



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF AUSTRALIA AND THE GOVERNMENT
OF THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE ON
TECHNICAL COOPERATION FOR DEVELOPMENT**

relating to the

**TIMOR-LESTE RURAL WATER SUPPLY AND
SANITATION PROGRAM**

1. GENERAL

- 1.1 This Project Document (hereafter referred to as 'This Arrangement') **expresses the understandings** of the Government of Australia (hereafter referred to as 'GoA') and the Government of the Democratic Republic of Timor-Leste (hereafter referred to as 'G-RDTL') concerning the responsibilities and contributions, respectively of the two Governments with regard to the Timor-Leste Rural Water Supply and Sanitation Program (hereafter referred to as 'The Program').
- 1.2 This Arrangement is concluded pursuant to the provisions of the Memorandum of Understanding between the Government of Australia and the Government of the Democratic Republic of Timor-Leste on Technical Cooperation for Development (hereafter referred to as the 'Memorandum'), signed at Dili, Timor-Leste, on 28 February 2003. Unless otherwise provided for in This Arrangement, the Memorandum applies to The Program.

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- 1.3 This Arrangement is based on the full program concept design document of the Timor Leste Rural Water Supply and Sanitation Program. Where these documents are inconsistent, This Arrangement is definitive and prevails.

2. DEFINITIONS

- 2.1 For the purposes of This Arrangement:

2.1.1 'Program Activity' and 'Program Activities' means any activity or activities established cooperatively in relation to the Scope of The Program as described in clause 5.5 of This Arrangement;

2.1.2 'Managing Contractor' (hereafter referred to as 'MC') means the commercial entity engaged by GoA to manage the implementation of Program Activities.

2.1.3 'MC Team Leader' means the designated representative in Timor-Leste of the MC contracted by the Australian Agency for International Development (hereafter referred to as 'AusAID') on behalf of the GoA to implement the MC components of The Program;

2.1.4 'Program Personnel' means persons who are not nationals or permanent residents of Timor-Leste, who are working in Timor-Leste on The Program and whose salaries and other costs are wholly funded from the contribution of the GoA to Program Activities;

2.1.5 'Program Supplies' means equipment, materials and other goods supplied for the execution of The Program, the costs of which are wholly funded from the contribution of the GoA to The Program; and

2.1.6 'Adviser' means a specialist in a subject or matter, who aims to provide opinions, knowledge or technical ideas to the Timorese counterpart. The Adviser will be limited to providing advice and

making recommendations only. The Adviser will make every attempt to ensure that the counterpart fully understands the meaning of any advice given. The Adviser's recommendations will not bind the Timor-Leste Ministry of Infrastructure and the Ministry of Health to any course of action.

3. EXECUTING AUTHORITIES

- 3.1 The executing authorities for This Arrangement will be:
 - 3.1.1 For G-RDTL: The Ministry of Infrastructure and the Ministry of Health.
 - 3.1.2 For GoA: AusAID of the Department of Foreign Affairs and Trade;
 - 3.1.3 AusAID will enter into a separate arrangement with the MC to carry out parts of its commitments.
- 3.2 Through the GoA, other development partners may choose to contribute to The Program. Such contributions will be managed under separate arrangements with the respective development partner, but in accordance with the principles of This Arrangement.
- 3.3 The Water Supply and Sanitation Sector Working Group (WSS-SWG), which is expected to meet every six months, will provide oversight of the program, ensuring that it contributes to furthering the goals of the Water Supply and Sanitation Sector Investment Plan (WSS-SIP).
- 3.4 A sub-committee of the WSS-SWG, which is expected to meet at least every three months, will be established to provide strategic management of the Program. This is understood to include:
 - 3.4.1 Reporting back to the WSS-SWG on progress and issues arising in the implementation of the WSS SIP;

- 3.4.2 Promoting donor harmonisation in the area of Water Supply and Sanitation sector management;
 - 3.4.3 Reviewing and endorsing the annual plans and six month plans: covering resource allocation; the identification of initiatives; revisions to the Program Concept Design Document;
 - 3.4.4 Reviewing the process of proposal identification and design undertaken by the MC;
 - 3.4.5 Reviewing performance of the MC and other implementing parties;
 - 3.4.6 Endorsing terms of reference for performance evaluations by an independent Monitoring and Review Group;
 - 3.4.7 Putting forward higher level policy recommendations for consideration of the WSS-SWG.
- 3.5 Membership of the sub-committee, to be nominated by the WSS-SWG, is expected to include:
- 3.5.1 The Minister or Vice-Minister who chairs the WSS-SWG, or their delegate;
 - 3.5.2 The two directors from the agencies responsible for the implementation of the WSS Sector Investment Plan (WSS SIP): Direção da Agua e Saneamentu (DNAS) under the Secretary of State for Electricity, Water and Urbanisation, Ministry of Infrastructure; and the Environmental Health Department of the Ministry of Health;
 - 3.5.3 A representative from the Australian Embassy;
 - 3.5.4 Representatives from other development partners that are also providing substantial support for the implementation of the WSS SIP;

- 3.5.5 Invited representatives from other G-RDTL ministries where appropriate for the subject under discussion.
- 3.6 The WSS-SWG may also ask the sub-committee, in the interest of donor harmonisation, to provide strategic management for other programs of assistance that support the implementation of the WSS SIP.
- 3.7 The MC will act as Secretariat to the Sub-committee.

4. NAME, LOCATION AND DURATION OF THE PROGRAM

- 4.1 The Program will be known as the Timor-Leste Rural Water Supply and Sanitation Program.
- 4.2 The Program will be located in Dili. The Program may be extended to selected districts without prejudicing the Executive Authorities, referred to in 3.1.
- 4.3 The Program will be of five years duration and will be deemed to have commenced upon the date on which the MC signs the arrangement described in paragraph 3.1.3.
- 4.4 The Program will be implemented as a series of rolling six-month and/or annual plans. The process of collaboratively developing annual plans in line with the G-RDTL planning cycle will ensure The Program retains its relevance and focus on the priorities of the G-RDTL.
- 4.5 In the first quarter of operation, The Program will develop a Program Strategic Framework (PSF) which will guide the program implementation. The PSF will be developed in close consultation G-RDTL and relevant sector stakeholders.
- 4.7 After the Inception Phase, and following approval of the first annual plan, The Program will follow a regular cycle of performance review and annual planning, aligned with the G-RDTL planning cycle.

4.8 At the 2 ½ year mark and in the final year of The Program, reviews will be conducted to assess overall Program impact and make recommendations for future assistance.

5. INTRODUCTION, GOAL, PURPOSE, OBJECTIVES AND COMPONENTS OF THE PROGRAM

5.1 Australia has been involved in supporting the provision of rural water and sanitation in East Timor since January 2002. Recognising the long-term commitment required to achieve sustainable development. The Program is proposed to be delivered over a ten year time-frame.

5.2 The Program does not 'stand-alone' as a project mode of delivery, but both works within G-RDTL systems and processes, and will seek to ensure harmonization with other development partner activities relating to the WSS SIP.

5.3 The **Goal** of The Program is to improve the health and living standards of women, men, girls and boys in East Timor's rural communities through providing access to clean water and effective sanitation related health behaviour can make to the improvement in health and livelihoods for rural people in East Timor.

5.4 The **Mission** of The Program is to construct water and sanitation facilities, and support the sector to design, implement and manage facilities themselves.

5.5 The **Scope** of The Program includes:

5.5.1 To improve systems and capacities within DNAS, District Water and Sanitation Department (DASD), MoH (Environmental Health/Health Promotion), Grupo Maneija Facilidade Be Mos no Saneamento (Water Management Groups or

GMFs), communities, NGOs and the private sector to plan, design, implement, operate and manage and evaluate sustainable RWSS programs and activities;

5.5.2 To plan, implement and evaluate a hygiene and sanitation program that achieves behaviour changes and creates the demand for RWSS infrastructure;

5.5.3 To design, implement, operate and manage technically appropriate sustainable rural water supplies and sanitation facilities; and

5.5.4 To establish the organisational and management framework, systems and plans for the efficient and effective management and implementation of RWSSP including the development of the Program Strategic Framework, Work-plans and capacity building strategies.

5.6 The Scope of The Program described in paragraph 5.5 outlines the parameters for activities that may be implemented by the MC. The MC will also provide, where needed, a mechanism through which other donors can contribute funding and coordinate assistance in line with The Program Goal, Mission and Scope.

6. CONTRIBUTIONS OF THE GoA

6.1 The GoA contribution to The Program is estimated at up to \$AUD 28 million over the next five years. Disbursement of GoA contributions will be subject to Australian annual parliamentary approval of appropriations. The GoA contribution will be disbursed at intervals over the five years of The Program.

6.2 The GoA will provide but not be limited to the following personnel:

Position	Source	Inputs
MC Team Leader	AusAID	Long-term
Activity Manager	AusAID	Long-term
Capacity Building Adviser	AusAID	Long-term
Community Management Adviser	AusAID	Short-term
Environmental Health Adviser	AusAID	Short-term
Rural Water Supply and Sanitation Adviser	AusAID	Short-term
Program Operations Manager	AusAID	Long-term
Monitoring and Evaluation Adviser	AusAID	Annual contributions over the life of the program

6.3 The MC will establish a program office in Dili, employing local administrative staff. Wherever possible local staff should be employed at equivalent public service rates. The MC will provide administrative and logistical support for the whole program. The various technical advisers provided by the GoA will, to the extent arranged with the G-RDTL, be co-located in the departments and offices with their counterparts.

7. CONTRIBUTIONS OF THE GOVERNO DA REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE

7.1 The contributions of the G-RDTL will include but not necessarily be limited to the following:

7.1.1 Timely access to DNAS, the Environmental Health Department of the Ministry of Health and other relevant facilities, documentation and personnel without violating the confidentiality of information and documentation reserved for limited access;

7.1.2 Provision of appropriate offices and work facilities within the DNAS and the Environmental Health Department of the Ministry of Health as the main counterpart agency, for each of the Program Personnel performing technical advisory roles conforming to the existing resources and without prejudicing the normal operations of the institutions; and

7.1.3 All necessary approvals and authorities for carrying out the Program Activities.

8. PROJECT SUPPLIES AND PERSONNEL

8.1 Paragraph VIII of the Memorandum applies to the Project Supplies. Paragraph XI applies to the Project Personnel.

9. CLAIMS RELATING TO PROGRAM ACTIVITIES IN TIMOR-LESTE

9.1 The GoA will require that all Program Personnel obtain insurance against damages that may result from their acts or omissions in the course of carrying out Program Activities in Timor-Leste.

10. CLAIMS RELATED TO SHORT-TERM ATTACHMENTS IN AUSTRALIA

10.1 The GoA will assume full responsibility for claims arising out of the official conduct of G-RDTL personnel while they are in Australia on short term attachments under This Arrangement, and exempt from liability the G-RDTL, but not the personnel themselves, from wrongful or illegal acts engaged in by such personnel outside their official duties.

10.2 Paragraph 10.1 of This Arrangement will not apply where liability results from criminal act, gross negligence or wilful misconduct on the part of that person or persons.

10.3 In return for the GoA commitment in paragraph 10.1 of This Arrangement, the G-RDTL will indemnify the GoA against all payments made and all costs, damages and expenses incurred by it as a result of any claims which may be brought against such G-RDTL or the GoA, its officers or servants by any third party arising from the official conduct of such G-RDTL personnel in Australia pursuant to This Arrangement.

10.4 The G-RDTL will indemnify the GoA in respect of claims brought by the Contractor against the GoA for damages arising from G-RDTL failure to carry out its functions pursuant to This Arrangement.

11. SETTLEMENT OF DIFFERENCES

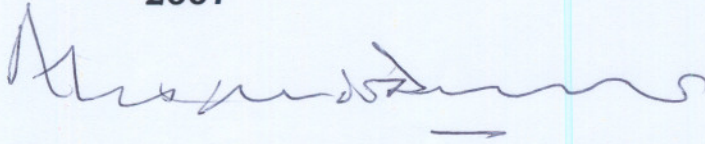
11.1 GoA and G-RDTL will peacefully settle any differences or disputes arising under or in relation to the interpretation or application of this Arrangement (without reference to any third party for adjudication or arbitration).

12. AMENDMENTS

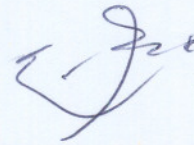
12.1 Amendments to This Arrangement may be made at any time by an arrangement made in writing between both Governments party to This Arrangement.

**SIGNED at
2007**

in duplicate, this 30 day of August



For the Government of Australia



**For the Government of the
Democratic Republic of Timor- Leste**

**TIMOR-LESTE RURAL WATER SUPPLY AND
SANITATION PROGRAM**

Background

Australia has been providing support to the Government of Timor-Leste (GoTL) for the Rural Water Supply and Sanitation (RWSS) through its aid program since January 2002. Over time the focus of Australian assistance has shifted from stand alone projects aimed at constructing water and sanitation facilities, to supporting the sector to design, implement and manage facilities themselves. Recognising the greater demand for both access to clean water and adequate sanitation facilities, the Timor-Leste Rural Water Supply and Sanitation Program (The Program) is proposed to be delivered over a ten year period, in two phases of five years duration. The Program will be delivered through rolling design and work plan mechanisms, and will become increasingly programmed over time.

Modes of assistance

The types and nature of activities and support to be delivered under The Program includes Capacity Building of the Sector, Hygiene and Sanitation Promotion, Rural Water Supply and Sanitation Delivery and a Program Management to ensure effective and efficient delivery of the program.

Operational arrangements

Australia's proposed future assistance for the sector, the Rural Water Supply and Sanitation Program (RWSSP), is envisaged as a long term program (10 years) of assistance. The Program is designed to move progressively from a Program utilising parallel systems to one that is fully integrated inside the GoET structures and systems. It is expected that this progression will occur in four phases:

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Phase 1: Australian funded RWSS/Hygiene and Sanitation Promotion (HSP) activities are planned, contracted and managed by a Contractor following GoET priorities (as reflected in the District Plans).

Phase 2: Australian funded RWSS/HSP activities are planned by Department for Water and Sanitation (DNAS)/ Ministry of Health (MoH) but contracted and managed by a Contractor following GoET priorities.

Phase 3: Australian funded RWSS/HSP activities are planned by DNAS/MoH, contracted by a Contractor, and managed by DNAS/MoH, following GoET priorities.

Phase 4: Australian funded RWSS/HSP activities are planned and managed by DNAS/MoH using GoET financial systems and following GoET priorities.

Programming Assumptions

The success of this program depends on all stakeholders having clear recognition of, and support for:

- High-level and ongoing support, cooperation and collaboration between the senior stakeholders, GoA and G-RDTL;
- Strong ownership and support for The Program and contribution to strategic outcomes by DNAS, the Environmental Health Department of the Ministry of Health and overall ownership by the G-RDTL;
- Maintenance of close working relationships between AusAID, the Management Contractor, and G-RDTL;
- Strong partnership and liaison between AusAID and other development partners;

- Maintenance of close liaison and sound working relationships between The Program and existing and planned UN, bilateral and multilateral activities so that duplication of effort and overloading of G-RDTL counterparts does not occur;
- Appropriate managerial and contemporary technical skills in the MC to administer The Program; support the needs of its team; and, manage the issues that may arise;
- Continuation of G-RDTL current partnering approach to development assistance ; and
- Commitment and a strong sense of personal ownership from all involved.

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