDS implementation and O&M committees, even if there is an existing GMF in the community. The perception is that PNDS-funded projects only seek out DNSA support after their system has failed. DNSA, however, has no ownership or sense of responsibility for PNDS-funded infrastructure and no strategy, system or budget of their own within which these maintenance problems could be addressed.

Given the common interest in rural water supply, it is unclear why there has been such limited collaboration between PNDS and the MoPWTC. This is certainly an area that ATLPHD could look to strengthen under the Water Pillar, as part of an overall rural water O&M strategy. ATLPHD could also facilitate the learnings from the successes and failures of both the PNDS O&M Committees and the GMFs, seeking a common approach that draws on the best of both.

BESIK did make efforts to work with Market Development Facility (MDF) to build up private sector sanitation suppliers. This was not successful. Reasons are likely to relate to the quality of market analysis and advisory support and personnel changes. Most recently, BESIK 2 contracted Plan International to develop toilet packages for sale to rural households. Sales are low but the response is sufficient to continue with this model. Several NGOs, including Plan International and WaterAid are continuing to develop an understanding of the market for sanitation goods and services. This may create future opportunities for ATLPHD to engage with MDF.

BESIK's Public Financial Management (PFM) support to DGCS within MPWTC is carried out under the G4D program but it was not apparent to the MRG how the work being carried out fits within a broader governance framework being pursued by G4D. Both the current and the past PFM Advisers developed systems specific to the RWASH sector, particularly the Public Financial Instructions for use by Municipal offices. G4D has a sound understanding of broader public sector planning, budgeting and budget execution functions and how to strengthen coordination between the Ministry of Finance and line ministries. Stronger links between ATLPHD and G4D should be pursued.

Beyond linkages to other DFAT programs, ATLPHD could take advantage of its cross-sectoral dimension to engage more purposefully with ministries outside MPWTC with respect to water supply. The MRG supports the proposal from the current BESIK 2 Team Leader to map the influence of the diverse GoTL stakeholders who currently engage in rural water, or could do so in future. This should be an initial planning activity for the ATLPHD Water Pillar. In addition to better understanding the potential to work with other ministries, the mapping exercise could also highlight how to strengthen DGAS's role in the sector. Finalising the Water Supply Policy, and having it endorsed by CoM, would ensure that DGAS's role is clear within GoTL circles and that DGAS can play a stronger coordinating role.

It is recommended that:

- n. ATLPHD pursue linkages where it genuinely improves service delivery or effectiveness; and resist pressure to focus on 'internal' linkages at the expense of strong program ownership by GoTL ministries and directorates.

4. Conclusions and Recommendations

4.1 Conclusions

ATLPHD provides an opportunity to refocus support for rural water and sanitation. The commencement of the new program should be treated as an opportunity to 'reset' DFAT's support to the RWASH sector. GoTL must be given a clear role in reshaping the program, within the boundaries of ATLPHD's overall goal and objectives, and should seek to work with GoTL agencies that demonstrate a genuine commitment to change. GoTL strategic frameworks are needed to guide Australian (and other) assistance. Within RWASH there is a need for strategies for construction and O&M of rural water supplies.

Build on success. The ALFA Bobonaro experience shows that quality change is possible at the rural level. The new program (under all its pillars) can learn from that experience when considering where and how it will work. The action learning model demonstrated through the work with the MOH on PAKSI and SHIP offers a good model for future activities within ATLPHD.

Communication is key. While there has been consultation with GoTL partners during the design of ATLPHD, middle managers in MPWTC and MoH who are currently involved with BESIK 2 (and who in the longer term will be involved with ATLPHD) have very little understanding of the impending changes. This was reinforced by comments at the Aide Memoire presentation including that 'DFAT should talk with the people doing the work as well as the leaders'. DFAT staff and advisers likely to be transitioned to the new program also appear to have a very limited understanding of what the future holds.

This report provides a number of general recommendations with respect to ATLPHD. The MRG has purposefully refrained from making extensive and detailed RWASH recommendations about how the new program should be developed and targeted. This is a task for the new ATLPHD team, under the guidance of the new Water Pillar Lead. A robust design process will be required that successfully engages GoTL stakeholders and DFAT and draws on learning from the current and previous phases of DFAT support. This process will need to happen separately for sanitation and hygiene and water.

There is a significant workload for BESIK 2 to wrap up the current program before it ends on 30 June 2016. There are a range of outstanding activities including pump technician training, GMF registration, GMF financial management training, water supply policy and the review of SHIP in Bobonaro. It is important that BESIK identifies what it can realistically complete, what could be discarded and what should be rolled over to the new program. Work that could be carried over to ATLPHD should not be rushed to completion before BESIK 2 concludes.

4.2 Recommendations

Recommendations have been made throughout the report and are listed in the table at Attachment D to support ease of reporting. In addition MRG 2 proposes the following recommendations:

- o. BESIK 2 ensure there is a planned exit process for the program that includes the handover of all relevant documentation to DGAS before the end of June.
- p. BESIK 2 to clearly identify all outstanding work and assess each activity as needing to be ended (finished or not), completed or transitioned to the new program. Care should be taken to ensure work is not rushed at the expense of stakeholder engagement.
- q. The ATLPHD team to ensure its stakeholders are informed about the process for the implementation of the new program and what it is likely to mean for them.

The MRG notes that the ATLPHD intends to fully consult with relevant GoTL agencies about activities to be funded under the Water and Health Pillars.

Attachment A: Reference Documents

Author	Date	Title
BESIK	2015	Annual Work Plan July 2015 to June 2016
BESIK	2015	M&E Plan Update #2
BESIK	2015	BESIK Organogram (new structure)
BESIK	2015	BESIK 2 Six Monthly Progress Report #5 January to June 2015
BESIK	2016	BESIK 2 Six Monthly Progress Report #6 July to December 2015
BESIK	2016	Activity Completion Report (Final Draft)
DFAT	2016	ATLPHD Investment Design Document
DFAT	2016	DFAT Evaluation Plan Standard (modified)

Note: The MRG also reviewed draft policy documents being developed by GoTL with support from BESIK 2.

Attachment B: People/Agencies Consulted

Agency	Name	Position	M	F
Australian Department of Foreign Affairs and Trade	Peter Doyle	Ambassador	1	
	Daniel Woods	Counsellor, Economics and Governance	1	
	Acacio Pinto	Senior Officer Economic Policy and Statistics, G4D	1	
	Peter O'Connor	Counsellor, Rural Development	1	
	Paul Regnault	Second Secretary, Rural Development	1	
	Faviula Monteiro Dasilva	Senior Coordinator, Rural Development (for BESIK 2)		1
	Emi Quilty	Acting Counsellor, Human Development		1
	Tracey Starkey	First Secretary, Human Development		1
	Anita dos Santos	Coordinator, Community Development- PNDS team		1
	Horacio Barreto	Coordinator, Rural Development, R4D	1	
Ministry of Health	Dr Odete Da Silva Viegas	Director General	1	
	Pedro Canisio	Director, National Directorate of Public Health	1	
	Tomasia de Sousa	Head of Environmental Health Department		1
	Rita Soares	School Health Officer		1
	Misliza Vital	Head of Health Promotion and Education Department	1	
	Agusta Amaral	CDC BCC		1
	Luisa Bairos	Nutrition BCC		1
Ministry of Public Works, Transport and Communications	João Jeronimo	Director General	1	
	Gustavo da Cruz	Director, DNSA	1	
	Martinus Nahak	Department Head, Program and Technical Support, DNSA	1	
	Gregorio de Araujo	Director, DNCQA	1	
	Belarmino V.J.Santos	Deputy Department Head, Program and Technical Support, DNCQA	1	
	Osorio Belo de Piedade	Department Head, Water Quality, DNCQA	1	
	Juviana Jerónimo Neto	Policy and Strategy, DNCQA		1
	João da Piedade Braz	Director, DNSB	1	
	Nelson da Silva	Department Head, District Sanitation Services, DNSB	1	
	Afonso da Costa Sousa	Technical Officer—Environment, DNSB	1	
Bobonaro District	Seferino Soares dos Santos	Administrator	1	
	Domingos Martins	Functionary (ex Administrator)	1	
	Gil Bernardo Vicante	DPO, Health	1	
	Alfredo Martins	Municipal Sanitation Officer	1	
	Victor Soares	Delegate Health		

Agency	Name	Position	M	F
	Estella Maria Imaculda Ribeiro	Municipal Sanitation Officer, DNSB		1
	Adriano da Cruz	DAA Manager	1	
	Lamberto Pinto	ALFA Manager, BESIK	1	
	Eduardo da Costa	Hygiene Demand Creation Officer, BESIK	1	
Atabae Administrative Post	Sidonio Fontes	Administrator	1	
	Lino Tavares	Vice Administrative Post	1	
	Manuel Martins	Official Atabae Adminstrive Post	1	
	Adao Pires	CDO	1	
	Ramiro Martins	Representative Ministry of Social Solidarity	1	
	Ana do Asis	Chief of Health Centre	1	1
BESIK 2	Jo Pollett	Associate, Aurecon		1
	Michelle Whalen	Team Leader		1
	Rogelio O'Campo	District Water Services Adviser	1	
	Heather Moran	BCC Adviser		1
	Simon Whitehead	Senior PFM Adviser - MOPTC	1	
	Craig McVeigh	Water Resources Adviser	1	
	Shayla Ribeiro	HR/OD Adviser		1
Asian Development Bank	Allison Woodruff	Urban Development Specialist		1
	Jose Perreira	Senior Project Officer	1	
WaterAid	Alex Grumbley	Country Director	1	
R4D	Bas Athmer	ILO Chief Technical Advisor R4D	1	
Total (54)			35	19

Attachment C: Progress on MRG 2 Recommendations (with Final MRG Comments)

Recommendation by MRG2	BESIK Response	BESIK Comments (January 2016)	Final MRG Comments (April 2016)
1. DNSA to provide clear direction to the BESIK team about their requirements for O&M, play a leadership role in finalising the O&M Pathway and supervise the pilots.	Agreed	New BESIK PD / PTL was unable to get traction for this. Developed TOR for STA support in October 2015 but low level of demand from DNSA/DGAS to progress.	The work undertaken through BESIK on the O&M Pathway has not resulted in agreed approach to O&M. Feedback from DNSA in a meeting with the MRG was that the work on the O&M Pathway was too complex and not helpful in the Timorese context. There is still a need to have some form of plan/strategy/pathway/roadmap that identifies how DNSA will support the effective implementation of O&M.
2. O&M to be the highest single priority of the Rural Water (RWS) Supply technical team in 2015 onwards.	Agreed.	O&M is already highest priority of RWS Technical Team. Structure & reporting now reflects this (see Recommendations 3 & 4 below)	Outputs did not reflect that O&M was the highest priority of the team. In spite of BESIK resources being directed to O&M it did not result in a completed O&M Pathway. The NPP is the only real evidence of success in the area of O&M. The pilots were rehabilitation, not O&M. The lessons from them are not yet clear. The NPP appears to be progressing well but does not sit within a broader O&M framework.
3. BESIK to allocate at least one full-time, dedicated resource from within the existing Water Services Team to develop and manage implementation of the O&M program.	Agreed	From February 2016, Rogelio Ocampo is the only Water Services Adviser. He is managing the O&M team.	
4. Development of the O&M Pathway to draw upon expertise from all areas of BESIK advisory support and from GoTL expertise.	Agreed	Shayla Babo (ODHRA) providing support on recruitment (pump technicians). Simon Whitehead (PFA) supporting with PFM systems for O&M; PTL providing overall management and direction.	

Recommendation by MRG2	BESIK Response	BESIK Comments (January 2016)	Final MRG Comments (April 2016)
5. BESIK and GoTL to develop and implement the National Pump Program (NPP) as an integrated part of the O&M pathway. BESIK to use the NPP process as an opportunity to test a new approach to designing and managing pilots.	Agreed	Pump focus on training technicians and supporting GoTL instalment of pumps procured as part of the \$1million counterpart funding.	
6. BESIK to review the current O&M trial activities against the strategies detailed in the O&M Pathway. Ensure that any further work on these systems clearly fits within the Pathway and is designed and executed to build the O&M evidence base.	Agreed	No O&M strategy document agreed or O&M pathway during BESIK II.	
7. DFAT to seek opportunities to strengthen the resolve of GoTL senior leaders at ministerial level, to continue to fund WASH-sector O&M, in particular with Ministry of Finance and Ministry of Public Works, Transport & Communication.	Agreed	Engagement with OPM in August to plan for funding of O&M of public infrastructure. \$10million allocated for rural roads; \$2million for water system maintenance; to be implemented through Infrastructure Fund.	While additional funding has been allocated for O&M of water systems the focus of that assistance is not clear, particularly the extent to which funding is being directed at rural water systems. Projects funded for O&M under the Infrastructure budget have been identified.

Recommendation by MRG2	BESIK Response	BESIK Comments (January 2016)	Final MRG Comments (April 2016)
8. A full-time BESIK M&S adviser with the appropriate skills to be tasked with leading BESIK's support for PAKSI.	Agreed	One international adviser – SHIP Program Manager is leading BESIK support to Sanitation.	This approach has contributed to the success of the piloting of a municipal-wide approach to PAKSI.
9. Develop a revised approach to PAKSI management arrangements that builds upon BESIK's experience of previous PAKSI delivery and that of other WASH agencies in Timor-Leste.	Agreed	ODF Bobonaro has been a successful initiative. Currently in process of documentation of the initiative and evaluation to inform scale up.	
10. BESIK to move quickly to support strengthening of the supply side of sanitation.	Agreed	Packages developed by Plan in Q3 2015. The new BESIK structure includes Sanitation Marketing Officer based in Bobonaro working with local stores and masons to promote the sale of new products. Promising approach to date.	No significant progress has been made with respect to marketing of sanitation goods and services. While demand creation for sanitation has been very effective, the supply side remains weak. The MRG suggests new approaches be explored.
11. BESIK and GoTL to clearly align piloting of sanitation supply-side approaches with PAKSI delivery and commence in areas where there are already large concentrations of recently-declared ALFA (ODF) communities.	Agreed	Commenced in Bobonaro. Strongly linked the supply promotion with Sanitation Campaign events in Sucos.	
12. M&S and DNSB to strengthen communication so that M&S staff	Agreed	Strong coordination through Secretariat in Bobonaro.	

Recommendation by MRG2	BESIK Response	BESIK Comments (January 2016)	Final MRG Comments (April 2016)
at national and district levels are fully aware of sanitation supply-side activities.			
13. BESIK to integrate school WASH improvements into its current core activities rather than seeing school WASH as a separate sub-program.	Agreed	Engagement with schools as part of ODF Bobonaro initiative	It is hoped that school WASH will benefit from the structure of the new program.
14. BESIK to support school sanitation through the PAKSI and sanitation marketing activities and water supply as part of O&M of community water supplies. Improvements made to school WASH through these mechanisms should be consistently reported upon.	Agreed	Not yet reporting on engagement of children in ODF Bobonaro, though they were a target.	
15. DFAT and BESIK to provide greater clarity about the roles, responsibilities and decision making powers of DFAT, the PD, the Operations Manager and advisers.	Agreed	Contract amendment – PD role changed to PTL.	The change to a Team Leader has been a positive decision however it came too late. Combined with the budget cuts, the need to downsize and the ending of BESIK, the focus on program delivery has been somewhat diluted. However good work is still underway. There are some important lessons for DFAT – using DFAT employees in positions that require leadership and continuity comes with a range of risks.

Recommendation by MRG2	BESIK Response	BESIK Comments (January 2016)	Final MRG Comments (April 2016)
16. GoTL and BESIK to work together to develop a transition (exit) strategy early in the next phase of BESIK. To support the transition, BESIK and GoTL should continue to work towards “one plan, one budget, one system”.	Agreed	For ATLHDP. BESIK II already working more closely with GoTL systems rather than parallel implementation.	There is no exit strategy. It is evident there is a fair degree of confusion within GoTL partners about what the ATLPHD will mean for them and the support they have been receiving under BESIK 2. Communication is key.
17. The BESIK CD STA to work with the BESIK team to ensure the CD Framework is understandable and usable, and shareable with GoTL partners.	Agreed	No further follow up. No budget for additional CD inputs. OD/HR adviser to review CD plan.	The lesson from this experience is that the new program needs to start work at the beginning on its model for CD, working with the GoTL partners to ensure it is fully integrated into all advisory and other activities and fully understood.
18. BESIK and GoTL to undertake a joint restructuring process ASAP to ensure BESIK’s structure supports its priorities (strategy) and fits within its revised budget.	Agreed	Restructure due to budget revision completed in September 2015.	From DFAT’s perspective, this was a difficult exercise that was well managed. Tough decisions were made and implemented. Staff were treated with respect. It is essential that the new program does not allow the resourcing of the pillars to become as large as BESIK 2. This must be discussed with GoTL. GoTL, however, advise that there was little consideration of its suggestions in the process. The MRG acknowledges that in such processes no one is satisfied.

Attachment D: Final MRG Recommendations

Area	Recommendations	Responsibility
Water supply and O&M	a. GoTL develop a ‘masterplan’ for rural water through a bottom up approach with municipalities	DNSA, Municipalities, ATLPHD
	b. GoTL develop an O&M plan or framework	DNSA, Municipalities, ATLPHD
	c. Using those plans, MPWTC, GoA and ATLPHD advocate for capital expenditure on rural water supply systems	MPWTC, GoA, ATLPHD
	d. Ongoing assistance from ATLPHD for O&M and water supply generally be based on GoTL plans and should focus on activities that are strongly linked to service delivery improvements. Ad hoc support should not be provided.	DNSA, ATLPHD
	e. BESIK facilitate a simple process with stakeholders from DNSA, municipalities, private sector and civil society to document the lessons from the O&M activities conducted under BESIK 2.	BESIK 2, DNSA, municipalities, private sector and civil society representatives
Sanitation and Hygiene	f. ATLPHD continue to support MoH to lead the ‘ODF Municipal’ program, to deepen the work done in Bobonaro and expand the success in Bobonaro to other municipalities.	EHD, ATLPHD
	g. ATLPHD not make any initial commitment to support to DNSB for sanitation marketing until a clear plan, strategy and model have been developed.	ATLPHD
	h. With support from the ATLPHD Gender Adviser, analyse SHIP from a gender perspective and identify opportunities for strengthening women’s influence and leadership in delivery.	EHD, ATLPHD,
WRM	i. DFAT and BESIK 2 staff support DNCQA to submit the WRM law and policy to the CoM in May, as planned.	DNCQA, DFAT, BESIK 2

	j. During the first year of ATLPHD, DNCQA be encouraged to develop and consolidate its own program before considering any further technical assistance.	DNCQA
Corporate Services	k. ATLPHD seeks to build a sound relationship with the Directors of Corporate Services in MoH and MoPWTC that recognises the role of Corporate Services in rural water supply delivery.	DGCS in MPWTC and MOH, ATLPHD
	l. ATLPHD work with the two directorates of Corporate Services to analyse the organisational capacity development needs for RWASH and agree on the focus of capacity development under ATLPHD.	DGCS in MPWTC and MOH, ATLPHD
	m. ATLPHD develop a capacity development approach with GoTL stakeholders early in its implementation and ensure its use by all those involved with the program.	ATLPHD, relevant Ministries
Linkages	n. ATLPHD pursue linkages where it genuinely improves service delivery or effectiveness; and resist pressure to focus on 'internal' linkages at the expense of strong program ownership by GoTL ministries and directorates.	ATLPHD, DFAT, other DFAT programs
Other	o. BESIK 2 ensure there is a planned exit process for the program that includes the handover of all relevant documentation to DGAS before the end of June.	PD, BESIK 2
	p. BESIK 2 to clearly identify all outstanding work and assess each activity as needing to be ended (finished or not), completed or transitioned to the new program. Care should be taken to ensure work is not rushed at the expense of stakeholder engagement.	PD, BESIK 2
	q. The ATLPHD team to ensure its stakeholders are informed about the process for the implementation of the new program and what it is likely to mean for them.	PD, ATLPHD

Attachment E: Evaluation Plan



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