

Aid Effectiveness in Timor-Leste's WASH Sector

Case study commissioned by WaterAid and conducted by Gideon Rabinowitz of the Overseas Development Institute (ODI). This Briefing Note was written by Clare Battle.

As a founding partner of the Sanitation and Water for All partnership, WaterAid is working to increase understanding of current practice in the provision of aid to the WASH sector. This case study is complemented by a second from Ethiopia, and its findings will contribute to the development of a global framework for introducing greater scrutiny and mutual accountability into development cooperation in the WASH sector.

1. Aid effectiveness & WASH: an introduction

Effective aid is a crucial component of efforts to achieve universal access to drinking water, sanitation and hygiene (WASH). By supporting country leadership and strengthening sector performance, effective aid can enhance the capacity of governments in recipient countries to deliver equitable and sustainable water and sanitation services, and secure long-term improvements in hygiene behaviour. It is therefore vital that development partners (DPs) work together with governments to improve the effectiveness of aid to the sector, optimizing its catalytic potential. This study focuses in particular on the role that monitoring and reporting of aid effectiveness could play in catalysing action to improve sector performance in Timor-Leste.

2. Overview of Timor-Leste's WASH sector

Decades of conflict - and on-going insecurity and political instability - have hindered Timor-Leste's progress in addressing long-term development priorities. WASH is no exception, and in 2011 improved water supply coverage ran at only 69% (up from 54% in 2000), whilst sanitation coverage was even lower at 39%, having seen no improvement over the last decade¹.

Resourcing of the sector has received support, with revenues from the exploitation of Timor-Leste's oil and gas reserves leading to substantial increases in the Government's budget, and Government capital expenditure on WASH expected to be \$28.3 million per annum over the period 2013-2015. Aid also continues to play a significant role in the country's WASH sector, with capital investment by external development partners (incorporating both a small number of official donor agencies and a number of international NGOs) projected to provide equivalent to approximately 20% of planned total non-household capital expenditure on WASH over the period 2013-15² (\$5.8 million per annum). Such expenditure is of particular importance in a

¹ JMP 2013, "Timor-Leste: estimates on the use of water sources and sanitation facilities (1980 – 2011)", Joint Monitoring Programme for Water Supply and Sanitation

² SDA 2014, "Water Supply and Sanitation in Timor-Leste – Service Delivery Assessment", World Bank Water and Sanitation Program

number of key sub-sectors, particularly sanitation, where aid accounts for a much greater percentage of total investment.

However, significant challenges still face the sector, including major capacity constraints across a range of functions. This has implications for the management of both Timor-Leste's own resources and external aid, and continues to hold back progress towards water, sanitation and hygiene for all citizens.

3. Progress on aid effectiveness in Timor-Leste's WASH sector

Given the above challenges, Timor-Leste and its external development partners face a daunting context in which to address aid effectiveness challenges in the WASH sector. But some important progress has nonetheless been made.

Ownership

The foundations of a country-led agenda for WASH have developed significantly in Timor-Leste in recent years; a number of significant WASH-related policies have emerged, together with important institutional changes and increased resourcing. In particular, the Strategic Development Plan 2011-30 introduced by Government of Timor-Leste (GoTL) in 2011 identifies water and sanitation as a national priority and establishes the goal for universal access to improved water and sanitation services to be achieved by 2030. Efforts to achieve this goal are guided by a range of other recent policies, strategies and reforms, including separate Water and Sanitation Action Plans for 2013-17 developed by the Ministry of Public Works. This is reported to have done much to unify the sector approach, and has been matched by increased support to national programmes by Timor-Leste's development partners, and the emergence of more strategic, coherent and coordinated approaches to developing the WASH sectors (likely helped by the relatively small number of development partners operating in Timor-Leste).

However, there are important challenges still to be met. Concerns remain that Government leadership is not strong enough to deal with challenges relating to the increasing fragmentation of interventions in the sector, as local level development programmes are rolled out without adequate clarification of ministerial responsibilities. There is also a lack of clear strategic direction for critical issues such as procurement and technical assistance. Similarly, whilst a number of processes have emerged to support collaboration across WASH sector stakeholders, including the Sanitation Working Group and WASH Forum, Government leadership of the latter is seen to be largely absent, limiting its effectiveness in driving progress.

Fostering ownership at the district level also remains a challenge. District offices have little flexibility in managing the resources they receive, which is reported to undermine incentives to improve service delivery. However, this picture is starting to change, as the discretionary operating budget of District Water Supply offices increases and District officials assume greater responsibilities in planning and overseeing programmes. Significantly, there are also signs of improved ownership amongst communities receiving support to develop WASH infrastructure, with community water user groups (GMFs) given prime responsibility for managing water facilities in 2004, and playing a central role in the rural WASH programmes of INGOs and AusAid's BESIK.

Alignment & harmonisation

External development partners have a good record of working closely with the GoTL, and have been instrumental in supporting the Government to develop its WASH policy and service delivery agenda and institutions. Importantly, as a clearer Government policy and service delivery agenda has emerged, alignment in programme implementation has improved. For example, the Australian Government's BESIK programme started as a stand-alone project but has evolved into a program under government direction, leadership and management (AusAid 2012) – although other agencies do continue to manage projects entirely outside of national institutions.

Other significant challenges also remain. Firstly, alignment and coordination in implementation at the district and community level has been far from ideal, with local and international NGOs continuing to adopt to incoherent approaches (for example around the use of subsidies) despite the production of detailed government guidelines on sanitation and hygiene promotion. Pursuit of competing approaches risks undermining rather than strengthening the coherent development of the sector.

In addition, there are a number of policy areas where Government leadership has been weaker, and where development partners have failed to harmonise their procedures and practices to limit aid management demands on government. For example, the diverse procurement practices of DPs pose significant changes for effective maintenance of WASH services, due to the huge variety of piping used in Dili's water systems. However, it is important to recognise that in some cases DP's have very little flexibility to address these bottlenecks at the country-level; more often than not procedures link back to decisions made at headquarters, and it is at this level that pressure for reform needs to be focused.

It is also clear that current 'all or nothing' approaches to assessing use of country systems - such as those employed in international monitoring of adherence to the Paris Declaration on Aid Effectiveness - do not recognise the range of efforts employed by DPs to engage with GoTL systems in a partial way. For example alignment around Government systems for budget execution, financial management and auditing has been a challenge, due to perceived weaknesses in GoTL's systems, but partners have made varied efforts to work around this. In the case of the Asian Development Bank, this has involved using GoTL as an implementing partner whilst still requiring their own financial management and procurement rules to be applied. Failure to recognise this continuum of practices for improving alignment may be undermining constructive dialogue between stakeholders.

Focus on results

Managing for results requires not only efforts to develop systems for transparent and monitorable performance assessment, but also the strengthening of those aspects of wider sector policy and practice that are critical to achieving sustainable progress in WASH, such as resource allocation and predictability.

In Timor-Leste there has been important progress in monitoring of sector results through the introduction of the Water and Sanitation Information Systems (SIBS), which facilitates WASH sector stakeholders to record and share information on WASH system coverage and functionality. However, there are still major technical and political challenges to effectively link monitoring to planning and resource allocation processes.

And whilst development partners have challenged the Government to focus greater attention on WASH infrastructure maintenance, there has been limited progress influencing Government resource allocation to date. It is also not clear whether development partners are adequately resourcing maintenance themselves. Both GoTL and DPs face incentives to prioritise service roll out in order to demonstrate results and meet the expectations of their citizens, and the short-term project approach which is characteristic of much of development partners' activity in the sector makes it difficult to focus on systemic challenges and improving sustainability. However, the Australian Government's BESIK programme provides a good example of a more long-term, iterative, flexible approach; as an essentially 10 year programme, it is able to focus attention on tackling longer-term, systemic challenges, and to incorporate learning into its activities.

Transparency & accountability

Given that the majority of aid to the WASH sectors in Timor-Leste is delivered outside Government systems, timely reporting of sector investments is essential in allowing the Government to manage sector resources efficiently. The establishment in 2011 of the Government Aid Transparency Portal represents an important development towards improved transparency in the WASH sector, and has helped to mobilise increasing information about donor activities. The introduction of WASH sector information tools such as SIBs has also been beneficial. However, automatic reporting is far from the norm, and it is not clear to what degree all stakeholders are reporting relevant information through these systems, nor if the information provided is adequate (in terms of its timing, quality and comprehensive) or sufficiently accessible for supporting sector planning, management and monitoring. There is evidence that continuing information gaps, particularly around volumes of funding, can undermine trust between Government and development partners.

Mutual accountability is another key component of effective development cooperation, and requires partners to be accountable to each other for fulfilling their responsibilities and commitments. Progress in strengthening mutual accountability for aid to WASH in TL has been limited, as sector coordination processes such as the WASH Forum and Sanitation Working Group focus mainly on information sharing, rather than facilitating formal accountability, assessing stakeholder performance or providing space in which stakeholders can seek redress for poor performance by other sector actors. It may be that limited expectations amongst Government officials in terms of holding donors to account is contributing to this dynamic. Theoretically at least, one would expect the GoTL to be in a position to be more assertive in its relationship with DPs than most countries at its stage of development, due to the size of its own contribution to sector funding.

4. Findings & recommendations

These findings provide valuable evidence to catalyse discussion on how aid effectiveness can be enhanced in the WASH sector. It is clear that understanding and responding to aid effectiveness constraints in Timor-Leste requires an involved process of enquiry, dialogue and monitoring across multiple levels.

Institutionalising aid effectiveness in Timor-Leste

Timor-Leste's experiences highlight a number of points of debate for the country's WASH sector actors as they attempt to advance the aid effectiveness agenda through collective action at the

national level. In particular, the very specific and context-driven issues facing efforts to promote aid effectiveness in the WASH sector in TL demonstrate the need for a country-level aid effectiveness monitoring and accountability processes that are rooted in existing institutions and processes, with priorities identified through multi-stakeholder dialogue at the country-level. These may include monitoring of performance in areas such as alignment of development partners with national priorities, use of programme based approaches (including budget-support), in-year predictability of aid, and effectiveness of civil society and private sector engagement in the WASH sector.

However, to effectively address all constraints to progress, quantitative monitoring indicators will need to be complemented by a more qualitative approach to understand why constraints arise and how incentives can be better aligned. For example, qualitative monitoring could play a role in unpacking the continuum of approaches that donors apply to using country systems, and the complexities of aligning day-to-day implementation procedures and systems at the District and community level.

To continue to progress aid effectiveness in Timor-Leste's WASH sector, it will be necessary for government and development partners to work together to:

- Ensure participatory spaces such as the WASH Forum and Sanitation Working Group are conducive to Government leadership (for example by addressing language constraints)
- Identify policy areas and potential indicators that capture the key facets of aid effectiveness in the country's WASH sector
- Develop a framework for monitoring and reporting of performance against these key indicators of aid effectiveness
- Provide space within national sector discussions to review performance and prioritise undertakings
- Ensure structures are in place that have the authority and resources to leverage performance change (for example by influencing resource allocation decisions)
- Link these national conversations and monitoring processes to global accountability mechanism such as the Sanitation and Water for All partnership, to tackle constraints that cannot be addressed through national level sector dialogue

Implications for global level processes

The country-level monitoring and accountability processes described above will be critical to tracking progress and incentivising improvements in behaviour among both government and development partners, and will be the keystone of efforts to effectively addressing aid related constraints to sector progress in Timor-Leste. However, Timor-Leste's experiences suggest that sector-specific *global-level* monitoring also has an important role to play in serving the needs of country-level processes, particularly in tackling country-level obstacles to improved development cooperation that require global dialogue and action. For example, the use of country systems is highlighted as an issue often linked back to donor headquarter policies, and thus requiring accountability and coordination at an international level. Furthermore, the low awareness amongst Government officials of the principle of mutual accountability and their limited expectations with regard to holding donors accountable suggests a global monitoring framework for WASH may have a role to play in introducing the concept of monitoring mutual performance and beginning to develop consensus through a core set of monitoring priorities and indicators.

In addition to country-level recommendations, the findings from Timor-Leste have therefore contributed to identification of a limited number of global level monitoring areas and indicators which can be applied across countries. These are: national ownership and leadership of WASH sector development; use of country systems; prioritisation of service sustainability and equity; inclusive mutual accountability for aid effectiveness; reporting of development partner support³.

Translating these policy areas into an effective framework for global monitoring of WASH aid effectiveness - that complements and supports country-level monitoring processes - will require a multi-stakeholder approach. As the central political coordinating body for the WASH sector that brings together over 90 sector partners, the Sanitation and Water for All partnership (SWA), is well placed to govern such a change agenda. WaterAid will therefore be working in cooperation with SWA partners and other WASH sector stakeholders over the coming months to further refine a global framework which – together with national level monitoring and accountability processes - can equip countries and their development partners to confront the political realities that limit the effectiveness of aid to the WASH sector.

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³ Nathaniel Mason and Gideon Rabinowitz. 2014. "Progressing aid effectiveness in the WASH sector: Towards a framework for strengthening mutual accountability". WaterAid /ODI