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NGO PARTNERSHIPS AND CAPACITY DEVELOPMENT IN THE WATER, SANITATION AND HYGIENE SECTOR

ABRIDGED VERSION
FOR PUBLIC DISSEMINATION

OCTOBER 2008

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PREPARED BY

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October 2008

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ACKNOWLEDGEMENTS

This report is the output of an AusAID funded research project on NGO partnerships, capacity development and state/local government engagement towards the new AusAID Water and Sanitation Initiative (WSI). AusAID's financial support for this research is gratefully acknowledged, as is the input and guidance from the Adaptation and Clean Development Thematic Group during the course of the research.

The many staff members of NGOs consulted in Australia and in-country are thanked for their efforts and time contributed towards this research. Many organisations put in significant effort to provide both in-depth information about their work and detailed investment options.

The research team would like to acknowledge the contribution of other research participants, including AusAID desk and post staff in the focus countries, sector experts, in-country stakeholders (e.g. government authorities, other donors, WSP staff etc.) interviewed as well as capacity development workshop participants and respondents to the on-line survey.

EXECUTIVE SUMMARY

BACKGROUND AND APPROACH

The Australian Government will be quadrupling its current development assistance in the water, sanitation and hygiene (WASH)¹ sector in 2009-2011, with \$300 million to be invested through the Water and Sanitation Initiative (WSI). This report presents the results of research commissioned by the Adaptation and Cleaner Development Thematic Group within AusAID through the International WaterCentre and the Institute for Sustainable Futures at University of Technology, Sydney (ISF UTS). The Water and Sanitation Reference Group² have been consulted throughout the research process.

The scope of the research covers partnerships with non-government organisations (NGOs) and effective ways to support capacity development in the water, sanitation and hygiene (WASH) sector including engagement with local government and utilities. The primary focus of the research is on the contribution of NGOs to the WASH sector in our region; development of a strategic approach and mechanisms for involving NGOs in the WSI; and investigation into indicative capacity of NGOs to scale up WASH work, including potential investment options. Countries included in the study are Burma, Cambodia, Indonesia, Lao PDR, Papua New Guinea, Philippines, Solomon Islands, Timor Leste, Vanuatu and Vietnam. Regional investment options for Africa and South Asia were also included where they were mentioned by participating NGOs, but these have been omitted from the public report.

The study has been conducted through consultation with NGOs, experts and AusAID through a combination of semi-structured interviews, an on-line survey and a desktop review. 13 Australia-based NGOs and 73 in-country NGOs were consulted. In-country visits and consultations were undertaken in Indonesia, Timor Leste, Vietnam and Vanuatu.

Whilst the research was undertaken primarily to help inform AusAID's internal decision making about future investments, this abridged public version of the report is intended to share the findings more broadly and contribute to public dialogue around NGO roles and investment opportunities in the WASH sector in South East Asia and the Pacific.

REPORT STRUCTURE

The findings of the study are presented in three parts:

Part 1 - Strategic Approach for NGO Engagement: Presents guiding principles to maximise the effectiveness of AusAID's engagement with NGOs, and includes recommended funding mechanisms.

Part 2 – Review and Analysis by Country: Presents an analysis of the WASH country context, existing AusAID, NGO and WASH activity, opportunities for further NGO engagement and relevant funding mechanisms in the ten focus countries.

Part 3 - Capacity Development and State/Local Government and Utility Partnerships: Presents an argument for why capacity development is a critical investment required in our region with lessons learned and four key recommendations in this area, as well as an analysis and preliminary scoping of how AusAID could support capacity development through state/local government and utility partnerships.

¹ The team has chosen to use 'WASH' rather than 'water and sanitation' when referring to the sector to reflect the critical importance of hygiene practices in achieving successful water and sanitation outcomes.

² The Reference Group consists of representatives from a number of Australian NGOs, Academic Institutes and the Australian water industry. It is a community of practice group that shares and communicates best practice knowledge and experiences of water and sanitation activities in order to improve outcomes for people in the region, and engages with AusAID on such matters. Founding members include: World Vision, WaterAid, the Institute for Sustainable Futures-University of Technology Sydney, Plan, Oxfam, Engineers without Borders, Uniting Church, International WaterCentre, the Nossal Institute and the Australian Water Association.

KEY FINDINGS

The quality of NGO work was assessed in the research through questioning around approach, outcomes, management and monitoring systems and inclusion of gender considerations. The research revealed that NGOs in our region have assisted widely in facilitating better access for the poor to water and sanitation services and are strongly positioned to continue and expand such work. It was evident that NGOs can draw on established community relationships, offering on-the-ground impact to increase access to services within relatively short timeframes. In addition to community based service provision, NGOs have played numerous other supportive roles in the sector including as mobilisers, facilitators, intermediaries, advocates and innovators. NGOs were found to be adaptable to their circumstances, and in each country take on different roles in response to the local community and policy context. Against these broad strengths, some weaknesses of NGOs emerged from the research. These included cases of poor coordination with other sector actors, lack of in-house technical expertise, inadequate attention to gender and lack of systematic capture of evidence of program impact. Within the Review and Analysis by Country (Part 2) evidence of these strengths and weaknesses is presented for each country context.

The **Strategic Approach** provides guidance on how to engage with NGOs in a way that builds on their strengths and provides support to address their weaknesses. Twelve guiding principles were developed based on NGO, AusAID and expert views of what makes NGO work most effective and what weaknesses require attention. Based on this research, and to maximise the effectiveness of NGO engagement, AusAID should:

1. Provide the option for multi-year funding of at least 3-5 years to meet the need for long term engagement in community WASH promotion.
2. Support NGOs to situate WASH within a holistic development frame, particularly in relation to gender.
3. Provide time and resources for effective partnership between AusAID, NGOs and other partners.
4. Encourage NGOs to coordinate effectively.
5. Develop a consistent, coherent, appropriate overarching M&E framework.
6. Support all stages of the characteristic NGO cycle of 'innovate-demonstrate-advocate to replicate'.
7. Support the role of NGOs as 'capacity builder'.
8. Focus on NGOs with clear on-going commitment to the WASH sector, especially sanitation.
9. Require NGOs to consider water resource and nutrient cycle implications of their work.
10. Recognise synergies between development and emergency WASH.
11. Provide budget support for NGOs to document, learn, share and contribute to a community of practice in WASH work.
12. Recognise that urban and rural NGO work differs.

The review of **funding mechanisms** shows that some features of existing NGO-AusAID engagement approaches are relevant to the WSI and that mechanisms should enable a diversity of activities for small and large NGOs, and for Australia-based NGOs as well as other international and in-country NGOs with strong track records in WASH work. Principles for effective engagement with the WSI include: building flexibility into mechanisms; ensuring adequate activity timeframes can be supported; expanding mechanisms to enable non-accredited NGOs to be involved in the WSI; finding new ways of managing risk; and limiting the AusAID management load required. The research identified and evaluated two main types of funding mechanisms: (i) **central funding mechanisms** managed from Canberra and (ii) **country specific mechanisms** overseen and managed at a country level.

Decisions about funding mechanisms will depend on which investment options and NGOs are funded. It is expected that a portion of the NGO funding would appropriately be allocated to a centralised funding mechanism, given the time-constraints for the WSI and the strong management concerns from the AusAID perspective. Given that a centralised mechanism will only provide access to a portion of the regional NGO potential, an appropriate balance with allocation to country-level mechanisms will be required. Country-level funding mechanisms will require iterative analysis between potential investment options and proposed viable funding mechanisms including their pros and cons and feasibility in particular country contexts.

Consultation with NGOs indicated a strong level of interest to engage with the WSI to continue and expand their current initiatives. The **funding opportunities** were found to be larger than expected, in part due to the inclusion of information from Australia-based NGOs, other international NGOs and in-country NGOs. Based on initial consultations, the **indicative absorptive capacity of NGOs consulted** across the ten focus countries was found to be in the order of \$116m for 2008/09 and 2009/10, with an additional capacity to absorb \$60m for work in other countries and regions. Capacity within each country was found to be: Burma \$3.7m, Cambodia \$23.7m, Indonesia \$32.7m, Lao PDR \$3.6m, Papua New Guinea \$8.2m, Philippines \$8.8m, Solomon Islands \$2.6m, Timor Leste \$8.7m, Vanuatu \$4.2m and Vietnam \$19.5m. It is important to note that these figures are indicative and are weighted in favour of countries where greater resolution of information was available rather than necessarily those with greatest need and capacity for investment in WASH. A large number of viable **investment options** were collated, with a strong focus on increasing service delivery and capacity development, either directly or through mobilisation of local governments, local private sector actors and community partners. Many organisations indicated that they are in a position to start work as early as next year and most activities over the two year period are linked to planned initiatives of 3 or 4 years.

Through critical review of international literature and a workshop involving Australian WASH practitioners, the study confirmed that support is needed for **capacity development** in our region. The findings indicate a need to particularly strengthen capacity at the 'intermediate level', the interface between national governments and service providers. WASH skills required cover the spectrum from: (i) construction and engineering 'hardware' to (ii) financing, policy development, regulation and business development to (iii) other 'software' elements such as community participation, demand creation, and gender mainstreaming.

The analysis of capacity development approaches and practitioner experience provides a set of lessons that should be used to inform effective capacity development approaches by AusAID. Some of these lessons include recognising that capacity development requires time and cannot be externally driven and that 'knowledge transfer' alone (for instance 'training') is inadequate and should be combined with experiential learning and incentives to support application of what is learned. In addition, it was found that a focus on greater gender mainstreaming is required. The practitioner workshop provided a range of possible ways forward though no clear consensus on which was most appropriate. Subsequently a consortium of organisations has proposed a regional resource network initiative to AusAID.

Based on the study's analysis of capacity development needs, approaches and models, four key recommendations to AusAID are made. These are to (i) ensure that capacity development is given focus in all planned WSI initiatives including tracking of measurable indicators of performance; (ii) invest in country-level analysis to identify strategically targeted capacity development activities that build on existing expertise; (iii) consider supporting a resource network in our region to provide capacity development support; and (iv) take a leadership role in mainstreaming gender into WASH activities in our region in line with AusAID's Gender Policy by providing capacity development support to this area.

The research on state/**local government and utility partnerships** was a small component of the work involving consultation with a targeted group of relevant organisations and some desktop research. It was found that Australian state and local government agencies and utilities have some experience in international development assistance work, though this is patchy and usually ad hoc. Engagement occurs through a range of mechanisms including staff exchanges, utility twinning and training programs. A number of relevant initiatives are already operating in our region (e.g. IWA Water Operator Partnerships, WaterLinks, SWITCH Asia), and some of the success factors and risks associated with these are presented in this study. Consultation with key organisations revealed support for WaterAid Australia to take a lead role in managing a program to facilitate knowledge exchange and pro-actively manage risks. The research recommends that AusAID consider this opportunity, and also take steps to ensure its effectiveness. This can be done through developing an overarching program strategy, ensuring activities are demand-led, ensuring a poverty alleviation focus and linking effectively to existing initiatives in the region.

NEXT STEPS

This research report will inform AusAID decisions about funding mechanisms and investment options and the development of a concept paper for NGO or Civil Society engagement in the WSI. The research recommends that a combination of centralised and country-specific funding mechanisms are considered to facilitate contributions from a range of NGOs (small/large, Australian/non-Australian, generalist/specialist) best placed to do effective WASH work and that further consultation should be held with the Reference Group on this matter. In addition, for countries where in-country research was limited, it will be important to ensure additional time is invested in scoping to allow for informed decisions about investment options and designs.

Other next steps relating to the NGO component of the WSI include the following:

- Subject to consultation, AusAID should consider utilising the principles presented in the strategic approach as the basis for more detailed selection criteria, program guidelines and terms of reference for NGO agreements under the WSI.
- AusAID should support collaborative development of an NGO-wide WASH/WSI monitoring and evaluation (M&E) framework within the larger WSI M&E framework.
- AusAID should consider how best to link the NGO engagement component of WSI with other WSI investments.

Capacity development is essential for the long-term effectiveness of the WASH sector in our region. Decisions will be required on how best to address this challenge and to further the recommendations made under the capacity development and local government/utilities components of this review.

NGO PARTNERSHIPS AND CAPACITY DEVELOPMENT IN THE WATER SANITATION AND HYGIENE SECTOR

PART 1: STRATEGIC APPROACH FOR NGO ENGAGEMENT

INTRODUCTION AND SCOPE OF THE STUDY

The Australian Government will be quadrupling its current development assistance investment in the water, sanitation and hygiene (WASH) sector over the coming two years, and there is indication that this will continue as an increased long-term investment. The figure committed by the new Labour government is \$300 million between 2009 and 2011 (over and above existing funding to the sector of roughly \$80-100 million), a commitment now being put into action through the Water and Sanitation Initiative (WSI). As the WASH activities of the development assistance program expand, there is recognition of the need for further engagement with the NGO sector, a sector recognised for its unique strengths in community development.

The impetus for this particular study into NGO involvement and investment opportunities for the WSI stems from the increased engagement between AusAID and the Water and Sanitation Reference Group over about a one-year period. This dialogue and the publication, *Getting the Basics Right* (Willets et al., 2007), have helped shape commitment to WASH in the development assistance program. The aim of the Reference Group is to 'engage with AusAID to share and communicate best practice knowledge and experiences of water and sanitation activities in order to improve outcomes for people in the region'. As such, it provides a forum for NGO practitioners, researchers and the wider water industry to communicate with AusAID on WASH issues.

Objectives: This study was commissioned by AusAID through the International WaterCentre managed Australian Water Research Facility (AWRF) and has been undertaken by researchers from the Institute of Sustainable Futures at UTS and International WaterCentre. The primary objective of the work was to develop a Strategic Approach for how AusAID can engage with NGOs in the WASH sector including an assessment of engagement mechanisms (Part 1) and an analysis of NGO activities including a rapid assessment of NGO pipeline plans presented by country (Part 2). The study also considered practical ways to support capacity development in the WASH sector and explored opportunities for partnerships between country-level organisations and Australian state/local government agencies and utilities (Part 3).

Whilst the research was undertaken primarily to help inform AusAID's internal decision-making about future investments, this abridged public version of the report is intended to share the findings more broadly and contribute to public dialogue around NGO roles and investment opportunities in the WASH sector.

Geographic and NGO sector focus: Initially AusAID indicated that the WSI's geographic focus would be in the Asia Pacific, and thus the research was limited to Cambodia, Indonesia, Laos, Philippines, Timor Leste, Vietnam, Vanuatu, Papua New Guinea and the Solomon Islands. Early on AusAID requested that Burma be added. The geographic focus of the WSI has expanded over the timeframe of the study with other regions, particularly Africa, being increasingly emphasised. Whilst this focus was not part of the Terms of Reference for this study, where NGOs mentioned their capacities in these regions this information was provided to AusAID (although it has not been included in this public report). The study focused on Australia-based international NGOs, and also encompassed the work of other (non-Australian) international NGOs and in-country national and local NGOs.

Overview of methodology: The study presented here has been as inclusive as possible, following a qualitative research process which allowed for the triangulation of semi-structured interview, on-line survey and literature review data (see Appendix A for more detail on the research methodology). The opportunity for NGOs to participate and contribute to the study was widely publicised by directly contacting NGOs (Australia-based and in-country) and including notifications in the Australian Council for International Development (ACFID) newsletter. The researchers engaged with 13 Australia-based NGOs and 73 in-country NGOs. This included 73 face-to-face interviews, more than 50 on-line survey responses and consultations via email and telephone. In addition to NGOs, 10 expert interviews, 14 interviews with AusAID staff (desk and post) and desktop research were conducted. The study team also engaged with relevant stakeholders in Australia (e.g. ACFID) and in-country where appropriate.

The study was undertaken in a short time frame and as such a number of limitations should be noted. Firstly, although the study team consulted as widely as possible in the available time, the information gathered does not represent all NGOs working in this sector. Secondly, funding was made available for three in-country visits to priority countries as defined by AusAID: Indonesia, Timor Leste and Vietnam. Fortuitously other AWRF research was undertaken in Vanuatu in the same time period, and a small number of in-country interviews were also possible there. The data gathered for these countries is far more complete than those from countries not visited. Finally, and perhaps most critically, the investment options presented are a rapid indicative assessment of NGO funding opportunities and pipeline plans, but do not represent comprehensive audits of individual NGO performance. It is expected that more thorough assessment will occur as NGO proposals are brought forward to concept stage through the AusAID peer review process.

A great depth of detailed information was gathered on individual NGO approaches to WASH, their experiences, approaches to monitoring and evaluation, partnership, gender, views on effective strategies and much more. Due to the size, scope and time limitations of this report, only relevant parts of this rich data are included; however, this information could be compiled separately at a later stage and would form a strong basis for learning in the NGO WASH sector and AusAID's engagement with it.

STRATEGIC APPROACH - NGO ENGAGEMENT

A well-informed strategic approach has the potential to enhance the partnership between AusAID and NGOs, and is therefore important in setting the scene for individual investment options and parameters for how they might be pursued. This section includes a discussion of strengths and weaknesses of NGO work followed by a synthesised set of guiding principles for NGO engagement.

STRENGTHS AND WEAKNESSES OF NGO WORK

A strategic approach for engaging with NGOs must be built on an understanding of both their strengths and weaknesses. The qualitative assessment of NGOs in this report³ provides information about NGO roles, approaches, management systems, past program activities and outcomes and capacity. An overview of these key findings is provided below (and elaborated further in Part 2: Review and Analysis by Country).

It was found that NGOs in our region and elsewhere have assisted widely in facilitating better access for the poor to water and sanitation services, through effectively carrying out a variety of different roles. NGOs were found to have strengths in on-the-ground work to increase access to services within relatively short timeframes through established community relationships, using approaches that tend to emphasise the importance of local ownership and holistic development approaches. Some NGOs were found to have been successful in extending reach to remote places or illegal settlements where service provision is challenging. Where they were invested in the WASH sector, some NGOs were seen to play an important role in influencing policy and decision making, and in advocating for community needs and rights at various levels of government. Many NGOs also offered different forms of capacity development (of communities, the private sector and governments) through partnership approaches as well as civil society strengthening, public accountability, hygiene behaviour change communication and innovation. NGOs often emphasise long-term holistic development approaches in order to ensure program impact. Each of these different NGO roles is of considerable importance to the sector.

NGOs were seen to be adaptable to their circumstances, and in each country in our region can be seen taking on different roles in response to the local community and policy context. This ability to be responsive and complement other actors in different contexts is important in the often fragmented WASH sector. Many NGOs also draw on international experience through their networks of practitioners, facilitating the exchange of new ideas to from one area to the next.

The broad strengths NGOs bring to the WASH sector need to be considered with reference to limitations of NGO roles and activities. Whilst there are many examples of success, it is also true that NGOs have considerable room to improve their practice. NGO weaknesses noted in the research include cases where NGOs are not sufficiently engaged with the sector in a given country and therefore fail to coordinate with other actors effectively, or where they lack sufficient technical expertise for the work required. NGOs, like other sector actors, have at times provided hardware without sufficient software in their approach. One weakness apparent in some countries studied was in capturing of evidence of impact and sharing lessons to enable wider replication. The extent to which NGOs addressed critical gender aspects in their initiatives was also variable; however, on the whole NGOs tend to address gender to a greater extent than most other sector actors. Although not unique to the NGO sector, issues related to long term sustainability, in particular ensuring on-going use, maintenance and operation after the life of a project, presented significant challenges for some

³ The research approach utilised a consistent question schedule to assess NGO work. The research approach provided an appropriate depth of insight for the purposes of this report but should not replace a more thorough audit of individual NGO performance through the decision-making and selection process for funding of NGO investment options.

NGOs. These challenges are quite often recognised by NGOs themselves: a strong willingness to reflect on and improve practice was noted and could be enabled through further support.

NGO consultations revealed an interest and willingness to engage further with AusAID through the WSI, and their work is likely to be cost-effective and complementary to other investments made through the WSI.

RECOMMENDED PRINCIPLES FOR NGO ENGAGEMENT

The following principles will assist the development of constructive partnerships between AusAID and NGOs and maximise the strategic impact of NGO work implemented through the WSI. These principles are derived from international research on NGO work, interviews with AusAID staff and from wide consultation with Australia-based and in-country NGOs about how they approach their WASH work.

The principles provide a framework for selecting and directing NGO WASH activities and could be carried forward into program guidelines and terms of reference for NGO agreements under the WSI. They provide a way to put into practice lessons learned in the sector and establish new, more effective ways of working in the WSI such that the initiative provides impact and leadership in the region.

Principle

1. Provide the option for multi-year funding of at least 3-5 years to meet the need for long term engagement in community WASH promotion: Longer-term funding of 3-5 years was deemed critical by most NGOs for sustainable outcomes. This could be achieved through potentially disbursing funds within 2 years for longer programs, or committing resources beyond 2011. Dedicated long-term funding to the sector is crucial for development effectiveness.

2. Support NGOs to situate WASH within a holistic development frame, particularly in relation to gender: WASH work has greatest impact and sustainability when it is coherently linked to other development goals. Such goals might include vulnerability reduction, food security, broader health goals, income generation or livelihoods and should always include progressing gender equality. A strength of NGO work is that it examines the underlying reasons for poverty and prioritises issues of rights and equity, which should be encouraged. NGOs should be supported strategically integrate gender into WASH program design.

Principle in Practice

A typical example is CARE, which works closely with government in Indonesia. For local government to plan and budget for their contribution 6 months is needed prior to an annual investment cycle, requiring a 3 year project timeframe to be effective.

In PNG, NGOs such as ADRA are working in remote areas that can be difficult to access. Difficult conditions, long delays due to slow supply lines and irregular transport make operating within short funding cycles a major challenge.

Oxfam in Indonesia has included aspects of food security in water projects, as increased water availability provides opportunity for growing additional food.

World Vision in Vanuatu has invested in focusing on gender within their PHAST community development approach to be strategic in achieving gender equality outcomes within a WASH initiative.

3. Provide time and resources for effective partnership between AusAID, NGOs and other partners: Providing adequate time and funding for design would permit AusAID country programs (and infrastructure and gender staff) to jointly define goals and outcomes and ensure programs take into account the changing modalities of development assistance (harmonisation, decentralisation, and a shift away from project-based development assistance). It would also allow NGOs to design approaches that maximise impact, coordination and flexibility. NGOs would be able to build relationships with their program stakeholders (e.g. local government, community, private sector) prior to implementation so projects align with partner's goals, internal processes, capacity development needs and budgets. The outcome would be better planning, greater strategic thinking, better M&E and stronger partnerships. Funding for design could be to the order of 10% of project costs, as recently recommended during the ANCP review process.

4. Encourage NGOs to coordinate effectively: Lack of coordination is a key constraint in the WASH sector, and therefore it is crucial that NGOs are required to actively coordinate their actions and approaches with other actors (particularly local and provincial government and the private sector). NGOs often coordinate well with local government, however coordination and links to provincial government stakeholders who should be playing monitoring and support roles is also important.

Where possible and appropriate, NGO work should align with national strategies, and emphasis should be given to alignment of NGO activities with AusAID country programs. In particular it would be strategic to examine how NGO proposed activities could be linked to other bilateral and multilateral initiatives proposed under WSI.

5. Develop a consistent, coherent, appropriate overarching M&E framework: Monitoring and evaluation (M&E) should be a required, budgeted line-item for all NGO programs. NGOs have demonstrated interest in collaboratively developing a common M&E framework with AusAID suitable for capturing the outcomes and impacts that relate to the variety of roles NGOs play. This framework would require both quantitative and qualitative assessment approaches focusing on outcomes. Where possible alignment with partner government systems should be sought. Such M&E systems should then be embedded in the program approach, and would assist in a shift towards outcome-focused development assistance and allow

AusAID commonly funds the design phase of NGO cooperation agreements, enabling NGOs to undertake detailed planning in collaboration with AusAID and with partner agencies. NGOs have found value in this process.

In Bangladesh, as the result of good coordination and relationships, the government adopted WaterAid's CLTS approach, leading to wide-scale change and impact in sanitation.

For an upcoming urban project in Surabaya, the World Bank will provide infrastructure and NGOs will provide an interface with communities. This kind of partnership between civil society and utilities (whether public or private) is becoming more common.

Mercy Corps and many other agencies include a broad M&E focus including hygiene behaviour and actions, number of people with access, capacity development indices, measures of how government and community has changed, gender equality outcomes, measures of ability to maintain systems, efficiency and cost effectiveness, and pro-poor success.

In Timor Leste, NGOs have expressed the need for a 'sector-wide' evaluation

projects and their results to be aggregated, compared and communicated to a wide range of audiences. M&E systems should also extend beyond the country level to improve WASH work across the region.

6. Support all stages of the characteristic NGO cycle innovate-demonstrate-advocate to replicate: The work of NGOs in the WASH sector can often be characterised as moving through a cycle of ‘innovate-demonstrate-advocate to replicate’. This cyclical and reflexive approach offers a potential vehicle for scaling up and improving WASH work. Financial support for NGOs needs to be available for all activities within this cycle from research and demonstration through to participation in national policy dialogues to ensure programs are not left as ‘islands of success’. Related to this is support for strategies that enable replication and scale-up (e.g. communities that facilitate action in nearby communities, capacity development and support for government to extend coverage) so that the primary NGO role is not as a ‘service delivery agent’ but is in innovation, coordination, facilitation, policy influence and advocacy.

7. Support the role of NGO as ‘capacity builder’: Where possible, INGOs should be encouraged to work closely with and develop the capacity of local partners (including local and provincial government agencies and in-country NGO counterparts) who will be there for the long-term. This is crucial for the on-going operation and maintenance of water and sanitation systems, an issue which has been the primary factor in the success or failure of WASH initiatives. Support may be necessary to build in-house INGO capacity to undertake capacity development activities in the first instance, e.g. through the strengthening of INGO partnership models and the development of approaches that develop institutional and technical capacity of in-country partners. Further principles relating to capacity development in the WASH sector are provided in Part 3 of this report.

8. Focus on NGOs with clear on-going commitment to the WASH sector, especially sanitation: It may be appropriate to encourage or specify some minimum level of technical, public health and community development expertise, knowledge, or standards of WASH practice. Given the need for emphasis on sanitation, appropriate skills and approaches in this area are particularly important. The WSI selection criteria should require

framework to provide an evidence base for making decisions about which approaches work best. The AusAID RWSSP and national government, in line with their sector-wide approach, could take a lead role in facilitating that process.

The Philippines Water Supply Centre is a coalition that has worked well on all parts of the innovation cycle through its use of networks. The Centre has developed low-cost sanitation and biogas options and provided capacity development for NGOs to facilitate uptake and current use of the technologies.

The FEDAWASUN network of Water User Groups in Nepal focuses on village-to-village learning and forms a national platform and voice for water user groups.

The AFAP dengue mitigation project in Vietnam supports higher education research degree exchanges between students and professionals in Vietnam and the Queensland Institute of Medical Research. This program facilitates exchange of information, supports capacity development for Vietnamese project staff and has driven project innovation.

Plan International as an organisation that has invested in developing an effective approach to sanitation and hygiene, for example publishing results of joint CLTS programs with WaterAid for wider impact. Other examples include WaterAid contributing to policy development in Nepal and World Vision

that NGOs demonstrate their sector understanding and capacity, as well as appropriate in-house expertise or ability to access required skills through collaboration or partnerships. This could be achieved through engagement of consortia with complementary skills (e.g. an NGO with strengths in holistic approaches partnering with WaterAid). There are strong benefits when NGOs are able to engage effectively at the national policy level (bringing forward the community 'voice') and this is only possible with commitment to the sector in a given country. Commitment to the sector also ensures appropriate skills, technology, resourcing and program design.

9. Require NGOs to consider water resource and nutrient cycle implications of their work: Extracting water from the environment, issues of water quality and quantity, and disposing of wastewater into the environment are inevitable implications of providing WASH services. As a minimum, NGO programs should be required to investigate the water resource and nutrient cycle implications of their work, especially with respect to possible water scarcity, climate change effects and environmental degradation through nutrient/pathogen pollution. Acting without such considerations may expedite access to immediate services; however, in the long-term these issues will undermine project success and lead to unintended negative consequences. Mechanisms for integrating the use of AusAID's water safety guidelines should also be sought.

10. Recognise synergies between development and emergency WASH work: While it is clearly understood that the WSI will not focus on emergency services, many benefits would arise from building on synergies between development and emergency WASH work, skills and staff, for example supporting agencies that work across both areas. It would be appropriate to include in the WSI NGO WASH programs that are focused on disaster preparedness, disaster risk reduction, reducing vulnerability and post-emergency support where evidence of long-term WASH impacts are provided.

providing input to national policy dialogue through a national level working group.

In Timor Leste, a number of local NGOs worked with the former AusAID Community Water Supply and Sanitation Project to install village level water systems initially designed to meet only human water consumption needs. It quickly became evident that villages were using water not only for people, but also for vegetables, crops and livestock. The need to plan for the multiple uses of water within a village led the program to change its design specifications as well as consider water extraction issues from available sources.

Oxfam in Indonesia are doing innovative disaster risk reduction work on improving the flood resistance of wells and demonstrating and disseminating this practice, thus contributing to long-term WASH outcomes, not just short-term emergency relief.

Oxfam in Timor Leste are piloting a WASH project for communities receiving returnees from Internally Displaced People (IDP) camps which will use CLTS as a tool to encourage social cohesion.

11. Provide support for NGOs to document, learn, share and contribute to a community of practice in WASH work:

Many NGOs reported the imperative for greater cross-fertilisation of ideas in this sector and better links to research. However, doing this takes resources and time and therefore needs to be supported, planned and accounted for. Funding mechanisms that encourage cooperation and sharing of goals between NGOs are one way to achieve this, for example through a percentage allocation under grants for networking and information sharing activities.

12. Recognise that urban and rural NGO work differs:

NGOs that have worked across both rural and urban settings articulate the need for different expectations (by AusAID and NGOs) for achieving outcomes in these two circumstances. For instance, urban areas may not provide socially cohesive structures to work with, may not be able to provide adequate funding for communal infrastructure and may not be able to provide in-kind labour contributions due to other work commitments- conditions that are often assumed in rural communities. NGOs need to be flexible and adaptable in implementation to account for differing urban and rural contexts.

The Sanitation Reference Group in Timor Leste provides a national forum for NGOs, government and others to share experiences in WASH work. This forum is a critical part of the dialogue around development of a national sanitation policy.

CARE Indonesia has worked with both rural and urban communities in Indonesia and has discovered that work needs to be attuned to the context. Urban WASH work requires greater time for community decision-making and specification of boundaries for project coverage. Urban communities were also less able to contribute labour support than rural counterparts.

FUNDING MECHANISMS

INTRODUCTION

The mechanisms by which AusAID engages NGOs in the WSI will shape future interactions, cooperation and knowledge sharing between and within parties across the WASH sector. Consultations with NGOs, sector experts and AusAID have informed this section.

The section first presents an analysis of the main mechanisms through which AusAID currently engages with NGOs and highlights the strengths and limitations of these with reference to the specific needs of WASH investments. Both NGO and AusAID perspectives on key issues relating to funding mechanisms are then presented.

Following this, recommended WSI mechanisms are proposed and basic operating principles are suggested with reference to advantages and disadvantages of each mechanism. Links are made regarding countries in which each mechanism might be most suitable and how it might be applied (drawing from more detailed analysis presented in Part 2: Review and Analysis by Country). Finally, the section concludes by providing guidance on how AusAID might approach decisions on funding mechanisms and presents priority funding mechanisms for the focus countries studied.

EXISTING FUNDING MECHANISMS: PROS AND CONS FOR WASH SECTOR INVESTMENT

AUSTRALIAN NGO COOPERATION PROGRAM (ANCP)

The Australian NGO Cooperation Program (ANCP) is an annual funding program for Australia-based NGOs accredited with AusAID. Its goal is to subsidise Australian NGO community development activities that directly alleviate poverty in developing countries through supplementing NGOs funds with AusAID funds at a 1:3 ratio. ANCP thus directly supports programs designed and implemented by NGOs.

Water supply and sanitation (including maintenance) is one of the ANCP focus areas and in 2008-09, \$4.1 million will be provided to support activities in the Asia-Pacific, Africa and South Asia. In previous years, ANCP funded water and sanitation projects were worth \$3.8 (2007-8), \$2.1 million (2006-07), and \$2.3 million (2005-06). These are mostly basic water supply and sanitation projects in rural areas using community based approaches. The program operates through an annual planning and funding cycle and is managed by the Community Partnerships section in AusAID Canberra. One of the benefits of the ANCP to AusAID is that it provides reach into countries and regions where there are no bilateral programs (e.g. Africa and the Middle East) including for the WASH sector.

Positive aspects of ANCP noted in the research are that it is seen to be flexible, allows NGOs to invest in areas they see as priorities and provides adequate risk management and assurance to AusAID. A number of limitations and concerns with ANCP were also noted through NGO interviews, including issues such as the limitation of year-to-year budget and funding cycles among others.

The findings of this research reiterate those of the recent review of ANCP undertaken by the AusAID Community Partnerships section. The results of the review, recently shared with accredited NGOs, highlight areas for possible reform including: a shift to multi-year funding; changed reporting requirements; simplification of the ANCP administration processes; some use of ANCP funding for building domestic awareness of development assistance; technical support for accreditation reviews; and changes to the accreditation review process.

In addition to ANCP reforms, it has been indicated that some (between 5 and 7) larger NGOs will likely transfer from ANCP type engagement mechanisms to **Strategic Partnerships** with AusAID. It is not yet clear what form Strategic Partnerships will take, though they will likely include a combination of ANCP type support to core NGO activities; a component focused on increasing Australian public engagement with the development assistance program; and thematic components that more closely align NGO and AusAID strategies.

There are some challenges in utilising the ANCP or, the (as yet loosely defined) Strategic Partnerships, to engage NGOs in the WSI, which are not flagged to be addressed by the suggested reforms, including:

- A disconnect and lack of communication between in-country ANCP activities and AusAID country posts (due to central reporting to the Community Partnerships section in Canberra);
- The inability to engage non-accredited NGOs; and
- A lack of support for consortium style collaboration.

COOPERATION AGREEMENTS AND PERIODIC FUNDING AGREEMENTS

Cooperation Agreements (CAs) are partnerships between AusAID and one or more Australia-based NGOs to deliver specific outcomes, through policy engagement and program implementation within a particular country program (or multiple countries, in the case of Australian Partnerships in African Communities). Through a collaborative partnership approach, CA programs are jointly designed focusing on one or more sectors with NGOs then delivering objectives of AusAID's country strategy. CAs are usually decided through a competitive tendering process, operate over 3-5 years and to date have been managed in-country by AusAID. CAs engage NGOs using a Head Contract with a lead AusAID accredited NGO. In many instances consortia implement CAs, with the accredited NGO partnering with non-accredited Australian and in-country NGOs. Collaboration, networking and information sharing is explicitly supported by CAs and usually takes the form of monthly in-country meetings of all NGOs party to the CA.

Periodic Funding Agreements (PFAs) are partnerships that have similar policies and practices to CAs, but which can be utilised through a period offer arrangement, or in countries where there is no bilateral relationship (for example Burma).

AusAID currently manages eleven Cooperation Agreements and Periodic Funding Agreements.⁴

NGO views on the effectiveness of CAs were found to be mixed. Many see CAs as an effective way of aligning priorities of the Australian development assistance program with strengths and interests of the NGO sector. Although feedback received indicates that experiences with CAs varied from country to country, overall, NGOs reported a close relationship with AusAID post; something particularly valued by NGOs as this provides support and allows flexibility in implementation. This view seems to be supported in the literature. In the Solomon Islands, for example, NGOs involved with SINCA noted the 'open door' policy and understanding of AusAID staff around programmatic issues (AusAID, 2008a). Similarly, the Papua New Guinea Churches Partnership Program (CPP) is often cited as an example of effective AusAID-NGO cooperation (see boxed text below).

NGOs consulted felt that jointly designing programs cooperatively with AusAID was helpful, as it enabled the possibility of aligning AusAID development objectives with NGO priorities and strengths. Whilst this was not reported in all cases, a well-resourced design phase was generally viewed to provide improved program outcomes. The longer program timeframe of CAs (3-5 years) also allows for better planning, relationship

⁴ Of particular relevance to this research are: Solomon Islands NGO Cooperation Agreements (SINCA); PNG Churches Partnership Program (PNG CPP); Vietnam Australia NGO Cooperation Agreements (VANGOCA); Laos Australia NGO Cooperation Agreements (LANGOCA); Australia-Cambodia Cooperation Agreements (ACCA); and, to some extent, the Australian Partnerships in African Communities (APAC).

building with local NGOs and a greater likelihood of program success. These lessons are relevant to WSI NGO engagement, which will need to consider effectiveness and impact, and is likely to require cooperation and dialogue to reach broad shared objectives. Balancing the need to allow NGOs freedom to innovate and be guided by their own philosophies and priorities with the goals of the AusAID development program can be challenging.

Some of the downfalls of CAs noted by NGOs are that through the initial tender process, a competitive rather than collaborative environment is created amongst NGOs. One interviewee noted that despite some support to collaboration through CAs, mutual learning, information sharing and capacity development needs greater support. Some NGOs indicated that there are administrative and management concerns with CAs. There are indications that AusAID will be undertaking a review of CAs as they have done for the ANCP.

Lessons from the PNG Churches Partnership Program (PNG CPP)

The PNG CPP, one of AusAID's Cooperation Agreements, was noted by many interviewees as being an effective model. The Mid-Term Review (Kelly *et al.* 2007) highlights some interesting features of the program, and provides an indication of how transferrable such a model would be. Features worth noting are:

- No objectives are set for the program; instead, three general outcomes were agreed upon by participating Churches. This flexible design approach has enabled each Church to 'develop according to its strengths and areas of focus, while also keeping a broad framework and direction'(p.12);
- Rather than running a competitive process to select participating NGOs, AusAID invited participation from seven church organisations;
- Collaboration is explicitly supported by AusAID funding regular meetings and the benefits of these were noted by participating organisations. The Review recommended that collaboration be fostered and encouraged but not be required as a mechanism for sharing, peer review and assessment;
- Australia-based NGOs take responsibility for management and administration of resources; and
- There are no pre-determined indicators of success.

Whilst the program has had obvious successes noted in the Review, the lack of any clear objectives and indicators make measuring effectiveness difficult. Additionally, given the country-specific nature of CPP, the transfer of such a model to other contexts may be problematic.

COUNTRY SPECIFIC NGO SCHEMES

There are few opportunities for in-country NGOs to enter directly into an arrangement with AusAID to support their activities. In-country NGOs regularly partner with Australia-based or other international NGOs, or are engaged through bilateral projects or programs for specific activities. Official mechanisms that do exist are the Direct Aid Program (DAP) and the Small Activities Scheme (SAS), though available funds are limited. DAP is overseen by and matches the priorities of the Australian Embassy or High Commission, whilst SAS is managed by AusAID. The country program may have an annual funding round or consider applications on a case-by-case basis. Activities are generally no longer than one year.

Feedback from interviews confirms that funding through both DAP and SAS is highly competitive. It may also have a small funding base, for example in Vietnam where the maximum grant size is \$100,000 and the total annual fund is \$450,000.

In some rare instances, core funding is provided to in-country NGOs. This currently occurs in Vanuatu, where the Australian development assistance program provides direct core funding to Wan Smal Bag Theatre, an NGO previously funded by Oxfam GB.⁵

To encourage integration between government and NGO WASH activities, funds have sometimes been channelled through country governments who then directly fund in-country NGOs. In Vanuatu, for example, the new National Water Strategy recommends integration of NGOs engaged in WASH with government activities. Whilst the specific mechanism for engaging NGOs is not confirmed, it is the intention of the funders (particularly NZAID) to direct funds through the Vanuatu government.

NGO ENGAGEMENT IN THE BROADER BILATERAL PROGRAM

NGOs (Australian, international and in-country) can be engaged through bilateral programs managed by Australian Managing Contractors (AMCs). The RWSSP in Timor Leste is an example where local and international NGOs have been successfully engaged to contribute to project activities through an AMC and where feedback from NGOs has been positive. Other NGO interviewees report that the relationship between AMCs and NGOs is not always harmonious, due to differences in organisational cultures and motivations. Most NGOs indicated a preference for AusAID managing funded activities.

KEY ISSUES FOR NGO ENGAGEMENT MECHANISMS

Both NGO and AusAID perspectives are important to consider in analysing appropriate funding mechanisms. Key issues raised by both groups are outlined below.

NGO PERSPECTIVES

Interviews with Australian, in-country and international NGOs have identified a number of issues that should be addressed in considering mechanisms for WASH investments. These include:

Timeframe of investments: An issue raised by almost all NGOs interviewed was the need for multi-year funding cycles and programs (e.g. 3-5 years) to adequately design, develop, implement and provide maintenance support to WASH initiatives in both rural and urban areas.

Need for flexibility: There was a strong message from NGOs that flexibility in program design and implementation is required for the effective implementation of WASH activities. ANCP was seen to provide this flexibility, whilst there were mixed opinions about the flexibility of CAs.

Funding only AusAID accredited NGOs is limiting: To access ANCP or become a partner in a Cooperation Agreement, NGOs must become accredited with AusAID. The accreditation of Australia-based NGOs requires meeting rigorous standards assessing organisational structure, systems and philosophies. Clearly there are many good reasons for such requirements related to transparency, accountability and risk management. Nonetheless, many in-country, international and non-accredited Australia-based NGOs have demonstrated their competence in delivering WASH programs (self funded or funded by other donors), yet they are unable to access AusAID support directly. Under current funding arrangements, funding to NGOs is not necessarily based on competence and ability to achieve results in a particular country, but rather on 'Australian-ness'. This issue is linked to the broader question of untying development assistance to NGOs, as Australia has done in other aspects of the development assistance program.

⁵ Their work spans many aspects of community development, but also focussed on awareness raising for waste management, river health and water quality and is the only local NGO in Vanuatu involved in WASH to receive core funding

Expanding eligibility of in-country NGOs and managing risk. A number of participants interviewed emphasised the competence and successes of in-country NGOs, the difficulties they have in accessing funding and the need for trust in and capacity development for these in-country organisations. Some INGOs (such as AFAP and Oxfam) operate mostly through in-country NGOs where this is possible and report that this has beneficial capacity development impacts. AusAID could consider expanding the eligibility criteria of local NGOs.⁶ Simplification of reporting and financial requirements may be needed to engage with in-country NGOs. Using an AMC or a lead NGO may be necessary to manage risk, to decrease AusAID management load, to ensure that a variety of NGOs and activities can be supported, and to assure appropriate capacity development support. There may be some cases where individual, in-country NGOs are large enough to have both appropriate systems to mitigate risk and absorptive capacity for AusAID to fund them directly.

AUSAID PERSPECTIVES

On the whole AusAID recognises that NGOs operate differently from AMCs, and the current engagement mechanisms through the Community Partnerships section make allowance for partnerships and provide freedom for NGOs to pursue their own priorities. This view is not universal across the agency: one AusAID staff member suggested that NGO involvement in the WSI should be centrally coordinated and that approaches should also be simplified across NGOs to provide consistency of approach. It should be reiterated that a strength of the NGO sector is its diversity ‘as it allows a wide range of possible responses to the complex issues of development’ (Kelly and Chapman, n.d.). Additionally, successful models rely on diversity and voluntary collaboration, as highlighted by the PNG CPP experience.

Some AusAID concerns about current funding mechanisms include the management load on AusAID in-country staff, for example in overseeing Cooperation Agreements. One AusAID interviewee expressed that rather than a project based approach, encouraging NGOs to support government processes would be more appropriate.

One of the greatest perceived challenges facing AusAID is the increased management cost associated with the WSI, and the extra load that this will place on AusAID in-country offices. The research team found that some country programs were particularly busy and unable to engage with the research, whilst others were supportive. At least three country programs were pleased to see NGO involvement in WASH being seriously considered as part of the WSI.

As AusAID’s management load associated with the WSI increases, it will face more complex internal management and resourcing issues. Where possible, this should not undermine good relationships between AusAID and NGOs. A number of NGOs interviewed mentioned their appreciation of support, understanding and flexibility from AusAID in-country staff. Additionally, in-house technical staff will greatly assist program outcomes; one AusAID interviewee noted that: ‘AusAID has to recognise that to get quality outcomes we need to put people at post who have quality and expertise to manage things on the ground.’

RECOMMENDATIONS FOR WSI NGO ENGAGEMENT MECHANISMS

It is clear from the above analysis that there are limitations to directly applying the current major NGO funding mechanisms (ANCP and CAs) to WSI NGO activities. This section therefore begins by presenting a range of potential funding mechanisms, including variants on ANCP and CAs. The two principal types of funding mechanisms - centralised and country-level mechanisms - are discussed, followed by an analysis of the pros and cons of individual mechanisms, including country-specific examples of where and how they might be

⁶ The European Commission provides a model whereby funding is available to a wide range of actors including NGOs, local authorities, regional organisations and community associations. Legal and non-legal entities are eligible, as long as representatives are able to undertake legal obligations on their behalf, and assume financial liability (EC 2008).

applicable (drawing on more detailed analyses within Part 2: Review and Analysis by Country). Finally, an overview of priority mechanisms by country is provided including guidance on how best to make decisions about the most appropriate funding mechanisms in the next stages of the WSI process.

CENTRALISED VERSUS COUNTRY SPECIFIC MECHANISMS

A mix of funding mechanisms will be essential to ensure that a variety of NGOs – large and small, Australia-based, international and in-country - with the greatest investment potential are able to make a contribution to the WSI.

The research identifies two main types of funding mechanisms: (i) **centralised funding mechanisms** managed from Canberra through its Community Partnerships section and (ii) **country specific mechanisms** operating within particular countries, with oversight at country post and management through a range of country-level entities.

There are clear benefits and drawbacks to both broad types of mechanisms. Some Australia-based NGOs consulted noted that centralised mechanisms would have a shorter lead time, be easier to coordinate, allow rapid and large absorption of funds and shift management burden from AusAID country programs to the Community Partnerships section, which is specifically tasked to work with NGOs. However, central mechanisms would miss the benefits of coordination at the country level (with AusAID and other NGO programs) and are not accessible to non-Australian NGOs.

Country specific mechanisms can be better aligned with country programs, and can be accessed by a wider pool of international and national NGOs. This is important where INGOs without Australian presence may offer skills and programs not available through those with Australian presence (e.g. urban focused NGOs in Indonesia). However, with country specific mechanisms AusAID may struggle with challenges of management load and longer lead times (unless existing mechanisms can be utilised). In some cases, country specific mechanisms may present additional quality assurance challenges and greater exposure to risk (e.g. by funding non-accredited NGOs, in particular national NGOs).

NGOs consulted have expressed a preference to prioritise mechanisms in order to simplify the process of engaging with AusAID through the WSI. The results of such a prioritisation vary significantly, with some NGOs preferring the AMC or lead NGO model and others preferring direct support from AusAID. Particular NGO views reflect their internal structures, modes of operation and extent and nature of international networks. For this reason, no one mechanism is recommended in this report, but rather a recommendation is made for a variety of funding mechanisms.

ADVANTAGES AND DISADVANTAGES OF POTENTIAL FUNDING MECHANISMS FOR WSI

Specific mechanisms under each broad mechanism type (centralised and country specific) and a range of pros and cons associated with each are captured in the tables below. The tables also highlight appropriate funding mechanisms identified for each of the focus countries including specific examples. Centralised mechanisms can be characterised as those managed from AusAID Canberra and generally fund particular NGOs to undertake activities in a range of countries or regions. ANCP and Strategic Partnerships are examples of this approach.⁷ The funding mechanism recommended here is support to international NGOs with well-developed WASH programs. This could take place through two operational level options: (i) through providing core or program

⁷ A central funding mechanism which was given serious consideration but was viewed to be impractical for the WSI was a Trust Fund model. Trust funds would enable WSI funds to be allocated over a period longer than 2 years and facilitate improved multi-year planning for improved program effectiveness and impact.

specific funding or (ii) through incorporating WASH thematic aspects into Strategic Partnerships. Where an Australia-based NGO is part of a larger international NGO, mechanisms would need to allow transfer of funds from one NGO affiliate to another (for example, Oxfam Australia to transfer funds to Oxfam GB). Advantages and disadvantages of each model are presented here, as well as the countries where these would be most appropriate and quickly mobilised.

Central Funding mechanism	How it would operate	Advantages	Disadvantages	Country in which this mechanism is recommended (with comments)
<p>Centralised mechanism to support INGOs with Australian presence and well-developed WASH programs</p>	<p>OPTION 1: Provide core or program specific funding to INGOs with demonstrated reach into WSI regions of interest. Engage INGO through Australian NGO counterpart and allow funds to be transferred internally within the INGO and spent in focus countries.</p> <p>Managed through Community Partnerships (Canberra) with a requirement for strong in-country communication. Would require effective reporting mechanisms.</p> <p>Have a minimum and maximum budget to ensure a manageable number of proposals for AusAID to administer, with smaller agencies encouraged to form consortia.</p>	<p>Allows scale-up of organisations with proven capacity: programs already designed, well-established and tested in many cases.</p> <p>Provides greater geographic reach through established organisations.</p> <p>INGOs usually partner with and support capacity development of in-country NGOs.</p> <p>Could increase the public profile of development assistance in Australia.</p>	<p>This mechanism is limited to NGOs with an Australian presence</p> <p>Challenge of internal AusAID communication issues and accountabilities between Canberra and in-country offices.</p> <p>Challenge of achieving alignment with country programs or other NGOs at the country level.</p>	<p>Some of the larger proposed investment options could potentially be funded through this mechanism. Countries where this mechanism may be most appropriate include:</p> <p>Burma Cambodia Indonesia Laos Papua New Guinea Vanuatu Vietnam</p> <p>Through either option it may be possible to reach a number of country programs through a single agreement.</p>

Central Funding mechanism	How it would operate	Advantages	Disadvantages	Country in which this mechanism is recommended (with comments)
	<p>OPTION 2: Incorporate WASH thematic aspects into Strategic Partnerships. Given the ANCP reforms being considered and the establishment of new Strategic Partnership agreements with a limited number of large NGOs, there may be an opportunity to include specific thematic-based activities. Some of the Strategic Partnership is likely to follow the ANCP model to support NGO core activities, but some could be allocated to WSI activities.</p>	<p>Engage at the INGO or ANGO level, allowing for greater reach into multiple countries as well as regions outside the Asia-Pacific.</p> <p>No additional management requirement for AusAID post officers (would be managed through Community Partnerships section).</p>	<p>Limited to a few larger accredited NGOs thus excluding smaller, national and non-accredited NGOs.</p> <p>Potential for lack of engagement with country programs.</p> <p>Requires negotiation of the balance of NGO driven work and work meeting AusAID WSI or other sector specific strategies.</p>	

At a country level there are many mechanisms that can be considered. The appropriateness of these depends on country context, the existing capacity of NGO sector, existing mechanisms and approaches and government engagement with the NGO sector. A brief description of how each mechanism would operate is provided here, as are the advantages and disadvantages associated with each. Examples of how the particular mechanism would operate or link to other activities in focus countries is also provided. Further details of appropriate funding mechanisms at the country level are presented in Part 2: Review and Analysis by Country.

Country Specific Funding mechanism	How it would operate	Advantages	Disadvantages	Country in which this mechanism is recommended
<p>WASH Specific Cooperation Agreements (CAs) or build WASH components into existing CAs</p>	<p>Where NGO CAs are being or are soon to be renewed or assessed (e.g. Solomon Islands, Vietnam), there is an opportunity to include more direct WASH activities.</p> <p>Where CAs exist there is an opportunity to develop WASH programs with NGOs already working through CA.</p> <p>Develop criteria and processes to enable</p>	<p>Joint AusAID/NGO design phase, allowing time for alignment of NGO approaches and AusAID goals.</p> <p>Enables longer term investment by NGOs in larger projects.</p> <p>Opportunity to more specifically tailor CAs to WASH themes.</p> <p>Encourages Consortium approaches with local NGOs able to partner with ANGOs to jointly</p>	<p>Not possible for non-accredited and local NGOs to access without linking to ANGO.</p> <p>By only allowing mechanism accredited ANGOs to engage, there is a perception of hierarchy between ANGO and local NGOs.</p> <p>Potential long time-frame (12-18 months) for competitive tender and design phases if new CA. Shorter</p>	<p>Burma: Support WASH activities through existing and future Periodic Funding Agreements (PFAs), in particular through the health and livelihoods themes.</p> <p>Cambodia: Similar to the current ACCA program, negotiate WASH specific agreements with NGOs established in the sector.</p> <p>Laos: Extend existing LANGOCA projects to incorporate WASH into integrated rural development activities.</p> <p>Papua New Guinea:</p>

Country Specific Funding mechanism	How it would operate	Advantages	Disadvantages	Country in which this mechanism is recommended
	greater involvement of non-accredited NGOs.	<p>deliver project. This has capacity development benefits for in-country NGOs.</p> <p>Where AusAID/NGO relationships already strong will be easier to negotiate expanded work (e.g. PNG).</p> <p>Risk is managed by lead ANGO on behalf of local NGO partners.</p>	<p>timeframe possible if additional to existing CAs.</p> <p>Increases administrative burden at post if not outsourced to AMC.</p>	<p>Expand the service delivery component of the existing PNG CPP.</p> <p>Solomon Islands: Include WASH components in renewed SINCA, which is currently being reviewed (possible management by an AMC).</p> <p>Vietnam: Continuing from the current VANGOCA arrangements, develop a new round of WASH specific agreements or extensions to existing agreements.</p>
<p>Support NGOs with well-developed WASH programs including non-Australian international NGOs, national and local NGOs</p>	<p>Provide core or program specific funding to national and regional NGOs with demonstrated reach into WSI regions and countries of interest.</p> <p>Engage NGO directly and manage</p> <p>In-country by AusAID.</p> <p>Requires quality and risk checks to be undertaken in-country as most of these NGOs are not AusAID accredited.</p>	<p>Allows scale-up of organisations with proven capacity: programs already designed, well-established and tested in many cases.</p> <p>Provides greater geographic reach through established organisations that would be achieved with Australian NGOs alone.</p> <p>INGOs usually partner with and support capacity development of in-country NGOs.</p>	<p>Lack of Australian visibility and presence.</p> <p>Difficult to promote learning and sharing across different NGOs.</p> <p>Challenge of internal AusAID communication issues and accountabilities between Canberra and in-country offices.</p>	<p>A number of INGOs (without Australian presence), national and local NGOs are active in the WASH sector in many countries and could readily absorb additional funds. Countries where this mechanism may be most appropriate include:</p> <p>Cambodia</p> <p>Indonesia</p> <p>Laos</p> <p>Philippines (There are a number of national level NGOs doing significant work that have networks to exert strategic influence.)</p> <p>Vietnam</p> <p>Vanuatu</p>
<p>Managing contractor or group of NGOs with lead managing NGO</p>	<p>Engage an AMC or a lead NGO to manage the project management, reporting and strategic oversight of small or large NGO activities in-country.</p> <p>NGOs need to have an active role in designing parameters of contracts with AusAID and AMCs.</p>	<p>Where AMC already operating, allows for quick mobilisation of resources.</p> <p>Allows funding of Australian, INGO and local NGOs.</p> <p>Reduces administrative burden on AusAID (in-country and/or in Canberra).</p>	<p>NGO and AMC cultures and operations models are not always compatible.</p> <p>AMCs may not include WASH expertise, though this could be overcome through recruiting specialist expertise.</p>	<p>Indonesia: Build on bilateral program in Eastern Indonesia (ANTARA) by inviting WASH focused proposals from INGOs and local NGOs.</p> <p>Philippines: Engage appropriate body (e.g. Philippines Centre for Water and Sanitation, WASH Philippines) as lead NGO to manage set of</p>

Country Specific Funding mechanism	How it would operate	Advantages	Disadvantages	Country in which this mechanism is recommended
	In case of lead managing NGO, lead NGO could only manage but not implement funds.	<p>Risk is managed by AMC or lead NGO.</p> <p>Possible to set clear thematic directions to guide NGO grant submissions.</p> <p>Would provide coordination across a set of NGO activities.</p> <p>Enhances opportunities for learning across programs.</p>		<p>local NGO activities.</p> <p>Philippines: Utilise existing bilateral program PACAP.</p> <p>Timor Leste: Extend NGO specific support through existing AMC-managed AusAID RWSSP.</p> <p>Vanuatu: Support NZAID's engagement of Oxfam Vanuatu as lead NGO to manage the roll-out of new Vanuatu National Water Strategy.</p>
Small grants program	<p>In-country call for grants around particular WASH themes building on existing schemes where they exist.</p> <p>Scheme managed either by AusAID post or AMC or lead NGO.</p> <p>Competitive process for grants.</p>	<p>Possible to set clear thematic directions to guide NGO grant submissions.</p> <p>Possibility of outsourcing management of grants to an AMC.</p> <p>Can be used to encourage innovative and demonstration activities.</p> <p>Local NGOs can apply using this mechanism.</p> <p>Often procurement, management and oversight mechanisms already in place.</p>	<p>Scale of projects may still be small with associated higher management load and transaction costs for both AusAID and NGOs.</p> <p>Potential for lack of coordination across initiatives.</p> <p>Does not assume a collaborative approach between NGO and AusAID.</p> <p>High management requirements for AusAID if not outsourced to AMC.</p> <p>Potential to overlap with other donor programs.</p>	<p>Cambodia: Through CDF or similar program, open a call for proposals from NGOs for demonstration or pilot projects selected through a competitive process.</p> <p>Indonesia: Build on an existing USAID program for local NGOs.</p> <p>Papua New Guinea: Make block grant funding for WASH projects available under the new Democratic Governance Program.</p> <p>Timor Leste: Make WASH specific support available through existing Australia-East Timor Community Development Scheme.</p> <p>Vietnam: Make funds available through ASAS or similar to encourage NGO innovation and demonstration projects.</p>
Co-financing arrangements with existing donors and UN Agencies	Channel WSI investments through existing programs managed by other donors where those donors have well-established programs	<p>Other donors often have systems in place that are well known and accepted by the NGO community.</p> <p>Approach aligns with</p>	<p>Work required negotiating how other donor programs align with AusAID strategies.</p> <p>Less visibility for AusAID.</p>	Burma: Channel new investments through UNICEF, which has existing capacity to channel funds to NGOs and works through existing networks like the

Country Specific Funding mechanism	How it would operate	Advantages	Disadvantages	Country in which this mechanism is recommended
	working in-country with NGOs.	<p>principles of ‘donor harmonisation’ and can avoid overlap and duplication</p> <p>Able to mobilise and disperse funds quickly as no time-lag for procurement.</p> <p>Can readily work with INGOs and local NGOs.</p> <p>Potentially less management burden on AusAID.</p>	Tied to another donor processes.	<p>Wash Cluster.</p> <p>Papua New Guinea: Provide co-financing support to the PNG-EU Rural Water Supply and Sanitation Project Phase II.</p> <p>Solomon Islands: Contribute funds to existing EU Micro-projects fund which supports rural WASH activities implemented with NGO assistance.</p>
Direct NGO engagement through country governments	In line with the Paris Declaration, channel funding through country governments to specific local NGOs.	<p>Encourages alignment of government and NGO WASH activities.</p> <p>Empowers government to lead activities according to a national strategy, engaging NGOs for specific activities.</p>	<p>Additional accountability mechanisms may be required.</p> <p>Country governments may not have the capacity to manage a set of NGO activities.</p> <p>Not appropriate in all country contexts.</p>	<p>Vanuatu: Channel funding through the government, whose National Water Strategy encourages alignment of government and NGO WASH activities and the direct engagement of NGOs.</p> <p>Vietnam: Direct funding to NGOs through the National Target Program for Rural Water Supply and Sanitation Phase II (NTPII), building on existing AusAID support for NTPII.</p>
Increase civil society elements of existing and proposed bilateral programs	<p>Work with existing AMC in country to develop civil society WASH components of existing programs (for example, in health).</p> <p>Design new elements into existing programs.</p>	Builds on existing relationships and networks.	<p>No competitive process involved.</p> <p>Assumes new partnerships between AMC, government and civil society will be effective.</p>	Solomon Islands: Involve NGOs in the work of experts to provide roving support for operations and maintenance of systems.

DECIDING ON APPROPRIATE FUNDING MECHANISMS FOR WSI

Decisions about funding mechanisms are inextricably linked to the investment options and NGOs that are funded. As AusAID moves through a process of choosing proposed investment options for the next stage of concept note development, it will also need to consider which mechanisms would best facilitate the timely, efficient and effective delivery of selected investments. Rather than simply choosing investments or NGOs that can meet the requirements of a single pre-determined mechanism (an approach which is likely to exclude some high-value potential options), it is recommended that country context, existing investment options and possible funding mechanisms are considered *in parallel*, with decisions being guided and informed by the research presented in this report.

Given the time-constraints of the WSI and management concerns within AusAID, it is expected that a portion of the NGO funding will be allocated to a centralised funding mechanism, which is supported by this research. A centralised mechanism is inherently limited and will only provide access to a portion of the NGOs working in WASH in the region. To expand reach and impact of the WSI, a balance between centralised mechanisms and country-level mechanisms will be required.

Country-level funding mechanisms will require an iterative analysis of investment options and potential funding mechanisms including their pros and cons, and feasibility in a particular country context. The table below provides an overview of the relative priority of different mechanisms based on the country-level research conducted (1-4 indicating first to fourth priority). It may not be feasible or desirable for every mechanism to be employed; however, these identified high priority mechanisms should provide a starting point for decision making with country programs. Further elaboration of country specific funding mechanism options and the rationale for their ranking and prioritisation can be found in Part 2 of this report.

Priority Funding Mechanisms by Country, ranked in order of priority*

	Burma	Cambodia	Indonesia	Laos	PNG	Philippines	Solomon Islands	Timor Leste	Vanuatu	Vietnam
Central Funding Mechanisms										
Centralised mechanism to support INGOs with Australian presence and well-developed WASH programs	2	2	2	2	3				4	3
Country Specific Funding Mechanisms										
WASH Specific Cooperation Agreements (CAs) or build WASH components into existing CAs	3	1		1	3		1			2
Support NGOs with well-developed WASH programs including non-Australian international NGOs, national and local NGOs		2	1	2		2			3	3
Managing contractor or group of NGOs with lead managing NGO			3			1		1	2	
Small grants program		3	4		2			2		4
Co-financing arrangements with existing donors and UN agencies	1				1		3			
Direct NGO engagement through country governments									1	1
Increase civil society elements of existing and proposed bilateral programs							2			

*Note: some mechanisms have been ranked equally where appropriate.

The research team recommends that a mix of both centralised and country specific mechanisms be pursued. While the time constraints of the WSI are acknowledged, the research team encourages AusAID to give thought to how it will engage with NGOs in WASH in the long-term and ensure long-term thinking also guides short-term decisions. In addition, it is understood that AusAID will continue to consult with the Reference Group as funding mechanisms are decided and a concept note for the NGO engagement component of the WSI is developed.

THE WAY FORWARD FOR NGO ENGAGEMENT

SCALE OF OPPORTUNITIES FOR NGO ENGAGEMENT

The strategic approach for NGO engagement needs to take into account the scale of NGO investments and NGO pipeline plans for each country and across the region. This was assessed through consultation with NGOs directly in Australia, through in-country consultations (in Indonesia, Timor Leste, Vanuatu and Vietnam) and through telephone and email communication with in-country NGOs where country visits were not possible. NGOs submitting their pipeline plans for the coming years where available. Overall, the potential funding opportunities indicated by NGOs were higher than expected, likely due to the fact that the research consulted beyond the Australia-based NGO sector to include international and in-country NGOs working in priority countries. Based on information submitted by NGOs, the scale of potential funding opportunities of NGOs working in the focus countries is in the order of \$53 million in 2009/10 and \$62 million in 2010/11. These figures are based on a rapid assessment of potential opportunities and are indicative of the scale and nature of potential NGO activities. Figures do not present a comprehensive review of all NGO activity, particularly for countries where no in-country visit was undertaken.

PROCESS FOR WSI NGO ENGAGEMENT: NEXT STEPS

The research team acknowledges the need for AusAID to make decisions about WSI investments within a short timeframe, and that this report presents a diverse set of options for consideration. It is expected that AusAID will take into account the NGO views, engagement mechanisms and country-level information presented here and make decisions internally about: allocation of funding to civil society/NGO components of the WSI; how much of this will be allocated centrally or at country level; and what mechanisms and investment options are preferred. It is understood that a concept note will be prepared presenting the way forward for NGO engagement in the WSI which will subsequently be peer reviewed and allow for input from the Water and Sanitation Reference Group.

The following recommendations are put forward to guide next steps for civil society/NGO engagement in the WSI. AusAID should:

- Consider a variety of mechanisms including both centralised and country-specific to facilitate contributions from a wide range of NGOs (small/large, Australian/non-Australian, generalist/specialist). Further consultations should be held with the Reference Group, particularly with regards to mechanisms for engaging NGOs in the WSI;
- For countries where in-country research was limited, ensure additional time is invested in scoping to make informed decisions about investment options and designs;
- Based on further consultation, utilise the recommended principles for NGO engagement presented in this research as the basis for more detailed selection criteria, program guidelines and terms of reference for NGO agreements under the WSI;
- Provide support for collaborative development of an NGO-wide WASH/WSI M&E framework within the larger WSI M&E framework;
- Include NGO WASH experts within peer review teams for the NGO engagement component of the WSI; and
- Consider how NGO engagement could best be linked to and complement other WSI investments.

NGO PARTNERSHIPS AND CAPACITY DEVELOPMENT IN THE
WATER SANITATION AND HYGIENE SECTOR

PART 2: REVIEW AND ANALYSIS BY COUNTRY

INTRODUCTION

Part 2 of the report details NGO activities in the water, sanitation and hygiene (WASH) sector and investment opportunities for the 10 countries identified as priorities for AusAID WSI investment. Regional investment options for Africa and South Asia were also included where they were mentioned by participating NGOs, but these have been omitted from the public report.

Each country section outlines the WASH context in which NGOs operate, provides an overview of current AusAID engagement with NGOs in the WASH sector, assesses current NGO activities, and presents opportunities for further NGO WASH sector engagement. Each country section can be read in isolation, but it is essential that country sections be read in conjunction with the strategic principles for NGO WASH engagement as outlined in Part 1 of this report.

This abridged version of the report does not include tables summarising investment options and pipeline plans submitted by NGOs and included in the full report to AusAID due to confidentiality and ethical concerns.

BURMA

WASH CONTEXT IN WHICH NGOS OPERATE

In terms of water and sanitation coverage, Burma is ranked amongst the highest in the region: 85% of urban dwellers and 81% of rural dwellers are reported to have access to improved sanitation, while 80% of both rural and urban populations are reported to have access to improved water supply (WHO/UNICEF, 2008).⁸ However, it is doubtful that these reported figures are an accurate reflection of the situation across the country. There are indications that a large number of people, particularly the rural poor, do not have adequate access to safe water and sanitation and there are numerous small and large scale rural and urban water supply and sanitation projects currently being funded by international donors and NGOs throughout the country (Ti and Facon, 2004).

INGOs are required to obtain a Memorandum of Understanding (MoU) from one of the national Ministries in order to undertake activities within Burma. Drinking water supply and sanitation falls within the mandates of a number of Departments and Ministries. Urban water supply and sanitation is under the Ministry of Construction, as well as the main City Development Committees in Yangon and Mandalay (Ti and Facon, 2004). The Department of Development Affairs within the Ministry for Progress of Border Areas and National Races and Development Affairs is the lead agency for water supply in rural villages and small towns, where about 70% of the population live. Rural and peri-urban sanitation falls under the remit of the Environmental Sanitation Division, Ministry of Health (Ti and Facon, 2004).

Impact of Cyclone Nargis: The damaging effects of Cyclone Nargis, which struck the Ayeyarwaddy Delta in May 2008, have significantly altered the status of water and sanitation across the Delta, with up to 2.4 million people reported to have been severely affected (OCHA, 2008).⁹ Recent estimates indicate that up to 20% of affected populations are practicing open defecation and 73% of the population, approximately 1.8 million people, are in need of improved water supply (OCHA, 2008). Cramped living quarters in temporary camps and lack of basic household hygiene items pose serious health risks including diarrhoea and malaria.

UN Agencies, INGOs and their national counterparts have mobilised a massive emergency response to the cyclone. These efforts are not only directly affecting the on-ground situation, but are also impacting on broader issues including NGO coordination, relationships with the government and, more broadly, the political context in which NGOs operate.

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

Australia's assistance to Burma is set out in its Framework for Humanitarian Assistance to Myanmar. The program is focused on addressing immediate needs in areas of basic health, livelihoods and protection. The program focuses on vulnerable groups, in particular women, children, ethnic minorities and refugees (AusAID, 2007a). Currently, program funding is in the order of \$16 million per year, with the majority channelled through accredited Australia-based NGOs and UN agencies. AusAID does not have direct bilateral funding arrangements with the Government of the Union of Myanmar. Nor does the program directly fund national NGOs or CBOs, although INGOs often rely on national or local NGO counterparts as implementing partners.

AusAID utilises a number of mechanisms to deliver its humanitarian assistance program, ranging from multi-donor funds like the 3 Diseases Fund addressing HIV/AIDS, tuberculosis and malaria (jointly funded by 6 donors

⁸Burma also ranks as the country making the most rapid progress towards improved sanitation, with 68% of the population reported to have gained access since 1990 (WHO/UNICEF 2008).

⁹The most severely affected areas were Ayeyarwaddy Division, Yangon Division, Bago division, Mon State and Kayin State.

and managed by the UN Office of Project Services) to Periodic Funding Agreements (PFAs), which are competitively accessed for specific program areas such as basic health or livelihoods. Through the ANCP program, AusAID contributed over AU\$750,000 in 2006-2007 for accredited Australia-based NGO activities in Burma in areas including health, HIV/AIDS, sustainable livelihoods and income generating activities (AusAID, 2007a). Water and sanitation activities comprise components of a number of these NGO programs, often integrated into livelihood and health thematic areas.

In terms of support for WASH-specific activities, AusAID funds the four country UNICEF Arsenic Prevention and Mitigation Project in Burma, Cambodia, Lao PDR and Vietnam. Currently in its second phase in Burma, the project includes wide-spread testing of groundwater sources, mapping of high risk areas and community awareness activities in addition to UNICEF's provision of alternative arsenic-free water supply systems.

As noted above, due to strict government policy requiring the signing of an MoU with a national Ministry, new international NGOs find it difficult to establish a presence in Burma. Consequently, AusAID is often limited to working with well-established NGOs, including World Vision, Save the Children, CARE and Caritas. Whilst these NGOs are doing very good work, consultations with AusAID desk and post revealed an interest in considering ways to broaden engagement with the NGO sector to include other non-Australian NGOs.

Australia's WASH commitment to the Cyclone Nargis Response: The Australian Government's early commitment to the cyclone response was an immediate additional contribution of \$25 million, with \$3 million to UNICEF for emergency WASH programming. Approximately \$6 million was channelled directly to INGOs, including significant support for a World Vision emergency WASH project and funding for integrated emergency projects that included WASH components.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

There are a number of NGOs with long-term integrated livelihood and health programs that include WASH components. World Vision has undertaken WASH activities as part of certain integrated Area Development Programs (ADPs), for example the recent Dawai Township WASH Project, which targets over 80,000 beneficiaries. CARE has integrated WASH into its livelihoods projects, in particularly using water supply as a community entry point and assisting with sanitation facilities for schools and other community buildings. Save the Children also runs integrated WASH programming.

Austcare has integrated water into health programs, for example installing gravity fed water systems in the northern Kachin State through its HIV/AIDS program. Similarly, the Australian Red Cross has supported Red Cross Myanmar in 'holistic, community-based health initiatives' over the past five years in eastern Shan State. These initiatives incorporate WASH activities, in particular the construction of gravity fed water systems, as a component of health interventions addressing tuberculosis, malaria and HIV/AIDS.

NGO programming places a strong emphasis on participation, in particular engaging beyond just the local village leadership. Several programs have helped set up village-level water management committees, and some also require in-kind community contributions. Concepts of 'sustainability' and 'ownership' are complex issues in the context of humanitarian development assistance; nonetheless, most NGOs seem to focus on building ownership of systems to ensure on-going success.

Cyclone Nargis Emergency Response- The 'Cluster Approach': UN agencies and INGOs have taken the lead in the Cyclone Nargis emergency response, using a 'cluster' approach to streamline emergency activities. The WASH Cluster for Cyclone Nargis includes about 28 INGOs and UN agencies as well as local NGOs, with UNICEF acting as the lead agency. It focuses on Ayeyarwaddy and Yangon Divisions, covering approximately 1.3 million

people, with 'Focal Point Agencies' responsible for coordinating activities in particular townships¹⁰ (Sevekari, 2008b).

As of late August, UNICEF estimates the WASH Cluster has reached approximately 603,000 in Yangon through the cleaning of over 1500 ponds; rehabilitation of wells and rainwater collection systems; and provision of chlorine tablets, water collection and storage containers, latrine components and household hygiene kits (Sevekari, 2008a). Additionally, the Cluster has developed a range of guidelines on issues like pond cleaning and latrine design and has had the WASH section of the Sphere handbook translated into Burmese (Sevekari, 2008a).

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

As the cyclone response moves into 'early recovery' stage, there is a growing need for more assistance with the construction of permanent WASH facilities as people leave the temporary settlements and begin to rebuild their villages. The emergency WASH Cluster is currently developing its 'Early Recovery Strategy,' which will focus on continuing support and coordination for the delivery of WASH services, as well as transitioning to more community managed and sustained initiatives (Sevekari, 2008b). Priorities in the early recovery stage include moving beyond provision of emergency latrines towards more 'improved' sanitation facilities, a strong focus on hygiene education, and an assessment of high risk areas that suffer from endemic problems like poor water quality (e.g. due to arsenic) or chronic water shortages. This is particularly important as the dry season approaches (Sevekari, 2008b).

There is clearly a good deal of scope for NGOs to continue their active engagement in the transition from emergency relief to recovery and development assistance. However, the need to better engage local levels of government and local NGOs has been identified as critical in continuing work. The hand-over of WASH Cluster leadership to the divisional authorities at township level is being considered as one way to better secure the active involvement of local government and thus the sustainability of initiatives (Sevekari, 2008b).

More broadly, there are a number of other longer-term constraints and challenges facing INGOs and agencies working in Burma. These include restricted access and travelling difficulty, financial constraints, bureaucratic delays, difficulty controlling the delivery of goods and materials and difficulty engaging in capacity development activities (Burma UN Service Office, 2003).

This research was able to make only the most preliminary assessment of on-ground investment opportunities. A more comprehensive assessment would require further consultations with in-country actors. In general, the following recommendations can be made:

- AusAID should consider supporting the transition from 'emergency' to 'development' WASH activities in the wake of Cyclone Nargis, as this critical period will determine the extent to which on-going initiatives are sustainable. AusAID could support initiatives which build longer-term activities into the 'early recovery' response and support initiatives which leverage the skills of international emergency response teams for more development-oriented activities.

¹⁰ At present, World Vision, Save the Children, German Agro Action (GAA), CESVI, Merlin, UNICEF, and a local NGO called Community Development Association (CDA) act as Focal Point Agencies (Sevekari, 2008b).

- AusAID should work through agencies, in particular UNICEF, with existing capacity to channel funds to on-ground NGOs and with existing networks like the Wash Cluster which demonstrate a high level of capacity and on-ground coordination.
- AusAID should consider ways to engage with non-Australian NGOs and should further explore the work of NGOs in non-cyclone affected areas, particularly those that integrate WASH into broader programming.

INDICATIVE CAPACITY OF NGO SECTOR

Among other challenges, the cyclone highlighted the difficulties involved in expanding INGO presence through the deployment of more international staff. Since internationals cannot easily enter restricted areas in Burma, national staff of INGOs had to be moved to the cyclone-affected areas resulting in under-resourcing of programs in other areas. In efforts to overcome these human resource constraints there has been a significant increase in recruitment and training of INGO staff, both local and international. Massive scale-up of INGO programming is already underway and will likely continue for some time.

Whilst the capacity of INGOs is stretched in the current context, it is necessary to regularly reassess the situation. With the rapid expansion of INGO activities in the wake of the cyclone the landscape could well change to one in which INGOs could more readily absorb larger amounts of funds. Despite early challenges, Cyclone Nargis seems to be providing an opportunity for more NGOs to gain access to Burma and to put the requisite MoUs in place. This may well expand the pool of INGOs active in Burma beyond the immediate emergency.

Based on submissions by NGOs on pipeline plans and potential investments, it is estimated that NGOs active in the WASH sector could potentially absorb funds in the order of \$1.8m in 2009/10 and \$1.9m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity in Burma.

KEY FUNDING MECHANISMS APPLICABLE

In the short to medium term, new WSI investments would be most efficiently channelled through one of the on-ground agencies with the capacity to absorb large amounts of new funds over a short period. UNICEF is likely the most appropriate agency through which to channel new WSI investments, as it is well placed to manage and disburse funds through its NGO partners and maintains a large field presence across Burma as well as direct relationships with the government.

One option for channelling WSI funds for immediate use in the Cyclone Nargis response is the 10 July 2008 revised Cyclone Nargis UN Flash Appeal. As of September 2008, only 39% of the funding requirement for WASH projects in the Flash Appeal had been met, placing unmet requirements at \$34,058,000 (OCHA, 2008b).¹¹ A review of potential WASH projects in the Flash Appeal revealed that there are currently 11 WASH projects with unmet funding requirements, with at least 5 NGO projects that have a strong focus on early recovery and longer-term response (rather than simply short-term emergency relief)¹²

¹² Full descriptions of all Flash Appeal WASH projects, including budgets and financial summaries are available in OCHA 2008b. All projects are for 12 months set to begin July-August 2008.

¹² Full descriptions of all Flash Appeal WASH projects, including budgets and financial summaries are available in OCHA 2008b. All projects are for 12 months set to begin July-August 2008.

Centralised funding mechanisms could potentially work for Burma; however, AusAID staff noted that mechanisms which are accessible only to Australia-based NGOs are limiting. In the longer term, country-level PFA arrangements with Australia-based NGOs could also provide some scope for scaling up investments. For instance, water and sanitation could be integrated into both the health and livelihoods themes of the PFA. A major drawback of this mechanism is the long lead time for preparation, which would be much less suitable for addressing the recovery phase of the Cyclone Nargis response. Consultations have revealed concerns regarding AusAID staff capacity to manage numerous small programs or projects, particularly considering that the Burma program is not devolved to country post. It is important to consider the management burden associated with coordination of multiple funding mechanisms. It might be necessary for AusAID to be more targeted in their support for NGOs, and to channel support to existing agencies such as UNICEF.

CAMBODIA

WASH CONTEXT IN WHICH NGOS OPERATE

Access to water and sanitation in Cambodia remains poor and progress towards meeting water and sanitation MDGs is lagging well behind neighbouring countries. Data quality and reach is poor and nationally reported access figures vary significantly. Joint Monitoring Programme 2006 figures place access to water supply at 65% and access to sanitation at 28% (WHO/UNICEF, 2008). Access in rural areas (where 80% of the population live) is lower than in urban centres. Rural sanitation coverage in Cambodia is very low at just 19% (WHO/UNICEF, 2008) and access to improved sanitation is lagging well behind water supply both in absolute terms and in rate of progress (ADB 2005a).

In Cambodia constraints to progressing WASH access are political, institutional and financial (Ockelford, 2006). Significant institutional barriers include a lack of sector leadership, underdeveloped regulatory arrangements and chronic problems with the capacity of institutions at all levels from national through to commune (Ockelford, 2006). Legal and institutional arrangements for water and sanitation place responsibility for rural WASH with the Ministry of Rural Development (MRD) while urban water and sanitation is governed by the Ministry of Industry, Mines and Energy (MIME). The legal framework established under the draft Water and Sanitation Law 2004 gives MIME responsibility for setting and administering government policies, strategies and planning in water and sanitation but fails to delineate operational roles and responsibilities for MIME and MRD (Ockelford, 2006).

A National Policy on Water Supply and Sanitation was issued in 2003, shifting government roles away from direct service provision towards monitoring and coordination, however there is little evidence that the National Policy has been translated into strategic and operational plans. Implementation of WASH programs is the responsibility of provincial and municipal levels, but problems with poor institutional capacity and lack of finance are a barrier to effective service provision. Water supply in peri-urban and rural areas for example remains primarily based on community and family infrastructure (Ketsiny et al., 2005). The Phnom Penh Water Supply Authority (PPWSA) has successfully undergone reform and capacity development with World Bank support and is reported to be a leading regional water utility. However urban sanitation provision is outside the mandate of PPWSA and remains without an institutional driver (Kopitopoulos, 2005).

As in other countries in the region, operation and maintenance of water and sanitation infrastructure over time is poor, resulting in system failures and wasted donor and government investment. MRD produced Guidelines for the establishment of Water Sanitation User Groups in 2004, but these relate mostly to roles and responsibilities of members and there is little guidance on how to establish a group or make decisions about appropriate technologies for different circumstances (Ockelford, 2006). In 2005, MRD (with World Bank Water and Sanitation Program support) released the *Informed Choice Manual on Rural Household Latrine Selection*. More efforts are needed to distribute the manual to rural communities and provide support for households to make informed choices about appropriate technologies.

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

Water and sanitation have not been a significant part of AusAID's Cambodia country strategy to date, however AusAID has provided some support for WASH initiatives through the Community Development Fund (CDF). Through the CDF mechanism, AusAID received spontaneous submissions from NGOs for a range of projects with water and sanitation components, resulting in WASH becoming an area of focus for the CDF. Through the

CDF, AusAID has provided up to \$30,000 per project to a handful organisations to undertake activities at the local level, mainly focused on sanitation.

Aside from small grants, AusAID has primarily engaged with NGOs in Cambodia through Australia-Cambodia Cooperation Agreements (ACCA). ACCA is a \$21m program with 8 agreements in place for the period 2004-2009. NGO projects under ACCA are all within thematic areas of Mine Action or Integrated Rural Development. NGOs currently working under cooperation agreements in Cambodia are Austcare, CARE Australia, World Vision Australia, Save the Children Australia, ADRA and IWDA. The CARE and ADRA projects have included some WASH work as part of integrated development initiatives.

A new AusAID country strategy for Cambodia is under development. Although it may be referenced within the health program, WASH is not likely to be a significant feature of the forthcoming strategy. AusAID funding for water and sanitation initiatives in Cambodia will be solely from the WSI.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

NGOs have played a critical role in the reconstruction and development of Cambodia and have a presence in every province. NGOs have played roles in the provision of basic social services, the promotion of participatory development models and advocacy for national sectoral reforms in health, education and other human services sectors (ADB, 2005). The Cooperation Committee for Cambodia (CCC) provides a coordination point for NGOs working in Cambodia including national and international organisations. The NGO Forum, consisting of more than 60 organisations, undertakes advocacy around issues related to justice, human rights, democracy, sustainable resource use and equitable development (ADB, 2005a).

There are numerous national NGOs with varying levels of capacity. NGO Forum estimates the number of registered Cambodian NGOs at about 1,000, with 300 of these operational (cited in ADB, 2005a). INGOs in Cambodia have a history of engaging in advocacy and in capacity development for local NGOs (ADB, 2005a). Local NGOs are mostly focused on human rights and democracy and have typically been less successful in engaging in policy dialogue (ADB, 2005a). NGOs typically engage with government agencies at provincial, district and commune levels rather than at the national level.

The CCC directory lists 50 international and Cambodian NGOs as working in the water and sanitation sector.¹³ Australia-based NGOs have been less active in the WASH sector than other INGOs, however CARE and Oxfam have included water and sanitation work within their ACCA projects. NGOs most active in the WASH sector include Centre for Development, Ideas at Work, Resource Development International and GRET.

The nature and scale of projects varies with the size and capacity of NGOs and it is difficult to generalise across the sector. NGO activities range from service provision to capacity development. Some NGOs are active in the development and promotion of innovative technologies, for example Ideas at Work (IaW) and Resource Development International (RDI) together won the 2006 World Bank Development Marketplace competition for their Rope Pump designed to fit on hand dug wells or bore holes. A number of NGOs including IDE and Hagar are using market based approaches to promote water and sanitation technologies. Ockelford (2006) notes in his review of the rural WASH sector that a number of NGOs have been trialling the CLTS approach in line with the 'informed choice' approach to sanitation. More research is needed to get a full picture of the activities and capacity of NGOs active in the WASH sector, including local NGOs.

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

¹³ All 50 organisations were contacted as part of this study. Investment options were included for those NGOs that provided sufficient information about the nature and quality of their work and were interested in opportunities to extend their WASH programs or projects.

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

There are opportunities for AusAID to work with NGOs to build on existing strengths and address gaps in the WASH sector. AusAID could support proven NGO approaches by providing funds to extend or upscale existing initiatives including the Ideas at Work/RDI rope pump project and the Centre for Development peri-urban sanitation program. There are also opportunities to fund pilot and demonstration projects for urban and rural areas to test innovative technologies and approaches including the BORDA (Decentralized Wastewater Treatment Systems) DEWATS scheme; Centre for Development efforts to promote CLTS and eco-sanitation; and Live and Learn Environmental Education initiatives to trial eco-sanitation improvements for Tonle Sap floating villages.

There remain significant gaps in the WASH sector and NGOs could seek to play a role in addressing some of these persistent challenges. Capacity development to enable all levels of government, the private sector and many NGOs to participate effectively in the WASH sector is a critical need. Considering the scale and depth of capacity development needs, NGO projects should incorporate capacity development within program design both for partner government agencies and for communities. NGOs could play a role in skills and capacity development within the private sector, particularly small scale providers local to the communities in which NGOs are working.

The operation and maintenance of systems is a significant barrier to sustainable water and sanitation provision. Problems with the functioning of school latrines, for example, include inappropriate design (e.g. flush toilets where no water source is available), failure to maintain systems (e.g. not emptying pits when required) and lack of participation of school management, students and communities in the design and management of systems (Ockelford, 2006). NGOs could play a role in encouraging and supporting more participatory practices and in capacity development to enable communities to maintain systems over time.

There is a need for water supply technologies that offer alternatives to groundwater extraction, which has been the most common water supply mechanism (Ockelford, 2006). NGOs are already active in the development of innovative water supply technologies, however further support is needed to encourage development of appropriate sanitation technologies and to improve distribution channels to make these available to rural communities.

Considering the poorer access figures for sanitation compared with water supply, support for NGO initiatives should emphasise the critical importance of sanitation and hygiene promotion. Similarly, considering the markedly poorer access figures for rural areas support for NGO service provision, efforts should ensure an appropriate rural focus.

More generally, there is a need for better baseline data including information about established hygiene behaviour patterns. NGOs could be supported to undertake baseline surveys of existing practices to inform the development of targeted education and behaviour change strategies. NGOs could also play a support and coordination role in the WASH sector. Current inter-ministerial and departmental coordination mechanisms for the WASH sector are weak (Ockelford, 2006). There may be opportunities for NGOs to play a role in coordination and information sharing, particularly at the provincial and district levels. INGOs in particular, have an established advocacy role in Cambodia and could play a more active role in policy dialogues to strengthen the WASH sector.

INDICATIVE CAPACITY OF NGO SECTOR

There is significant capacity for NGOs working in the WASH sector in Cambodia to absorb additional funds in the short term. A number of NGOs have existing projects that could be easily scaled up or extended, while others have WASH project concepts ready to implement if funding is made available. Based on submissions by NGOs about pipeline WASH plans, it is estimated that NGOs active in the WASH sector could potentially absorb funds in the order of \$9m in 2009/10 and \$14.7m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity.

KEY FUNDING MECHANISMS APPLICABLE

Funding mechanisms to facilitate investment in NGOs in Cambodia will need to cater for both small and larger-scale projects. It is likely at least two mechanisms will be needed – one or more comparable in scale to ACCA and a small grants scheme (like the Community Development Fund) to support smaller demonstration projects and local NGO investments. Management load needs to be taken into account in the development of funding schemes and although CDF could be expanded as a more formal mechanism for funding WASH initiatives, it would be preferable to design mechanisms that are less intensive in terms of management and administration.

A centralised funding mechanism could support WASH in Cambodia as many INGOs with Australian presence are active in the sector and could build on existing initiatives. There are also a number of INGOs without Australian presence engaged in the sector and ideally the WSI would include a mechanism that could directly support these organisations to extend WASH activities.

INDONESIA

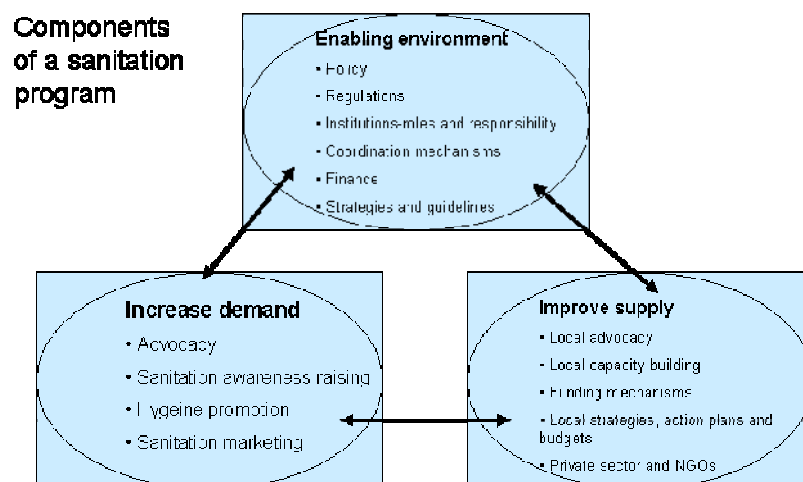
WASH CONTEXT IN WHICH NGOS OPERATE

Indonesia is a diverse mini-region, with a large population of 221,300,000 and poor performance on the water and sanitation MDGs. In analysing where NGOs are best placed to work, it is important to examine the sub-national level coverage. According to data from SUSENA (2006), the following provinces have coverage of less than 40% in access to improved sanitation (across both rural and urban areas in these provinces): *Nusa Tenggara Barat, Maluku, Papua, Maluku Utara, Gorontalo, Papua Barat, Sulawesi Barat*. Other additional areas for focus in the rural environment with coverage of less than 30% are *Aceh, Sumatra Barat, Java Barat, Kalimantan Tengah, Sulawesi Tengah and Banten*. There is considerable overlap here with the main geographical focus of the current Australia-Indonesia country strategy of five priority provinces (Papua, West Papua, Nusa Tenggara Timur (NTT), Nusa Tenggara Barat (NTB) and Nanggroe Aceh).

Coverage for the urban poor is likely to be far lower than average urban statistics imply. Stakeholders interviewed noted Java had numerous un-served poor urban areas, many with groundwater that has been contaminated by leaking or unsealed septic systems.

The National Policy on Development of Community Based Water and Environmental Sanitation (WSES, 2003) has a focus on a demand-responsive approach, environmentally-based development, the poor and disadvantaged, and an active role for women. This policy places the government in the role as ‘facilitator’ rather than provider of services. Thus, communities, NGOs and the private sector must work together with local governments towards advocating and achieving service delivery.

In August 2008, the government announced the *National Operational Strategy for Rural Sanitation and Hygiene Improvement* in Indonesia to guide and support local government agencies in planning, implementing, monitoring and evaluating sanitation and hygiene programs. This strategy proposes that local government units seek contracts (potentially at the provincial level) for capacity development support and technical assistance from NGOs and the private sector for expertise in areas such as community facilitation/mobilisation for CLTS; sanitation market development; demand creation; and outcome and impact monitoring. According to the strategy framework (see diagram below), NGOs might also play a role in service delivery, link to the private sector, undertake hygiene promotion and provide input to policy and regulations where appropriate. Challenges reported by NGOs in conducting their work in partnership with government included corruption and high staff turn-over.



Components of a Sanitation Program (National Operational Strategy, Rural Sanitation Hygiene Improvement)

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

AusAID is conducting significant work in the WASH sector at the national policy level and does not currently engage in water and sanitation projects focused on NGOs. There are some small components of the two major existing initiatives- Indonesia Water Supply and Sanitation Policy Formulation and Action Planning Project (WASPOLA) and Water Sanitation for Low Income Communities (WSLIC2)- that utilise NGO expertise. The Australia-Indonesia country strategy has a strong emphasis on civil society engagement and facilitating ‘better understanding of, and participation in, democratic processes’ (AusAID, 2008b, p 15) and ‘building the capacity of communities to demand better governance, reduce corruption, increase access to services’ (AusAID, 2008b, p 15). A strong NGO focus as part of the WSI would be consistent with the country strategy.

AusAID is currently funding the Australian Community Development and Civil Society Strengthening Scheme (ACCESS) which works directly in this area of supporting local civil society organisations. In addition, Australia-Nusa Tenggara Assistance for Regional Autonomy (ANTARA), which has a focus on Eastern Indonesia (currently NTT, and soon to include NTB) supports some INGO and local NGO work. It would be appropriate to consider linkages to these two existing initiatives in any NGO partnership engagement AusAID decides to take up in Indonesia. In particular ANTARA might offer ready-made management resources for NGO WASH work in Eastern Indonesia.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

NGOs have been active in Indonesia over many years and contributed towards overcoming authoritarian rule in 1999; the present era is one in which the role of civil society is increasing. NGOs are often focused on civil society empowerment and other pursuits like environmental protection, support for small-scale enterprise and women’s empowerment.

Many stakeholders interviewed, including the Bappenas National Planning Agency, indicated that the role of NGOs would be critical in the next steps forward for the Indonesian WASH sector given the Indonesian decentralisation context. Local governments are not well-equipped to handle the infrastructure investments needed, although they may have access to at least some financial resources through allocations from central government. Several stakeholders reported that central government loans are not working as a mechanism and that the rate of borrowing and drawing down of loans is low. To change this, NGOs can provide a catalyst for community mobilisation and demand to prompt action and promote government investment. Having NGOs involved also helps ensure that decisions are made in a participatory manner that directs attention to the poor and to gender equality.

The primary NGO role required is one of initiating action, coordinating and developing capacity and motivation of the key stakeholders (community, local government and/or water authorities and the private sector). Such a role would ensure that these stakeholders are in a position to manage the investment in infrastructure appropriately and sustainably.

Another role is to demonstrate successful examples of innovative technological or social processes that could be replicated by government. This is already happening, for example, through the trialling of alternative eco-technologies for improving water quality and treating wastewater.

NGO role in urban areas ACE is a local NGO funded through the USAID ESP program. ACE has worked with a local Jakarta slum community to build motivation and capacity to manage water distribution and billing/payment in order to allow extension of urban services to provide access to the poor. This is a typical example of the role NGOs may play in an urban setting. Mercy Corps Indonesia have played a similar role on a larger scale e.g. Ambon WASH program.

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

There is considerable opportunity to further engage NGOs based on the work they are currently implementing. A strength of the NGOs interviewed included working constructively with government to ensure long-term sustainability, and shifting their practice to adhere to national level policy, for instance towards non-subsidy CLTS sanitation approaches in rural areas. This contradicts the former view of NGOs in Indonesia as simply agitators. Another strength is their presence over the long term in the sector in particular locations (e.g. CARE in Sulawesi, Oxfam in disaster risk areas, PCI in Eastern Indonesia, BORDA in Java), giving them a role in coordinating with and influencing national policy (e.g. Plan International). All INGOs interviewed have appropriate monitoring and evaluation systems and processes that focus on both health outcomes and changes in access to services. In terms of gender, some agencies have been working strategically to enhance women's empowerment while others simply look to involve women appropriately in decision making and contributory roles to the project.

One of the constraints to further engagement is a weakness relating to technical capacity. While some NGOs have technical staff and capacity, many reported the difficulty of retaining qualified technical personnel who also have the choice of employment in the private sector. This is less of an issue if the NGO role is seen as a facilitator, an intermediary rather than an actor who should 'provide services'. Equally, NGOs may be supported to outsource technical skills where needed, or could be supported to obtain appropriate skills through larger efforts in capacity development as part of, or in addition to, projects and programs. This issue is of less importance regarding INGOs who demonstrated greater technical capacity, but is more evident within the local NGO sector.

Another potential constraint to scaling-up is capacity at the local level (see boxed text for potential strategies to overcome this constraint).

Strategies to build local level organisation's WASH work

Capacity of local organisations is a potential bottleneck in the Indonesian WASH sector, and one which requires attention. Three potential strategies would improve the situation: **(i)** for local organisations to be assisted through INGO programs that work closely with partner organisations, e.g. Oxfam **(ii)** long-term investment in national institutions and networks for training and finally, **(iii)** for an explicit program with a managing contractor to manage a set of large grants along the lines of the current USAID ESP (Environmental Services Program) small grants program. The USAID funded ESP has a component focused on competitive grants for local NGOs that has offered a low-overhead, cost-effective intervention, where they work with municipal water companies and other stakeholders to increase access to water and sanitation services. A similar approach has been successful in other countries (e.g. Nepal) towards building diverse local organisational strength in the water and sanitation sector and increasing access to services.

An additional constraint is access to water resources. A USAID ESP mid-term evaluation noted slow performance in increasing household connections due to PDAM's (*Perusahaan Daerah Air Minum* – Indonesian water utilities) lack of access to sufficient raw water. This then relates to larger questions of water resources management in Indonesia, which, for many areas (especially in heavily populated Java) requires significant effort and planning to inter-link WASH focused projects to natural resources management.

A final constraint to absorptive capacity is the time-frame and the need to work with local government systems and partners who need to plan annual budgets 6 months in advance, as was mentioned by several NGOs interviewed. For sustainable outcomes, 3-5 year projects are essential, as only some of the benefits accrued will be visible in the first 2 years.

INDICATIVE CAPACITY OF NGO SECTOR

A rapid assessment of current level of funding in WASH activities estimates that the current annual level of funding within the INGOs is in the order of at least \$15m, with in-country NGO programs additional to this. Some organisations do not disaggregate WASH spending from other spending, and not every NGO working in the WASH sector was covered in this research, so this estimate is likely to be conservative.

There is considerable opportunity for continuing and scaling-up successful existing NGO initiatives in Indonesia. In addition, three donors currently funding WASH sector work (CIDA, USAID and GTZ) are looking to shift their emphasis and may not continue to fund NGOs currently doing WASH work, providing AusAID with an opportunity to build on or extend existing programs. This means that three NGOs that have been very active in the WASH sector (PCI, CARE and Plan International) would like to seek funding through WSI.

There is ample opportunity to support urban focused NGO work. Both BORDA (focused on sanitation only) and Mercy Corps have proposed large-scale programs that build on their existing work in urban areas. In addition, Oxfam has a strong track record in WASH related to vulnerable communities through their disaster risk reduction approach and have the capacity to undertake considerable new work.

Other organisations with indicative capacity include World Vision (who have appointed a national level WASH specialist), Austcare, Australian Red Cross and Cordia Caritas Medan. Regarding local NGOs, some particular pipeline projects have been suggested, however a targeted program aiming to increase local NGO WASH expertise through small grants is suggested as an umbrella program for these organisations.

Based on submissions by NGOs about pipeline WASH plans, it is estimated that NGOs active in the WASH sector could potentially absorb funds in the order of \$16.2m in 2009/10 and \$16.5m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity. This figure does not include a potential program focused on local NGO sector engagement (but does include a few local NGO proposed investment options).

KEY FUNDING MECHANISMS APPLICABLE

The INGOs interviewed in-country would prefer to receive direct funding from AusAID, and did not demonstrate strong interest in managing programs other than their own or playing a 'lead NGO' role for multiple programs. A country specific funding mechanism for INGOs is recommended as this would provide access to NGOs without Australian presence. A centralised funding mechanism is also applicable, though would limit opportunities to NGOs with Australian presence.

It would be possible to group an NGO program for Eastern Indonesia to be managed by a managing contractor (for instance through ANTARA). However, many of the NGOs that work in Eastern Indonesia also work in other

areas (Java and Sulawesi) so this may present a difficulty unless either the boundaries for ANTARA were to accommodate work in a broader region, or NGO activity was limited to Eastern Indonesia.

A program to support a series of small-scale local Indonesian NGO initiatives managed by an appropriate managing contractor is another potential mechanism. Partnership with USAID to extend their current small grants ESP program would be worth considering in order to expand their existing program, which has run for 5 years and provides a solid foundation for such an initiative.

LAOS

WASH CONTEXT IN WHICH NGOS OPERATE

According to 2006 data, 60% of people in Lao PDR have access to safe water and 48% of people have access to improved sanitation (WHO/UNICEF, 2008). Coverage in rural areas is poorer than in urban, with 53% of the rural population having access to water and 38% to sanitation. MDG targets have been translated into national level targets for 2010 through the National Socio-Economic Development Plan (NSEDPP) and the National Growth Poverty Eradication Strategy (NGPES), however based on progress to date it is highly unlikely these targets will be achieved. Furthermore, there is a risk that the focus on meeting MDG and national level targets is emphasising quick coverage at the expense of longer-term system sustainability.

Rural water supply and sanitation (in terms of both infrastructure and education/hygiene aspects) is managed by the National Centre of Environmental Health and Water Supply (Nam Saat) operating under the Ministry of Health (MOH) through the Department of Hygiene. For this reason, hygiene education to date has had an elevated position in water and sanitation management. This may change if responsibility for rural WASH is transferred to the Ministry of Construction, Transport, Post and Communications (MCTPC), as has been flagged.

The National Strategy for the Rural Water Supply and Environmental Health Sector was developed by the government in 2004 with support from UNICEF. The strategy guides project delivery as well as broader sectoral development; however, the focus on improved coverage in Laos has resulted in the prioritisation of project implementation over sectoral strengthening and capacity development.

In urban areas, while hygiene aspects of sanitation are managed through the MoH Department of Hygiene, infrastructure for water supply and sanitation is managed through MCTPC. Urban service provision is currently government controlled but there is indication the sector may soon be opened to private sector providers.

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

Water and sanitation has not been a specific objective of AusAID's Lao country program to date but has been addressed within broader poverty reduction programs. AusAID has also provided funds to UNICEF, which has played a major role in the sector over the past 20 years.

Future AusAID WASH engagement is likely to focus on rural areas guided by the rural development focus of the forthcoming 2008-2015 country strategy. There is also capacity for AusAID to support WASH initiatives through engagement with the education sector.

AusAID works with NGOs in Laos through Lao-Australia NGO Cooperation Agreements (LANGOCA). Under LANGOCA, 5 cooperation agreements establishing projects in disaster management and Reducing Unexploded Ordnance (UXO) are in effect with 4 NGOs: CARE International, World Vision Australia, Oxfam Australia and Save the Children Australia. These NGOs provided submissions to the AusAID WSI mission in June 2008 regarding their water and sanitation work and potential for future expansion. All were contacted either directly or through the Australian arm of the NGO to provide more detailed investment option information for this study.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

INGOs have played an increasing role in Laos since economic reform in 1986 and are active in the implementation of donor funded projects and programs (ADB, 2005b). There is a nascent national civil society sector with some not-for-profit organisations seeking to become legalised associations, but the operating environment for local NGOs is still very constrained and currently the only active national NGO is the Lao Red Cross.

A number of INGOs are active in the WASH sector in Laos, including World Vision, Oxfam, CARE, Save the Children, GRET, SNV and Concern. Projects are mostly rural in focus and are commonly aligned with integrated community development programs. Projects typically address both the construction of water and/or sanitation infrastructure and ‘software’ aspects of WASH including hygiene education and capacity development to support community infrastructure management. An alternative approach is offered by the Netherlands Development Organisation SNV which has ceased project implementation and is now focused on WASH sector capacity development.

There is an emerging private sector in the Lao WASH sector and a few NGOs are working with private sector entities to support the design and development of WASH technologies. The French NGO GRET, for example, has been facilitating local public-private partnerships in peri-urban areas as part of a project to develop small piped water supply systems.

Information about NGOs working in Laos is collated and presented through a web based directory. The directory lists organisations active in Lao PDR and identifies projects by organisation and sector. The directory lists 24 international NGOs as currently working in the water and sanitation sector.¹⁴

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

In addition to project implementation, NGOs could support sectoral development by engaging more in capacity development, playing a coordination role and assisting with the development of systems for sector-wide use including monitoring and evaluation and knowledge management.

Considering the poorer access figures, the focus of NGO activities in rural areas seems justified. There is a particular need to reach remote mountainous ethnic minority areas classified as extreme poor. A number of NGOs (for example Oxfam, World Vision and CARE) have established programs in remote areas and could absorb increased investment.

INGOs have reported challenges associated with low uptake of sanitation due to culturally inappropriate technologies. Different cultural norms of the many ethnic groups in Laos need to be taken into account in the development and distribution of technologies that are appropriate for target communities in both cultural and geographic terms. There is scope for NGOs to pilot community driven demand approaches including CLTS in these areas.

¹⁴ The 24 organisations were contacted as part of this study in addition to INGOs known to have WASH projects in Laos but not listed in the directory. Investment options were included for those NGOs that provided sufficient information about the nature and quality of their work and were interested in opportunities to extend their WASH programs or projects.

In collaboration with the Nam Saat, SNV recently contracted the International Water and Sanitation Centre (IRC) to undertake a survey of INGOs and not-for-profit associations operating in the WASH sector in Laos. The survey aims to develop an inventory of organisations active in the sector, the projects or programs they are involved in and the type of interventions and services they provide. It is recommended that AusAID request the results of the SNV survey when available to supplement the findings outlined in this report.

INDICATIVE CAPACITY OF NGO SECTOR

INGOs have significant capacity to continue and expand its work in the WASH sector. Opportunities lie predominantly with the established larger INGOs that have links with government partners and have a track record of working in the WASH sector. There is potential for WSI funds to support growing and/or new programs that seek to develop sectoral capacity in line with Lao Government priorities. SNV, for example, is expanding its WASH program in Laos and have already invested significantly in research and strategy development. They currently have 3 WASH advisors in their Lao office and they intend to recruit 2 additional specialists by the end of the year.

Based on submissions by NGOs about pipeline WASH plans, it is estimated that NGOs active in the WASH sector could potentially absorb funds in the order of \$1.7m in 2009/10 and \$1.9m 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity.

KEY FUNDING MECHANISMS APPLICABLE

Funding mechanisms to facilitate investment in NGOs in Laos will need to cater for larger-scale projects with established INGOs. The scale of potential projects ranges from about \$300,000 to more than \$1 million. Small grants are less applicable in the Lao context, as mainly larger INGOs are the most active in the WASH sector. Agreements similar to those under the current LANGOCA program are likely to be the most appropriate mechanism. Alternatively, a centralised mechanism could support a number of WASH activities of INGOs with Australian presence. There is also opportunity to provide direct funding to non-Australian INGOs active in the sector.

PAPUA NEW GUINEA

WASH CONTEXT IN WHICH NGOS OPERATE

The largest and most populous country in the Pacific, Papua New Guinea (PNG), is also considered the 'least developed' in terms of its human development and health indicators. Access to water and sanitation is poor and diseases linked to poor water, sanitation and hygiene behaviour are prevalent.¹⁵ The majority (over 70%) of Papua New Guineans reside in rural areas, yet disparities between urban and rural water and sanitation coverage are quite pronounced: in urban centres, 88% of populations have access to improved water and 66% to improved sanitation, while in rural areas only 32% of populations have access to improved water and 41% to improved sanitation (WHO/UNICEF, 2008).

The Government of PNG's Medium Term Development Strategy 2005-2010 sets as a national priority poverty alleviation and economic growth, through the provision of basic education and health services including water and sanitation (GoPNG, 2004). Responsibilities for water and sanitation are not coherent, with overlapping and contradictory responsibilities assigned to different government departments. The PNG Water Board oversees domestic water supply in urban areas covering approximately 10% of the population (WaterAid Australia, 2006). The Department of Health (DoH) and the Department of National Planning and Rural Development (DNPRD) are the lead agencies for development of policy and planning for rural WASH. However, since the passage of the 1995 Organic Law on Provincial Governments and Local Level Governments, responsibility for policy implementation and service provision has been devolved to provincial and local governments.

The Organic Law has done little to improve on-ground service delivery; in fact, the GoPNG notes that service levels have actually deteriorated, in part due to confusion over roles and lack of institutional capacity (GoPNG, 2004). Government weakness, coupled with clan-based culture, is seen as creating an environment not conducive to public participation for civil society actors (AusAID, 2006a).

The PNG-EU Rural Water Supply and Sanitation Programme (RWSSP), funded by the European Union, is the major water and sanitation program for rural WASH. The RWSSP sits within the DoH. In Phase I of the program, from 2006 to 2008, the RWSSP disbursed 3.5 million euro (\$6,120,000) to over 30 'non-state actors' (NSAs)¹⁶ including NGOs, CBOs, Churches and communities across all but three provinces. The RWSSP provides small block grants¹⁷ to contracted NSAs for the construction of water systems (including reticulated systems, rainwater harvesting, shallow wells and bores), linked closely to sanitation and hygiene education. RWSSP provides mentoring and extensive technical, management and community development training. NSAs are trained in the use of a modified PHAST approach whereby sanitation and hygiene are used as the community entry point.¹⁸ Phase 2 of the Program will see a substantial increase in grant funding to NSAs of up to 12 million euro (\$20,980,000) over the next three years.

¹⁵ For example, from 1997 to 1999, 18% of outpatients and 8% of hospital and clinic admissions to hospitals and clinics were linked to water, sanitation and hygiene (diarrhoea, typhoid, skin diseases) (RWSSP 2004 cited in WaterAid, 2006).

¹⁶ In this section, the term 'NSA' will be used to encompass all civil society actors: NGOs, CBOs, churches, communities, associations and other organisations.

¹⁷ RWSSSP grants range in size from about 2.8 million kina to 80,000 kina, with the average size about 300,000-400,000 kina.

¹⁸ In one consultation, some concerns were raised that making water contingent upon sanitation may result in toilets constructed (in order to receive water) but not used.

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

In its recent Partnership for Development with the Government of PNG, Australia affirmed its commitment to balance governance with service delivery improvements and to build the capacity of both government and non-state actors, with a focus on sub-national levels of government and service delivery (GoA, 2008). The Partnership reaffirms AusAID's existing commitments, and is informed by a greater recognition of the important role of NSAs and the interactions between civil society and government.

The Community Development Scheme (CDS), which ran from 1998 to 2007, was formerly AusAID's primary mechanism for supporting NGO WASH activities in PNG. The scheme had an NGO Strengthening Program focused on capacity development of civil society actors and also administered a small grants scheme for civil society groups under thematic activities including water supply (AusAID, 2007b). Of the estimated 100 small grants to NGOs and CBOs administered in Phase 2 of the CDS (2001-2007), approximately 33% went to water supply initiatives, reflecting community demand.¹⁹ To encourage ownership of project outcomes, the CDS adopted a '10% policy', whereby a community agrees to pay 10% of project procurement costs. The CDS engaged with a number of key NGO and CBO partners, including ADRA, World Vision, Lutheran Development Services (LDS), Living Waters (Four Square Church), Uniting Church of PNG and Baptist Union PNG.

The CDS is now being subsumed by the Democratic Governance Program (DGP), AusAID's new program to strengthen linkages between civil society actors and the state. Through this program, AusAID will provide a coherent platform for strengthening state-civil society partnerships with a focus on the local level. It appears that major elements of the CDS will be retained under the DGP's Community Development component, including a mechanism for block grants for community projects (AusAID, 2006a). However, it is unclear whether this mechanism will have thematic areas, and if WASH will be one of them.

Churches in PNG play an absolutely critical role in service provision, particularly in education and health. The five year PNG Churches Partnership Program (CPP) aims to improve the institutional capacity of PNG Churches²⁰ to take part in governance and policy dialogue and to deliver basic services to local communities. Whilst the main thrust of the program is focused on institutional capacity development, the CPP does support direct implementation of services, mainly education and health. Some Churches currently access CPP funding for small scale WASH facilities in schools, clinics and hospitals. For example, Baptist Union of PNG has undertaken sanitation activities as part of a CPP funded refurbishment of essential services in Baptist schools.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

In the absence of adequate government services, NSAs play a very strong role in rural WASH service delivery. As noted above, there are over 30 NSAs, including a number of large INGOs, Churches and a limited number of national NGOs and CBOs who are currently playing the role of primary service delivery providers in the rural WASH sector.

INGOs including World Vision, Oxfam, WaterAid, Save the Children and Child Fund are active throughout the provinces and commonly work with local partners. ADRA PNG, based in Morobe Province, has one of the largest WASH programs and is considered to have a high level of technical competence and well-functioning administrative systems. The Baptist Union of PNG (BUPNG), Uniting Church of PNG and Lutheran Development

¹⁹ Although the CDS process may have facilitated this demand: projects requested had to benefit the community as a whole and not individuals or households, so water supply was an obvious choice.

²⁰ These are the Catholic, Anglican, Baptist, Lutheran, Seventh Day Adventist, United and Salvation Army churches. PNG Churches are supported by seven Australian NGOs counterparts: Caritas Australia, Anglican Board of Mission, Baptist World Aid Australia, Australian Lutheran World Service, Adventist Development and Relief Agency, Uniting Church Overseas Aid, Salvation Army Australia.

Services (LDS) are amongst the most active in the WASH sector. BUPNG provides services to remote rural communities in Telefomin District, where it has helped set up Water Committees and construct spring-fed and gravity-fed water supply systems. BUPNG and Baptist Health Services work within the network of Baptist churches to link water supply with hygiene and health promotion. Uniting Church of PNG has been undertaking WASH activities for the last 6 years and has two national WASH teams. Their community health officers provide hygiene education, using this as an entry point for HIV/AIDS education.

Beyond basic service delivery, NSAs have often played the important role of seeding new technologies and encouraging local innovation. For example, BUPNG has introduced ferro-cement tank technology to replace and refurbish less durable plastic, fibre-glass and corrugated iron water tanks for schools and hospitals. They currently have plans to train technicians to build household-size ferro-cement tanks. The local NGO ATprojects, active in Easter Highlands Province, is one of the few NGOs in PNG with a strong focus on school sanitation and hygiene. It has promoted a locally designed and manufactured toilet, the 'ATloo', training people in its construction. ATprojects has also begun assisting women in the construction and marketing of locally-designed 'Round Loo' household toilets.

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

A number of challenges and opportunities exist for the ongoing engagement and improvement of NSA work in the PNG WASH sector. NSAs could extend and enhance their WASH work by:

- *Continuing to reach out to remote areas:* NGOs, and in particular the Churches, reach into some of the most remote communities in PNG. Whilst this is a distinct advantage, working in remote areas significantly raises transaction costs. Transport is difficult and costly and severe weather can force very long delays. This makes it difficult to operate in 12 month funding cycles.
- *Focusing on maintenance and rehabilitation:* Rather than repairing old systems, the approach in PNG communities has often been to install new systems²¹. NSAs could play a stronger role in the rehabilitation of existing systems. This would be more cost effective, and may help to identify reasons for, and solutions to, poor maintenance.
- *Engendering more community involvement:* RWSSP (2008) notes that NSAs need to strengthen their efforts to involve the community at the proposal, design and planning stages. Lack of community involvement in the early stages has been a strong indicator of project failure. Related to this, consultations have revealed a lack of success in setting up functioning and sustained Water Committees. NSAs could work to identify and address barriers to community participation.
- *Placing more emphasis on sanitation and hygiene:* Many NSAs have a very strong focus on water supply, with weaker capacity to deliver sanitation activities. As it seems there is low demand for sanitation and little understanding of health consequences, NSAs can play a stronger role in promoting the benefits of sanitation. One NGO consulted commented on the difficulty of discussing sanitation, as it is a very

²¹ Donor preference for funding new projects has exacerbated the push to new systems rather than rehabilitating existing systems.

sensitive issue. They noted that having both female and male health educators in the villages and making time for informal conversations were key to breaking down taboos around the subject.

- *Leveraging the role of the Churches:* Churches are very well positioned to undertake WASH projects, as their congregations act as networks into the districts which can identify communities with priority needs. Rural Churches often have district health or education offices that can house a WASH team.

It is difficult to provide a comprehensive picture of the opportunities for further NGO engagement in the PNG WASH sector without additional consultations outside of the scope of this research. However, based on preliminary findings, indicative capacity and potential funding mechanisms for future WSI investments in PNG are presented below.

INDICATIVE CAPACITY OF NGO SECTOR

There are a limited number of NSAs with sufficient capacity to carry out WASH activities. The RWSSP has registered 88 NSAs²² that have some WASH capacity, with 37 of these passing assessment and receiving grants as of January 2008 (RWSSP, 2008). The skills base within these organisations is not large: RWSSP notes that only about one-third of NSAs have skilled technical people on permanent staff, whilst the rest need to recruit staff as funds become available. Although the number of skilled health staff is higher, many of these people do not have experience with water and sanitation (RWSSP, 2008). Some of the larger organisations with a good deal of existing capacity include ADRA, World Vision, Anglican Health Services, Oxfam, Live and Learn, Uniting Church and Child Fund.

The RWSSP (2008) highlights a number of challenges related to the absorptive capacity of NSAs including:

- *Uneven skill sets across NSAs*, some having strengths in technical aspects and others in community development, but few with a strong capacity to implement the ‘whole package’;
- *A dependence on project funding*, and thus a difficulty in retaining trained staff when funds are not available or when there are funding gaps.²³ This results in the need to continually train new staff; and
- *Limited financial management and administration capacity*, resulting in difficulty in managing and acquitting funds.

Like the CDS, RWSSP undertakes an intensive program of formal training, workshops, mentoring and peer-to-peer learning to help the NSAs deliver project activities. It is therefore likely that over time NSAs active in the WASH sector will be capable of taking on more work. At present, however, although there is a very large need for WASH initiatives, the absorptive capacity of NSAs is limited. New WSI investments might consider targeted and specific capacity development activities which complement or supplement those of the RWSSP.

Based on information submitted by NGOs about pipeline plans and funding requirements for WASH activities, NGOs active in the PNG WASH sector could potentially absorb funds to the order of \$3.8m in 2009/10 and \$4.4m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity.

²² Of the 350 that have responded to the RWSSP’s calls for proposals.

²³ The NSA reliance on project funding, coupled with difficulties and delays in the release of EU funds has created major problems for the RWSSP. Without reliable funding, NSA projects have moved forward in fits and starts. The most recent gap in activities between RWSSP Phase 1 and Phase 2 has created difficulties for some of their NSA partners.

KEY FUNDING MECHANISMS APPLICABLE

The research included a rapid review of potential funding mechanisms applicable in the PNG context. It is important to consider the management burden associated with coordination of multiple funding mechanisms and it might be necessary for AusAID to be targeted in their support for NGOs, selecting only one or two mechanisms from the suite of potential mechanisms. In light of this, potential funding mechanisms order of priority, include:

Ensuring close coordination and donor harmonisation with PNG-EU RWSSP Phase 2. The EU is already committed to increasing direct funding to NSAs in the next three years and has well established systems and funding mechanisms in place. AusAID could consider co-financing arrangements in the second phase of the project.

Providing a funding window as part of the small grants component of the new Democratic Governance Program. Block grant funding for WASH projects under the new DGP would build on and extend the work of the CDS. As AusAID transitions into the new DGP it plans to retain elements of the CDS, including the distribution of community block grants administered by one of the four proposed regional managing contractors of the program (AusAID, 2006a). This option would be a relatively efficient means of disbursing funds; however, it would need to complement and not duplicate or overlap with the RWSSP. This could possibly be achieved by focusing on the 3 provinces where RWSSP does not currently operate.

Including PNG investment options in centralised funding mechanism managed through Community Partnerships in Canberra. Several of the larger proposed projects of INGOs with Australian presence could be funded through this mechanism.

Expanding WASH activities through the PNG Churches Partnership Program. PNG CPP presents a possible channel for new WSI investments. Although strongly focused on institutional strengthening, the CPP does support service delivery as one of its core areas. A recent mid-term review of the CPP noted that there was considerable scope for expanding from the traditional Church service delivery areas of health and education to new areas including livelihood and community development (Kelly *et al.*, 2007). As many of the Churches already have WASH programs supported by other funding sources, it may be possible to expand these activities through CPP. Such an arrangement would have the added benefit of ensuring that scale-up of WASH activities happens concurrently with capacity development and good governance. Initial consultations with some CPP members indicated that this mechanism could be a suitable option.

PHILIPPINES

WASH CONTEXT IN WHICH NGOS OPERATE

The Philippines is performing poorly on access to water and sanitation, with 2004 WHO/UNICEF data suggesting that access to water is *decreasing* due to population increases (the annual growth rate of 2.36% means over 2 million extra people require water each year). The WHO/UNICEF 2006 data suggests sanitation is on track (urban 81% and rural 72%) to meet the MDGs, however, the National Water Resources Board (NRWB) expresses doubt in this official report. Economic development in the Philippines has not been pro-poor, resulting in inequities in provision of basic services such as water and sanitation (UNDP, 2005). The 4 million strong indigenous population particularly suffers from lack of access as they live in isolated conditions and are among the most disadvantaged (AusAID, 2008c). Equally Mindanao's context of conflict and poverty make it an important focus for NGO engagement. In March 2005, the Philippines Government (GoP) set a target of providing the entire nation with potable water and improved sanitation by 2010, however meeting this target is not likely.

There are many problematic elements within the Philippines water sector. WASH in the Philippines is institutionally fragmented and the regulatory system (managed by NRW at the national level) is weak, making it difficult to scale-up and coordinate WASH work. GoP is currently developing a sector roadmap and finance reforms are underway which may assist. Local government units (LGUs) and CBOs cover 20% of water supply (MTDTP, 2001) but suffer from insufficient funds. The Local Water Utilities Administration (LWUA) has management oversight of 468 water districts, roughly 14% of water supply coverage (MTDTP, 2001); however, many LWUAs also suffer from poor financing and management and are typically able to cover only fifty percent of their franchise areas. Urban water supply has become highly politicised and the public versus private debate, as seen in the case of Tagbilaran Bohol, has clouded the real need for focus on adequate regulations and institutions that can uphold equitable, sustainable supply (Fisher, 2008). There are also a wide variety of initiatives underway to address these challenges. Some have noted gaps that relate to lack of technical assistance in social preparation and community empowerment.

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

Although WASH is not a focus of the Australia-Philippines country strategy (2007-2011), there are aspects of WASH embedded in some current programs. Examples include through the bilateral programs Philippines-Australia Community Assistance Program (PACAP), Basic Education Assistance to Mindanao (BEAM), Strengthening Implementation of Visayas Education (STRIVE) (linked with UNICEF) and the Peace and Development Program (small community systems).

PACAP has undertaken WASH through its five target provinces (the Focal Community Assistance Scheme - FOCAS) and nationally through its Responsive Assistance Scheme (RAS). FOCAS currently has about \$1.1m (or 11% of its budget) focused on potable water projects and RAS has about \$400,000 invested in water and sanitation projects.

In addition some ANCP funded projects have focused on WASH (e.g. Anglican Board of Mission); however, there is minimal communication with the AusAID post about such initiatives. Previous AusAID WASH work that could be built on also includes Water Supply and Sanitation Performance Enhancement Project (WPEP) and the research project Models for Small Town's Water Supply.

The Philippines AusAID post have submitted a concept note to WSI on scaling-up improved sanitation in schools through School-Based Management (SBM) (through organisations comprising schools, communities,

students and parents) within BEAM and STRIVE and existing contractual agreement with UNICEF, which could potentially be included under an NGO-focused program or equally, treated separately.

AusAID Philippines post staff expressed support for introducing NGO activities as part of WSI and saw NGOs as having an important role in dealing with the social processes associated with infrastructure provision to the poor. They also recognised that links to local government units (LGUs) would be critical and that sustainability lies in developing government capacity. The main INGOs working in the Philippines are World Vision, Plan, Oxfam Australia and CARE. AusAID does not currently work directly through these NGOs and does not have existing cooperation agreements. There is a preference for working with Islamic NGOs in Mindanao; however, capacity of these groups is poor and poverty and conflict make the context challenging.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

In the Philippines there are a large number (somewhere between 3000 and 5000) of ‘development oriented’ local NGOs and the civil society sector is large and vibrant by developing country standards, though the capacity and stability of many is weak (ADB, 2007). World Bank Water and Sanitation Program staff indicate that many of the government authorities involved in WASH activities (e.g. Dept Health, NWRB, NEDA etc.) work well with NGO groups. In the WASH sector NGOs play a role both in service delivery and increasingly as facilitator, broker, catalyst and social mobiliser. Some NGOs focus on advocacy and public accountability and others on innovation and appropriate technology.

NGOs contribute to service delivery at the community level. INGOs such as Plan International provide services to the poor (tube wells, boreholes, and community water systems and sanitation facilities) and work in training community water committees in system maintenance. Anglican Board of Mission, through ANCP funding (approximately \$200 000), have recently supplied 9 remote communities with access to clean water and have worked in the WASH area since the 1980s. Child Fund is also an active INGO. Numerous local NGOs are also active in the sector. Through the AusAID PACAP initiative, some \$1.5million has been disbursed to local NGOs to undertake WASH work. In addition, the Philippines Water Supply Centre (PCWS) provides support to NGOs as well as capacity development and research innovation support.

The changing context of the Philippines WASH sector is presenting new options for NGO work to act in partnership with others to achieve scale-up of WASH activities. Shifts in regulations that currently discourage small-scale providers are currently under question, with ADB holding a forum in this area in early 2008. Instead, a focus on creating an enabling environment for water utility companies to partner with civil society and private companies to operate in poor unserved areas such as slums is being proposed. Such changes would present an opportunity for NGOs to partner with communities and small scale providers, and potentially get involved in micro-financing for such initiatives.

New regulations and roles for NGOs and other are also underway to assist in increasing demand for credit. Currently LGUs perceive that there are free or less costly sources available (e.g. grants from donors, politicians’ funds etc.). The Institute for Popular Democracy (IPD) and the Associative Water Center, a social enterprise currently starting up (of which PCWS is a partner), are focusing on providing a role as a support centre on the technical, financing and policy issues facing associative water providers²⁴. IPD has been successful in creating partnerships with local governments, communities and water utilities to extend the reach of financially burdened utilities, with communities playing a fulcrum role in enhancing efficiency, commercial attractiveness and raising finance.

²⁴These include a large range of types of organizations from water service co-operatives and associations to homeowner to stock co-operatives and non-stock corporations (associations).

Regarding advocacy, some NGOs play a role in communications and campaigning to raise WASH higher on political agendas. For instance INCITE Gov play an advocacy and communications role in the sector, including organising national level fora for WASH stakeholders to assist policy dialogue.

In sanitation, WSP are founding members of a network of government and non-government organizations, called the Philippines Ecological Sanitation Network (PEN), which has a number of NGO members (including core member CAPS (Center for Advanced Philippine Studies) as well as academic institutions and area acting as a knowledge and advocacy platform. The NGO STREAMS of Knowledge is also highly active.

In terms of innovation, NGOs also work with research institutions trialling new approaches. An example is partnerships between NGOs and Xavier University with a focus on eco-sanitation and connections with food production and agriculture (see boxed text).

Linking sanitation and food security NGOs such as World Vision and Habitat for Humanity and many schools have partnered with Xavier University along with LGUs to innovate, demonstrate and build capacity in approaches to sanitation that integrate with food production. Activities include developing community-based vegetable production systems which are economically viable, environmental benign and socially accepted and integration of urban and peri-urban food production into city planning.

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

It would appear that further engagement for AusAID would be most beneficially focused on local organisations, as several of them are in strong positions to engage in national policy dialogue and exert strategic level influence.

The level of INGO investment in the WASH sector appears low compared with other countries, and Plan International, who are present in the sector already have a large funded program.

INDICATIVE CAPACITY OF NGO SECTOR

Further research would be needed to establish the absorptive capacity of the NGO sector with any degree of accuracy. There is little absorptive capacity with respect to INGOs. Oxfam and World Vision have both proposed small-scale work and no investment options were yet received from Child Fund although they are working in the sector.

The initial consultation done as a part of this research indicates considerable in-country indicative capacity worth investigating further. Many local organisations exist which have not yet been consulted (e.g. STREAMS). PCWS has proposed managing a program focused on supporting local NGOs working in areas of conflict and poverty, based on their existing networks and approaches. In terms of urban water supply, there is significant opportunity to work with the local organisation Institute for Popular Democracy (IPD), which is involved in initiatives to assist extension of services into poor urban communities. In terms of sanitation, there is capacity within organisations focused on eco-sanitation and its uptake in schools and communities based on successful existing initiatives. Finally, the local NGO INCITE Gov has a pipeline plan for a large scale communications advocacy campaign focused on WASH.

Based on information submitted by NGOs about pipeline plans for WASH activities, NGOs active in the Philippines WASH sector could absorb funds in the order of \$4.1m in 2009/10 and \$4.7m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity.

KEY FUNDING MECHANISMS APPLICABLE

One key funding mechanism would be to work through the PCWS, which has an annual budget of \$11m and experienced professional staff including engineers and trainers. PCWS have agreed that they would be happy to play this role to support local NGOs conduct service delivery work in challenging circumstances and provided an initial figure of their current capacity to manage funds.

Other local NGOs support the notion of having a locally based grants administrator, and in addition, one NGO has suggested that setting up funding support in a network (rather than isolated projects) would assist coordination, sharing and learning between them.

Another potential mechanism would be to channel some funds through PACAP, with PACAP making calls for water and sanitation focused projects from local organisations. The PACAP Director has indicated that there is capacity to absorb new funds over the next 17 months (PACAP ends in January 2010 unless extended) and would look to fund grants of on average \$20,000-\$30,000 to NGOs putting forward water and sanitation projects, however the WSI timeline (with funds coming available in July 2009) may make this challenging. If PACAP were to be extended into a new phase, it would possible for the initiative to handle roughly \$1.25m worth of community based WASH projects.

A centralised mechanism has not been included as few investment options were suggested by the INGOs with Australian presence, and the research reveals that investing in local organisations in the WASH sector in Philippines is likely to be more cost-effective and strategic.

SOLOMON ISLANDS

WASH CONTEXT IN WHICH NGOS OPERATE

Like much of the Pacific, the island geography and dispersed rural population of the Solomon Islands (SI) provides particular challenges for the provision of WASH services and activities. Of the Solomon Islands population of approximately 600,000, 84% live in rural areas across 350 inhabited islands (Bourke et al., 2006). The Joint Monitoring Programme reports improved sanitation coverage for urban areas as 98% and 18% for rural areas (WHO/UNICEF, 2008). Access to 'improved' water supply is reported as 94% for urban areas and 65% for rural areas. These figures are generally supported by the Village Resources Survey of 1996/97 and Solomon Islands National Census conducted in 1999 (MPGRD 2001).

The Division of Water Resources within the Department of Mines and Energy administers and manages the nation's water resources. The Environmental Health Division of the Ministry of Health and Medical Services is responsible for the provision of safe water supply and sanitation to rural populations. The Solomon Islands Water Authority (SIWA) is responsible for the provision of safe water supply and wastewater services to urban areas (Honiara and Provincial capitals), though Honiara City Council also has functions relating to sanitation, wastewater and solid waste collection within the town boundary. Pollution and water quality management is the responsibility of the Department of Environment and Conservation. All sections of the government responsible for aspects of water management struggle to meet their duties due to a lack of resources.

In such a context community engagement in WASH activities is critical, and this is often supported by NGOs. Some NGOs have established local teams to facilitate programs in rural areas. NGOs have also increasingly played a role assisting the government to address maintenance issues and meet demands from communities without access to water supply systems. (SOPAC, 2007).

Some of the major challenges for WASH in SI are (Wairiu and Powell, 2006):

- The development of water supply systems and sanitation in the provinces is expensive on a per capita basis;
- Service provision to rural populations is a primary concern;
- Social acceptance of sanitation facilities is still low and sanitation is generally a taboo topic;
- There is a general lack of maintenance of systems, with most of the installed systems now needing repair or rehabilitation; and
- Land disputes have sometimes led to systems being deliberately vandalised and damaged.

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

WASH does not feature strongly within the current AusAID Solomon Islands country program²⁵, where the post-conflict situation means the program goal is to develop 'a peaceful, well-governed and prosperous Solomon Islands'. This goal is delivered through the Regional Assistance Mission to the Solomon Islands (RAMSI) and the AusAID managed bilateral program. Within the bilateral program, small scale community based WASH activities are supported through the Community Sector Program (CSP). Water supply is consistently one of the top priorities identified by villages. Community water systems, tanks and sanitation facilities comprise approximately one tenth of program activities which also include building schools, health clinics and capacity development of NGOs.

²⁵ The most recent available strategy is the Solomon Islands Transitional Country Strategy (2006 – mid-2007) (AusAID, 2006b).

In the past AusAID has made significant investments supporting the Ministry of Health and Medical Service's Rural Water Supply and Sanitation Program (RWSSP). Between 1998 and 2001,²⁶ a total of 37 water supply systems and 135 sanitation facilities were constructed in the provinces. Participating communities provided a 10% cash contribution with the remainder coming from the RWSSP. Curriculum development and materials for sanitation and hygiene promotion in schools were elements of this program and were contributed by NZAID (Wairiu and Powell, 2006).

The main donor currently active in the WASH sector is the European Union (EU). The EU's Micro-Projects has a high level of activity in community rural water supply and sanitation projects, has technical experts on staff and works with the Provincial Government and Environmental Health Division of the Ministry of Health and Medical Services. The biggest challenges for water supply and sanitation systems installed is maintenance.

AusAID engagement with NGOs has been predominantly through the Solomon Islands NGOs Cooperation Agreement (SINCA) which has been operating since 2004. This is one of the earliest CAs, and is due to be completed in October 2008. Objectives of the SINCA centre around peace-building; strengthening civil society; promoting economic recovery; facilitating women's and youth involvement in decision making; and improving basic service delivery. There are no WASH activities within SINCA. Churches are important active civil society organisations in SI, and within SINCA four of the seven partnerships are with Church-based organisations. Whilst Churches are involved in aspects of service delivery, this is not as marked as in PNG and is mostly for health clinics and nurse training.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

NGOs and civil society organisations are particularly important in SI, where the government lacks the capacity and resources to provide services to the many dispersed and isolated rural and island communities. NGOs have been involved in the construction of water supply systems, water tanks and sanitation facilities in rural communities. NGOs are also involved in community awareness raising, particularly around river care and pollution prevention. In conjunction with these kinds of awareness raising activities, Live and Learn Environmental Education also undertake water quality sampling and catchment management activities with communities in Guadalcanal.

World Vision Australia and ADRA are the largest Australia-based NGOs involved in water supply and sanitation programs, and both work with the EU Micro-projects. World Vision implements rural water supply and sanitation projects in wards in Guadalcanal and Malaita, particularly focusing on communities that were affected by conflict during the tensions. Communities are prioritised based on health issues (incidence of water related disease) and the project approach includes a rapid appraisal for health baseline data, a technical survey for engineering design and community training in environmental health.

Red Cross runs a three year health awareness project aimed at promoting behavioural change and enabling remote communities to make healthy choices on the Weathercoast and in northern Malaita. Through community discussions led by Red Cross trainers, basic health information is shared with vulnerable people across a range of issues which include hygiene and sanitation (Red Cross, 2008).

Oxfam Australia works in the Solomon Islands, though its WASH activities have been primarily around the earthquake emergency response in Gizo. Whilst primarily emergency response, Oxfam highlights the importance of involving women and community in decision making right from the beginning and utilising local staff as means of ensuring emergency responses result in better long-term outcomes.

²⁶ Like many programs, the RWSSP was cut short by the civil conflict (2000 – 2003) following the 2000 coup. The breakdown in law and order from 1998 to 2003 has exacerbated and accelerated the decline in service delivery by Government to communities across the country.

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

Given the outreach of NGOs into communities, and the emphasis given by AusAID to strengthening civil society in SI, there are many good reasons to increase support of NGO WASH activities. One NGO representative expressed his view that relying on the government for service delivery to rural communities is never going to provide adequate services to rural populations, and that models which empower communities to manage their own resources and services is the only viable way forward.

In addition to the few specific projects identified by Australia-based NGOs interviewed, there are some higher order investment options, which should be seriously considered by AusAID. These are:

Include WSI elements in the review and extension of SINCA (finishing in October 2008). The possibility of outsourcing the management of the next Cooperation Agreement phase is currently being considered. Many of the NGOs working with SINCA already have WASH expertise, although work to date has been undertaken with donors other than AusAID (e.g. EU). There is a good window of opportunity to build WASH program elements into the extension and redesign of SINCA.

Support a network of specialists to provide mobile WASH support to rural communities for on-going assistance and maintenance of systems. Mobile training teams are familiar in the Solomon Islands from the colonial agricultural extension officers operating in the 1960s and 1970s and have been suggested for other activities such as youth training (AusAID, n.d.). A mobile support team approach has the benefit of communities being able to learn as a group in their home environment and makes it easier for women to participate. Mobile Support Teams have also been suggested by the Strategic Framework for Supporting Civic Education in SI (AusAID, NZAID and RAMSI, 2008) to encourage learning across villages where common interests or problems occur. There is clearly momentum building for these support mechanisms to rural communities, and having WASH expertise available through mobile support teams would assist communities otherwise isolated from support services (be they technical or community development).

Co-fund the existing EU Micro-Projects program. This program has established processes, specialist staff and is well-known to communities and NGOs as a funding mechanism. Providing further assistance in participatory planning to encourage community ownership and bolstering support for maintenance and community support would strengthen the program.

INDICATIVE CAPACITY OF NGO SECTOR

The research has only been able to collect information from Australia-based NGOs operating in SI on the topic of absorptive capacity. An in-country visit would be required to ascertain the competencies of other local, Church-based organisations and INGOs operating in the SI WASH sector. Based on submissions from predominantly Australia-based NGOs about pipeline WASH plans, it is estimated that NGOs active in the WASH sector could absorb funds in the order of \$1.2m in 2009/10 and \$1.5m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity.

KEY FUNDING MECHANISMS APPLICABLE

As mentioned above, including WASH components into the next phase of SINCA would be an appropriate way to engage NGOs in the sector. There is the possibility of outsourcing the next phase of SINCA to an AMC or

large NGO, thus reducing the management, reporting, strategic oversight and capacity development responsibilities of AusAID in-country. It should be noted that most NGOs appreciated the support and close relationship with AusAID, and processes should be put in place to ensure that any AMC taking on the role can provide these supporting functions as well.

TIMOR LESTE

WASH CONTEXT IN WHICH NGOS OPERATE

Access to water and sanitation in Timor Leste is amongst the lowest in the region, and progress towards improving access has been slow. It is difficult to obtain reliable data on water and sanitation coverage due to discrepancies in survey methodology and definitions of access. The National Directorate of Water Supply and Sanitation Service (DNSAS) within the newly created Ministry of Infrastructure²⁷ estimates national coverage for water supply in 2007 at 43%, with approximately 45% of urban/peri-urban dwellers and 41% of rural dwellers having access to safe water (GoTL, 2007). Recent estimates place national access to basic sanitation at 48.5%, with 76.7% urban sanitation coverage and only 38.5% rural sanitation coverage (Interim Statistical Abstract of TSL, 2007 cited in Robinson, 2008).²⁸ There is wider variability of access to both water supply and sanitation across the rural districts²⁹ and sanitation is lagging well behind water supply. To date, NGOs have played the predominant role in service delivery in the rural context, with most focusing heavily on water supply.

Frequent government restructuring has meant that responsibilities for water supply and sanitation have shifted and changed over time. Since August 2007 the newly renamed DNSAS (formerly DNAS) has been the lead agency for rural water supply and sanitation. At present, sanitation does not have a clear institutional home as DNSAS has focused mainly on water supply. Recent indications are that the Department of Environmental Health within the Ministry of Health will begin to take the lead on sanitation at the national level (Robinson, 2008). Changes in government departments and staff have led to some lack of clarity amongst NGOs with regards to government rules and regulations. For example, despite the fact that the current procurement law allows the government to contract to national NGOs, most NGOs consulted were unaware of this and assumed that only private companies could bid for government projects.

There is currently no national level policy for water or sanitation. A Water Resources Management policy was drafted in 2004, but has yet to be adopted by the government. The Water Decree 2004 focused mainly on urban water supply. The main policy direction for rural water and sanitation is set out in the DNSAS Community Water and Sanitation (CWSD) Guidelines, developed under the AusAID Community Water Supply and Sanitation Project (CWSSP). These guidelines have not been updated since 2005. The CWSSP also helped develop district plans for rural water supply, but not all of these have been kept up-to-date.

The AusAID Rural Water Supply and Sanitation Project (RWSSP) has recently led the development of a Rural WASH Sector Strategy 2008-2011 (RWASH Sector Strategy), which was adopted by the Government of Timor Leste (GoTL) in August 2008. The strategy is modelled on a sector-wide approach and sets out comprehensive framework for future rural WASH activities. The RWASH Sector Strategy will provide the basis for the Medium Term Expenditure Framework (MTEF), which will determine specific investment requirements and serve to coordinate new investments under a single national level platform.

²⁷ Prior to the Ministerial reorganisation in August 2007, rural water supply and sanitation was under the National Directorate of Water Supply and Sanitation (DNAS) within the Ministry of Natural Resources, Minerals, and Energy Policy (MNRMEP).

²⁸ Despite this data, at present the main urban population of Dili, up to 80% of whom are in informal settlements, are believed to be without public sanitation services (Robinson, 2007).

²⁹ Access to water supply ranges from a high of 63% in Bobonaro to only 27% in Ermera (GoTL, 2007). Similarly, sanitation coverage ranges from 47% in rural Baucau and Lautem to just 18% in Oecussi (Robinson, 2007).

The GoTL plans to begin implementation of nation-wide decentralisation reform from next year. This process will see the formation of 13 ‘municipalities’ and the creation of local assemblies that will support planning, service delivery and financial management of local budgets. From 2005 to 2008, of the 194 infrastructure projects funded by the Local Development Fund for local assemblies in 8 pilot districts, 19% were for water and sanitation (MoSATM, n.d.). The decentralisation process will have major implications for WASH service delivery and for NGO roles within it.

In terms of donor investment for rural WASH, AusAID through RWSSP currently has the largest commitment. USAID has recently committed funding for a District Water Supply and Sanitation Project that will rely on NGOs as implementing partners. UNICEF is also active in the rural sector, with US\$2m per year channelled through ministries and national NGOs for school water, sanitation and hygiene programs. In the urban sector, ADB and JICA are the lead donors (GoTL, 2008).

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

AusAID has a long history of working with NGOs in the Timorese WASH sector and support for water and sanitation remains a key priority in the AusAID Timor Leste country strategy. From 2003 to 2006, the Community Water Supply and Sanitation Project (CWSSP) worked with 14 national NGOs, providing them with core funding, technical support and capacity development to implement rural water supply and sanitation schemes in 3 districts.

From 2006, AusAID commenced the RWSSP, which focuses broadly on strengthening sector-wide capacity to deliver rural WASH services over a 10 year period (with funding approval of \$25m for the initial 5 years). Unlike the CWSSP, the RWSSP is not responsible for direct implementation of service delivery and does not provide core funding to national NGOs. Rather, it is working to support a Sector Wide Approach (SWaP) to rural WASH and is thus embedded within national government. The project has a phased design which will progressively hand over planning, contracting and management of service providers to GoTL (DNSAS) (AusAID, 2006). In the early phases of the project, it is expected that RWSSP will manage service delivery contracts (primarily with national and international NGOs) and that over time the government will directly manage this process. RWSSP has already contracted INGOs to undertake scoping and background research during the project design phase, and is currently actively seeking NGO interest in future project activities. As noted above, RWSSP has facilitated the development of the RWASH Sector Strategy³⁰ in wide consultation with NGO and government stakeholders. The strategy explicitly acknowledges the roles of NGOs within the sector and the need to strengthen these.

Through the East Timor Community Development Scheme (ETCAS), AusAID provides small grants of up to \$35,000 for NGOs, Churches and CBOs, which directly support small development activities that assist local communities. Due to the great demand for water, a number of proposals for small scale water and sanitation schemes are usually funded each year.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

³⁰ The RWASH Sector strategy has five key priority areas: sector policy and planning; support mechanisms and resourcing; RWASH service delivery; community management of RWASH activities; and environmental protection and natural resource management (GoTL 2008).

In the absence of significant government or private sector capacity, national and international NGOs have played a primary role in WASH service delivery. Generally, INGOs have concentrated their work in the rural districts (with very little work in urban areas), and have currently spread themselves throughout the districts so that only one or two are active in any one geographic area. Since 1999 however, the number of international NGOs implementing WASH activities has greatly decreased. Currently, only a small number of INGOs have the capacity to undertake significant WASH service delivery activities (e.g. with water engineers or hygiene specialists on staff). These include the Federation of Red Cross, Oxfam, Plan, WaterAid, Triangle GH, Caritas, Concern, and World Vision. A growing trend within the INGO sector in Timor Leste is the shift towards integrated 'livelihood security' and 'community-based disaster risk management' programming, within which small scale WASH activities are often one component. Thus, INGOs increasingly see their work as addressing community needs in a holistic way, and embedding WASH work in more integrated programming. During the recent 2006 unrest, INGOs also played a lead role in emergency WASH provision in Internally Displaced People (IDP) camps in and around Dili, most recruiting expatriate staff on short-term contracts for this work.

A recent survey of national NGOs indicates there are approximately 14 national NGOs with capacity and experience in water and sanitation service provision.³¹ Consultations revealed some fluidity and overlap amongst these groups: the actual number of people involved is quite small. The national NGO sector is quite specialised, with many NGOs doing WASH as their core or only activity. National NGOs tend to be very flexible in terms of staffing arrangements, keeping only a small number of core staff and recruiting new staff on a project basis. Most national NGOs consulted noted a heavy reliance on project funding and the need to contract and partner with international NGOs, leading to difficulties in terms of forward planning.

Beyond service delivery, most NGOs see their role as incorporating elements of advocacy and policy influence, particularly in terms of representing community needs at the national level. NGOs were key stakeholders in the RWSSP-facilitated development of the RWASH strategy, and continue to play an important role in dialogue around the formulation of a national sanitation policy (see boxed text below). Most NGOs consulted noted with appreciation the role RWSSP has played in engaging the NGO sector in national policy dialogue. Oxfam in particular has deliberately attempted to influence government policy by 'embedding' one of its Water and Sanitation Advisors in DNSAS to play a support and mentoring role. NGOs also seek to influence one another, and improve practice generally across the sector, through both formal and informal networking. The national umbrella group NGO Forum (FONGTIL) represents national NGOs, although most national NGOs consulted did not see this forum as one where they would bring WASH-specific issues.

NGOs have taken a lead in piloting and promoting new technologies and approaches such as the hydraulic ram water pump (e.g. World Vision), composting toilets, the PHAST methodology and most recently, Community Led Total Sanitation (CLTS) (e.g. WaterAid, Plan and Oxfam). NGOs tend to provide training across the sector, inviting one another to participate and learn about new approaches.

NGOs also lead the sector in terms of providing critical research. The GoTL and RWSSP have recently supported several research activities: two district-wide assessments of existing water supply coverage, undertaken by Oxfam and Triangle (see below); one study on international lessons learned for the WASH sector undertaken by WaterAid; and most recently, a study on community participation and water supply by National Democratic Institute (NDI).

³¹ These include: Amar, Bia Hula, CPT, CVTL, ETADeP, FSHBF, FSP, HIM, HTL, HTO, Kalise, Natiles, NTF and Timor Aid.

This research is informing RWSSP and DNSAS's work plan and helping to shape national WASH priorities. Similar studies and assessments are currently being planned by RWSSP.

NGOs leading a national debate on sanitation NGOs are active participants in the recently formed Sanitation Working Group, a national government-chaired forum for discussing issues and sharing experiences. This forum has provided an opportunity to discuss a new approach to sanitation - CLTS - which was first introduced to Timor Leste by WaterAid and Plan through pilot projects in 2007. WaterAid and RWSSP ran a national sector-wide workshop and training session on the approach in 2007, which was well attended by the NGO community. Trainings in CLTS have since taken place for Oxfam and other NGO staff. A study tour to Indonesia including high-level government officials from MoH as well as UNICEF, Plan and WaterAid staff was completed to see the impacts of CLTS there. Subsequently, the MoH has decided to pilot the approach in four villages. It is very early days for CLTS in Timor Leste, and the debate about the whether or not to adopt the approach is still underway. NGOs consulted expressed mixed views, with some planning to adopt the approach and others very opposed. Whatever the decision taken by individual organisations and the government, there is no doubt that the views and experiences of NGOs are shaping opinions, building consensus and impacting strongly on the discussions around sanitation approaches and a national sanitation policy.

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

It is clear that there is much scope to expand and strengthen NGOs' roles in the WASH sector in Timor Leste. In addition to continued engagement in national policy issues, NGOs could increase their work in the following areas:

Rehabilitation, operation, maintenance: Results of the RWSSP funded assessments in Manatuto and Covalima, undertaken by Triangle GH and Oxfam respectively, reveal that only a very small proportion of installed water systems were still functioning properly,³² with many falling into disrepair within the first two years of operation (Oxfam, 2008; Triangle, 2008). National NGOs in particular noted in consultations that it was difficult to place proper emphasis on maintenance as donor contracts often focused on short-term inputs and they simply did not have the resources to provide ongoing support. INGOs noted mixed results in terms of engaging district DNSAS staff in maintenance of systems. Much more support could be given to NGOs in strengthening community and district DNSAS staff ability to maintain assets, and to identify and address root causes of system breakdowns.

INGOs transitioning to a mentoring and coordination role, with a stronger emphasis on partnerships with national NGOs: Most INGOs take on national NGO partners, with partnership models ranging from short-term contracts for specific implementation activities to long-term MoUs linked to organisation and technical capacity development. Several INGOs noted difficulty building meaningful partnerships, and their desire to work on this (Plan has recently undertaken an independent review of their partnerships model). There is clearly scope for more work to be done

³² Of 65 systems examined in Manatuto, only 9 systems (14%) were functioning properly (Triangle 2008). Of 134 systems examined in Covalima, only 44% of piped systems (24 of 54 piped systems) were fully functioning, while only 28 (41%) of 69 hand pump systems were fully functioning (Oxfam Australia 2008).

in improving the quality and equity of relationships between national NGOs and INGOs, with the latter transitioning over time to a capacity development and mentoring role, and helping to coordinate activities at a district or national scale.

Engaging women in more meaningful ways: NGOs consulted noted the difficulty of addressing gender issues both within communities and in terms of their own staff. Many NGOs reported the difficulty of finding qualified women who were willing to work in district and field offices for long periods. Most NGOs reported that water user groups tended to be dominated and led by men, despite efforts to support gender equity. Many stated it was difficult to involve women, as they tended to think of ‘construction work’ related to the project as a ‘man’s job’. A notable exception is Plan, which reported some successes in engaging women as leaders of village water user groups. NGOs can be supported to explore barriers to women’s participation and develop approaches to overcome these.

Developing a national M&E framework: Several of the NGOs consulted expressed a need for some way of measuring the quality of WASH work at a national level. As one INGO staff member put it, ‘We have no policy at the national level, so different NGOs are all implementing different approaches. We need some way to assess one against another.’ NGOs indicated their interest in developing a set of national-level indicators or criteria to measure their work. NGOs could be supported to strengthen their own work through a better understanding of its effectiveness.

INDICATIVE CAPACITY OF NGO SECTOR

It is estimated that at least US\$ 16 m will be required each year for the next 7 years to meet the national RWASH development goals (GoTL, 2008). Currently, INGOs and small grant schemes contribute about US\$1.25m to water, sanitation and environmental health programs per year (GoTL, 2008). Both international and national NGOs are well aware of increasing investment and growing donor interest in the sector, and many are planning to scale-up or initiate activities accordingly.

Interviews with the 8 INGOs that currently have significant WASH programming indicate that these INGOs collectively employ between 35 and 50 technical staff and a greater number of health education/community development staff. All of these INGOs rely on a predominantly national staff, with usually one or two international engineers in advisory roles. A recent national NGO survey indicates that the 14 national NGOs active in the sector have access to 47 technical staff, 46 community facilitators and 25 staff with environmental health skills. Collectively, these NGOs estimate they could carry out 41 new projects per year. It should be noted, however, that there is concern about whether many national NGOs have the capacity to undertake activities without significant supervision and mentoring (e.g. from an INGO partner).

The main constraint to scale-up will be the pace at which NGOs can train or recruit skilled staff and the overall organisational capacity of NGOs to manage larger programs. This capacity constraint is generally true of the sector as a whole. INGOs have the advantage of being able to recruit skilled staff from the international market if necessary; however, most are committed to training new local staff and/or working through local NGO partners.

At present, few national NGOs have core funding or additional resources to undertake activities outside of the scope of their contracts. Thus, the financial security of these NGOs depends on the availability of donor funding and their ability to extend their partnerships with INGOs. There are numerous constraints to this model: national NGOs spend a large proportion of their time bidding for project funding, they have difficulty retaining staff between projects, and they find it harder to plan strategically for the future.

It is important to recognise that the security situation in Timor Leste remains a factor in investment planning. Of the 7 national NGOs consulted in this study, 2 had their headquarters burned down in the 2006 unrest. These kinds of delays not only halt project activities and administrative functioning, but also have psychological impacts which can reverberate through an organisation and make it difficult to proceed with 'business as usual'.

Based on submissions of pipeline plans for WASH activities, it is estimated that INGOs could absorb \$4m in 2009/10 and \$4.6m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity. For example, these figures do not fully capture the capacity of national NGOs: as noted above, national NGOs tend to respond to tenders as they become available and could possibly take on a significant share of new WASH projects.

KEY FUNDING MECHANISMS APPLICABLE

It is generally recommended that the most appropriate mechanism for new WSI investments for NGOs is through the RWSSP in the short term, and directly to the project's counterpart Ministries in the longer term (as the project itself hands over management responsibilities). Given the RWSSP's efforts to provide high-level coordination through the RWASH Sector Strategy, it is appropriate to utilise this existing mechanism rather than creating parallel funding streams.

Limited WSI funding for smaller-scale WASH projects could be channelled through the Australia-East Timor Community Development Scheme. This mechanism has been a particularly effective way of resourcing some of the smaller NGOs and CBOs to undertake WASH activities, and would support current GoTL efforts towards decentralisation.

VANUATU

WASH CONTEXT IN WHICH NGOS OPERATE

While Vanuatu enjoys better water and sanitation coverage than some countries in the south Pacific (WHO/UNICEF, 2004), there is a significant urban-rural divide and a considerable proportion of rural households, which make up 80% of the total population of Vanuatu, have no access to improved water and sanitation facilities. The most recent statistics for Vanuatu from the WHO/ UNICEF Joint Monitoring Program (WHO/UNICEF) in 2004 suggest only 52% of rural households have access to improved water supply and only 42% have improved sanitation. There are no sewerage systems in Vanuatu, and the 5 water treatment plants are privately owned by the major resorts. In 2006, a household income and expenditure survey³³ revealed that 69% of rural households have improved water supply and 74% have improved sanitation. While both surveys found 86% of the urban population to have improved water, the WHO/UNICEF found that 74% of urban households had private connections, while the HIES found this to be only 50%. In rural areas the WHO/UNICEF estimated 28% of the population had household connections, while the HIES found it to be a mere 10% (WHO/UNICEF, 2004; Vanuatu National Statistics Office, 2006).

While the Department for Geology Mines and Water Resources (DGMWR) is responsible for water service provision throughout Vanuatu, much of the focus has been on urban water supply, in part due to the remote geographical nature of Vanuatu and dispersed population, but also due to operational constraints and lack of capacity. In 2007 NZAID, through Oxfam Vanuatu, funded the development of a new Vanuatu National Water Strategy in order to help the DGMWR address issues such as finances, human resources, institutions and operations. The National Water Strategy is an attempt to move away from exclusive donor-led development to empower the government to better supply services to its own people. The strategy recommends the establishment of a separate Department of Water, which spreads responsibility, authority and resources through to provincial government and community levels. The strategy recommends as much integration as possible with organisations such as World Vision, Live and Learn, and the Pacific Island Geoscience Commission (SOPAC) to carry out a range of tasks such as public awareness and training in hygiene and sanitation systems, water safety and demand management. It is also recommended that the construction of water supply and sanitation infrastructure be carried out by private sector partners, donors, NGOs and community groups where appropriate. In essence, the strategy advocates the new Department of Water take a holistic, co-ordinated, decentralised approach. The planned implementation of the strategy is over a three-year transition period. During this period some key activities include changes to institutional arrangements and capacity development across the sector (Fitchett, 2008).

Sanitation was previously managed by the Ministry of Health, with Sanitation Officers working at Provincial level trained to construct pit latrines. These Sanitation Officers are no longer operational, although some have become the 'Village Plumbers'. There is currently no formal sanitation management in Port Vila. In 1998 the ADB prepared a Sanitation Management Plan that recommended the construction of a formal sanitation system by the Public Works Department. Sanitation infrastructure and permanent sanitation officers in each province are part of the new National Water Strategy (Fitchett, 2008).

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

Water, sanitation and hygiene are not explicitly mentioned in AusAID's country strategy for Vanuatu, but rather are embedded in other initiatives. Engagement with the WASH sector has been through a collection of small ad hoc projects

³³ The survey was carried out by the Vanuatu National Statistics Office with funding from AusAID and Millennium Challenge Corporation and assistance from Australian Bureau of Statistics and Fiji Bureau of Statistics.

such as the SOPAC Water Safety Planning Project in partnership with Live and Learn, which created educational materials for public awareness in water, sanitation and hygiene; the Australian Water Research Facility comparative study for risk management of water resources at the catchment level; ADB funded workshops on regulatory frameworks for water and energy utilities; and vulnerability and adaptation initiatives such as the solar powered desalination plant on the low rainfall island of Aniwa. Many of these projects are led by AusAID post, as there is no strategic direction regarding WASH from Canberra at present.

While AusAID Vanuatu can potentially see a bigger role in the WASH sector, it is wary of crowding out other donors and conscious of ensuring harmonisation. AusAID Vanuatu is aware that NZAID is significantly up scaling its efforts in WASH and wants to be careful that any AusAID initiatives complement rather than duplicate NZAID's and other donors' programs.

AusAID Vanuatu provides core funding to local a NGO, Wan Smol Bag (WSB) theatre group. WSB's only WASH activity is a 'Health Force' project to clean up Tagabe river³⁴, through waste management community awareness; annual clean up campaigns of the river with the WSB youth groups; a rubbish collection service for communities not provided for by municipal government (i.e. informal settlements); and a project partnering with Live and Learn for children's drama workshops for Live and Learn's Rivercare project. This has enabled Wan Smol Bag to plan WASH and other activities over a longer term. Other local and regional NGOs have expressed a desire for greater engagement with AusAID of this nature.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

NGOs have been the key drivers of development in the WASH sector in Vanuatu. While there have been a number of positive improvements, there is a need for greater integration and cohesion across the sector and this was the basis for the design of the new National Water Strategy. Oxfam Vanuatu, in partnership with Oxfam New Zealand, is the key implementation NGO for the roll out of the strategy, which calls for much greater integration between government, private sector and NGOs. Some of the NGOs identified as having a significant on-going role in the strategy include: World Vision Vanuatu, Live and Learn Environmental Education and Vanuatu Rural Training Centres' Association (see boxed text).

Effective grass-roots WASH projects in rural areas Vanuatu Rural Development Training Centres' Association (VRDTCA) engages rural communities to build and maintain water and sanitation systems. Projects include composting, VIP or water seal toilets; water storage devices, wells and water systems repair; sanitation, hygiene and water testing workshops; and committee training courses on how to run and maintain a water system. VRDTCA receives funding for the projects from Oxfam International. Communities then apply to VRDTCA for one or more of the projects as needed. Support is provided for the application process as well as repairs and maintenance if necessary.

Live and Learn is a leader in WASH in Vanuatu, with more than half its total projects in the WASH sector. It creates Rivercare educational resources for schools, carries out awareness campaigns for the wider community and engages communities in problem areas of water catchments to better manage their water sources. Live and Learn also forms community water committees and trains 'water ambassadors' to test water quality in their areas in an effort to raise awareness and illicit community action. They attempt to encourage women to join the committees, although they acknowledge that this is a challenge, and that most participants are men.

³⁴ Tagabe is the main water source for Port Vila, the capital of Vanuatu, and has many informal settlements, which have no access to the piped water and therefore use water from the river directly.

World Vision Vanuatu also has a considerable role in the WASH sector. Their current projects use a PHAST approach to improving access to safe water and improved sanitation and they are targeting remote communities on the islands of Espiritu Santo, Tanna and Pentecost. World Vision is expecting to scale-up its activities in cooperation with the new National Water Strategy.

A number of church-based NGOs, such as ADRA, work in the outer islands repairing tanks and wells and engaging communities in hygiene campaigns. Youth Challenge organises groups of young ni-Vanuatu and young Australian volunteers to build tanks and toilets on the outer islands. Organisations such as Vanuatu National Council of Women and the provincial government's Rural Economic Development Initiative have provided water tanks to communities over the years and Red Cross and Red Crescent Vanuatu have led provision of emergency WASH in times of natural disaster (Red Cross, 2005).

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

There is an excellent and timely opportunity to further engage with NGOs such as Live and Learn and World Vision Vanuatu, which have already been flagged as potential key actors under the new National Water Strategy. By working together with NZAID, AusAID can help realise the positive outcomes that this comprehensive strategy can potentially deliver.

Core funding to local NGOs such as VRDTCA, which currently has training centres in each of the provinces, but not in every population centre, would enable VRDTCA to fulfil its plan to expand the network over the next three years, to reach all but the most isolated islands.

INDICATIVE CAPACITY OF NGO SECTOR

All NGOs interviewed- local, regional and international- expressed an ability to take on additional WASH projects. The demand for improved water and sanitation facilities is still high in rural areas, and due to the cost of transporting infrastructure materials to remote areas, these projects are relatively expensive compared with other projects.

Surprisingly, many NGOs commented that there were enough people with technical skills to implement WASH projects. The difficulty they found was keeping skilled people engaged in NGO work, as they often went to work for the private sector if there was a break between projects. The other difficulty noted was the lack of capacity at a community level. VRDTCA is trying hard to build this capacity by having community members involved at all stages of project implementation. VRDTCA has training centres in all provinces, but not all islands. It is hoping to expand the network over the next three years, thereby increasing capacity throughout communities. There was also mention that while the need for building *technical* capacity is not as great, there is a huge shortage of capacity in policy and strategic planning, and monitoring and evaluation, as well as the need for a mind shift across the sector towards understanding water as an integrated resource.

Based on submissions by NGOs about pipeline WASH plans, it is estimated that NGOs active in the WASH sector could potentially absorb funds in the order of \$2.1m in 2009/10 and \$2.2m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity.

KEY FUNDING MECHANISMS APPLICABLE

The main funding mechanism currently used by local Vanuatu NGOs is small grants from bilateral and multilateral agencies such as AusAID, NZAID, EU, UNDP, WHO, SOPAC and Peace Corp. To prevent misuse, some of these donors, such as the EU, have delegated the administration of the funds to an umbrella NGO, VANGO, which then pays directly for any infrastructure

materials, rather than handing over the funds directly to individual NGOs; however, this has a high administrative cost. Some organisations expressed concern over relying exclusively on project funding, especially when the project funding is short term, as they cannot ensure sustainability of projects, and a high proportion of their time is spent applying for project funding. An exception to this is Wan Smol Bag Theatre group, which receives core funding from AusAID. This allows them to undertake better forward planning and to implement longer-term initiatives. Core funding for small NGOs with proven capability in the WASH sector would greatly improve their ability to implement long-term, sustainable WASH programs.

INGOs such as Oxfam and World Vision receive their funding from regional head offices such as Australia and New Zealand. As mentioned elsewhere in this section, the new National Water Strategy recommends as much integration as possible with NGOs already engaged in WASH activities. The specific mechanisms for engaging NGOs are not yet confirmed, nor is all required funding currently committed. However, it is expected that NZAID will fund various components of the first stage of the roll out.

The Australian High Commission through their Direct Aid Projects (DAP) offers small grants of up to 500,000vatu (approx A\$5600³⁵) direct to communities for infrastructure projects such as gravity fed tanks, school ablution blocks, libraries, tourist information centre and so forth. In 2007/08, water projects accounted for almost a quarter of total DAPs: As this mechanism is direct to communities (through CBOs), and not through NGOs, there is probably not much scope for scaling up.

³⁵ based on exchange rate of 1 : 89 as at 18 July 2008, ANZ Bank Vanuatu

VIETNAM

WASH CONTEXT IN WHICH NGOS OPERATE

Access to sanitation and water in Vietnam has progressed at a faster rate than in neighbouring countries. Based on 2006 data, 92% of the population have access to water and 65% have access to sanitation, with higher levels of access in urban than rural areas (WHO/UNICEF, 2008). National level data produced by UNICEF presents a more detailed picture comparing access figures with government standards and targets. For example, according to the 2006 National Baseline Survey although 75% of rural households have latrines, only 18% of households have latrines that meet Ministry of Health (MoH) 2005 hygiene standards (UNICEF, 2007). Similarly, although 73% of schools have latrines, only 11.7% have latrines that meet MoH hygiene and operation and maintenance standards and 21.3% of schools reported that students defecate in forests, gardens, fields, beaches and streams or riverbanks. The survey also revealed poor knowledge about handwashing and lower than expected safe drinking water practices.

The Government of Vietnam (GoV) has a nationally coordinated approach to improve access to water and sanitation for urban and rural areas with a view to meeting MDGs and national level targets. The National Target Program for Rural Water Supply and Sanitation 2006-2010 (NTPII) is the prime operational arm of the National Rural Clean Water Supply and Sanitation Strategy. NTPII follows from the initial target program which was criticised for prioritising water supply over sanitation and associated education and behaviour change needs. A mid-term review of NTPII was recently completed, finding improvements in a number of areas but noting challenges including implementation capacity at lower levels of government and problems with operation and maintenance of systems installed in pilot provinces. NTPII is overseen by the Ministry of Agriculture and Rural Development (MARD) through the NTPII Standing Office. The Rural Water Supply and Sanitation Partnership Coordination Unit provides a focal point for exchange of information and coordination of government, donor and NGO activities relating to NTPII.

MoH plays a role in the sector in the development of technical standards and promotion of hygiene. MoH oversees the National Handwashing Initiative (NHI) with support from the World Bank. MoH is also in the process of developing an Action Plan for Information, Education and Communication (IEC) with associated guidance material, and intends to work within NTPII target provinces piloting behaviour change approaches including CLTS and social marketing.

Urban water and sanitation are guided by the Orientation Master Plan for Urban Water Supply Development to 2020 and the Orientation Master Plan for Urban Drainage and Sewerage to 2020. These strategies have been criticised as failing to promote pro-poor development and instead prioritising service provision for commercial and service centres and resorts and towns within growth areas (Cities Alliance, 2002).

While policies and strategies are coordinated centrally, responsibility for water and sanitation service provision lies at the provincial and district levels. However, the division of roles and responsibilities remains unclear and there is a need for more effective mechanisms for downward distribution of funds and upward reporting from provincial or district levels to central agencies. These issues reflect broader challenges associated with decentralisation related to technical and managerial capacity in provincial and district government agencies.

AUSAID APPROACH TO WASH AND NGO ENGAGEMENT

Support for the WASH sector has been a significant part of AusAID's Vietnam country program over the past decade. Bilateral investment has targeted rural and urban areas, primarily in the Mekong Delta with the Cuu Long Delta Rural Water Supply and Sanitation and 3 Delta Towns Water Supply and Sanitation projects.

The focus on WASH is set to continue with support for GoV efforts to improve access to rural and urban water and sanitation an objective of the forthcoming 2008-2015 Development Cooperation Strategy. In line with the Hanoi Core Statement and Vietnam's progression towards Middle Income Country status, AusAID support for the WASH sector is reducing investment in project-based development assistance and increasing support for Vietnamese government initiatives. AusAID, along with Danida and Netherlands Development Assistance, is providing direct budget support to the National Target Program. AusAID and Danida are also providing technical assistance to support the development of policy and regulation.

In addition to direct support for GoV initiatives, AusAID has provided significant funds for NGO WASH sector initiatives through the Vietnam Australia NGO Cooperation Agreement (VANGOCA) program. Under VANGOCA, NGOs have been funded to design and implement water and sanitation or disaster mitigation projects. Six agreements are currently in place with 5 NGOs, 3 of which are focused on water and/or sanitation (Plan, CARE and AFAP projects). NGOs consulted as part of this research were typically very happy with the management and progress of VANGOCA projects. AusAID concerns relating to specific project problems and management burden associated with cooperation agreements should be explored further to inform the design of future NGO engagement, with reference to results of the upcoming mid-term VANGOCA review.

OVERVIEW OF EXISTING NGO ROLE IN WASH SECTOR

A number of international NGOs are active in the water and sanitation sector, most notably Plan, East Meets West, CARE, World Vision and International Development Enterprises (IDE). INGOs remain the key non-government actors in the sector, with very few local NGOs active in water and none in sanitation. Reports from INGOs indicated that Vietnamese civil society is still in early stages of development and local NGOs are poorly resourced in terms of financial and human capacity.

INGO water and sanitation programs are almost wholly rural in focus, with a couple of small exceptions including demonstration work by BORDA and EAST. The rural focus of INGOs was justified by interviewees with reference to poorer access figures for rural areas and the need to support provincial and district agencies with patchy technical and management capacity in the context of decentralisation. All consulted INGOs partner with GoV agencies to plan and implement water and sanitation projects and all include some kind of capacity development within projects to support partner agencies. Some organisations (e.g. Plan) have provincial offices in a number of locations, strengthening their capacity to form partnerships with provincial and district government agencies. Most INGOs employ Vietnamese staff to coordinate and implement initiatives and most organisations interviewed worked closely with local government partners and with mass organisations, particularly the Women's Union.

INGO water and sanitation initiatives are mostly project based and focused at the community level. Some INGOs have contributed (in a review and advisory role) to programmatic initiatives including the National Handwashing Initiative, but this is less common. The extent to which INGOs engage in policy dialogue is mixed. Many focus primarily on community level project delivery, however a few also play a role in information sharing and advocacy (notably Plan and Oxfam). The NGO Resource Centre Water and Sanitation Working Group provides a forum for NGOs to exchange ideas, introduce innovative approaches and share lessons learnt, but there is little indication of communication between the working group and policy makers.

INGO WASH projects typically include both hardware (technologies) and software (capacity development, education) components. Most INGOs recognise the critical importance of education and behaviour change for effective WASH outcomes and include marketing and/or education in all activities, even when the focus is primarily on provision of infrastructure. IDE, for example, has been successfully trialling a market based approach using social marketing to stimulate demand and providing technical and business support to nurture local suppliers. However, many INGOs stress the importance of subsidies in helping poor communities access water and sanitation.

INVESTMENT OPPORTUNITIES AND RECOMMENDATIONS

OPPORTUNITIES FOR FURTHER NGO ENGAGEMENT

Future support for NGOs needs to be considered in the context of changing ODA modalities in Vietnam in line with the Hanoi Core Statement and progression of Vietnam towards Middle Income Country status. A few interviewees indicated their view that NGOs should scale back service provision projects and focus instead on NGO 'strengths' in the development and demonstration of innovative approaches (and technologies) and support for the poorest regions and communities including mountainous, ethnic minority regions. Others stressed the need to continue supporting WASH in line with broader community development initiatives, particularly in areas beyond the reach of current GoV initiatives including the second National Target Program (NTPII). For AusAID, this issue needs further and ongoing consideration and should be discussed with GoV counterparts as well as NGOs established in the Vietnamese WASH sector.

Operation and maintenance and the provision of appropriate low cost technologies are one of the biggest barriers to sustainable water and sanitation provision in Vietnam. There is capacity to learn from and support NGOs as part of efforts to overcome these challenges. NGO experiences with providing water and sanitation services within integrated community development programs could inform capacity development initiatives to address challenges associated with operation and maintenance. Support for NGOs to continue developing and piloting innovative approaches and technologies that meet community needs could inform wider distribution of appropriate low cost technologies.

In line with these NGO strengths, there is capacity for NGOs to play more of a role within GoV WASH programs including the Rural Water Supply and Sanitation NTPII and the National Handwashing Initiative. There was broad support from GoV agencies consulted for increased NGO engagement in the WASH sector where NGO activities align with national programs and priorities. NTPII is interested in extending collaboration with NGOs and recently approached IDE to discuss potential work in the NTPII pilot province of Anh Giang. NGOs could be engaged to pilot education and demand driven approaches to sanitation and hygiene promotion in line with MoH contributions to NTPII. They could also play a role supporting capacity development for Village Health Workers to engage in hygiene promotion and education about sanitation.

National level initiatives would also benefit from greater NGO engagement in policy dialogues to share their experiences in designing, planning, implementing and evaluating water and sanitation initiatives (particularly those relating to innovative approaches and technologies). The Rural Water Supply and Sanitation Program Partnership Coordination Unit provides a facility for linking NGOs and other organisations with policy makers, however, the extent to which this currently occurs was unclear.

Insufficient information was available from which to make strong recommendations about urban activities. However, considering the challenges associated with rapid urbanisation and NGO strengths in the development and piloting of innovative approaches and technologies, there is potential for NGOs to play more of a role supporting GoV urban WASH service provision. EAST, for example, is currently piloting wastewater treatment systems in peri-urban Hanoi with support from ADB.

INDICATIVE CAPACITY OF NGO SECTOR

The INGO sector has significant capacity to continue and expand its work in the WASH sector. Opportunities lie predominantly with the established larger INGOs that have been working in Vietnam for some time and have links with government partners at the province and district levels. There is scope for the INGOs working in Vietnam to scale-up their activities relatively quickly, assuming government approvals processes can be streamlined.

A number of INGOs are intending to expand their water and sanitation work in Vietnam. For example, Oxfam GB and Oxfam HK are seeking to collaboratively expand water and sanitation components of their integrated community development work in six provinces. Plan International is in the process of developing a Water and Environmental Sanitation (WES) strategy focused on schools and linking school based WASH programs to household level behaviour. They also intend to introduce and trial Community Led Total Sanitation approaches. IDE intends to increase their water and sanitation work pending the availability of core funding to support the research and development components of their work.

Based on submissions by NGOs about pipeline WASH plans, it is estimated that NGOs active in the WASH sector could potentially absorb funds in the order of \$9.3m in 2009/10 and \$10.2m in 2010/11. Detailed submissions regarding pipeline WASH projects were presented to AusAID, but have been omitted from the public report. Figures are based on a rapid assessment of indicative opportunities and do not represent a comprehensive review of all NGO activity.

KEY FUNDING MECHANISMS APPLICABLE

INGOs interviewed in Vietnam prefer to be funded directly by AusAID rather than working as a consortium or implementing projects managed by an AMC. NGOs were generally very happy with VANGOCA arrangements and particularly supportive of funding for the design phase of large projects. However, VANGOCA projects are mostly due to be completed around 2009/10 and it will be important for AusAID to reconsider how best to engage with NGOs following the completion of the current VANGOCA projects in light of Vietnamese government priorities and the new AusAID country strategy. The results of the forthcoming VANGOCA mid-term review should inform discussions about future NGO engagement and appropriate funding mechanisms and management models.

It is important in designing funding mechanisms for engaging NGOs in Vietnam to acknowledge the changing nature of development assistance and the provision of direct budgetary support for GoV initiatives. Government agencies have expressed an interest in working with NGOs in the WASH sector and there is potential for AusAID to explore opportunities to engage NGOs as an extension to their current support for the National Target Program for Rural Water Supply and Sanitation.

To effectively support the range of NGO strengths in the WASH sector from small scale innovation and demonstration through to capacity development and large scale project implementation, more than one funding mechanism would be required: one to facilitate investment through GoV; one for larger partnerships or investments comparable in scale to current VANGOCA projects; and one for smaller grant-like funding that could facilitate innovations by international NGOs and potentially nurture emerging Vietnamese NGOs. However it is also important to consider the management burden associated with coordination of multiple funding mechanisms and it might be necessary for AusAID to be more targeted in their support for NGOs, selecting only one or two mechanisms from the suite of potential partnership arrangements.

NGO PARTNERSHIPS AND CAPACITY DEVELOPMENT IN THE
WATER SANITATION AND HYGIENE SECTOR

PART 3: CAPACITY DEVELOPMENT AND STATE/LOCAL
GOVERNMENT AND UTILITY PARTNERSHIPS

CAPACITY DEVELOPMENT

INTRODUCTION

A focus on capacity development within this research arose out of concerns within the Water and Sanitation Reference Group³⁶ that the long-term success of scaling up Australian engagement in Water Sanitation and Hygiene (WASH) hinges on building the skills base of practitioners in the sector to make investments sustainable. The group expressed a recognition that Australian development assistance needs to support capacity development, and a desire to build on what already exists. Investment is needed to develop initiatives for knowledge exchange and capacity development in the Asia-Pacific region.³⁷

The following presents a rapid appraisal of capacity development needs and models informed by a review of available literature and documentation on WASH sector capacity development, as well as interviews and a workshop held in Melbourne in early August 2008. Workshop participants included Australian NGO representatives and WASH consultants and focused on identifying capacity development needs in the WASH sector, sharing knowledge on best practice approaches and identifying models and strategies to address these needs. Results of the review and the workshop outcomes are presented, as are key lessons, principles and recommended ways forward to support future capacity development within the WSI. This rapid review is by no means a comprehensive study, and it should be noted that more time and thorough investigation would be required to detail the needs and potential models for specific country or regional initiatives.

WHY IT'S IMPORTANT: CHALLENGES AND NEEDS

Adequate in-country capacity is a critical factor for development effectiveness and the attainment of the MDG target for water and sanitation. Without the development of *sustainable, in-country* capacity, increased funding will fail to achieve desired WASH outcomes.

Capacity development involves the knowledge and skills of individuals, as well as strengthening of organisations and the institutional environments in which they operate. Capacity development is linked not only to training and skill-building, but also to incentives and governance (OECD DAC, 2006). Without able, motivated people in well-functioning organisations operating within an adequate enabling environment, there is little chance that positive WASH initiatives can be taken to scale.

Changes to the WASH sector context influences what kind of capacity is needed and where. Recent trends towards decentralisation and WASH sector reform in many countries has shifted roles and responsibilities from central to lower levels of government and often to communities themselves. This has created new roles for local and provincial governments, NGOs and the private sector in local service delivery. The required WASH skills are now understood to cover the spectrum from: (i) construction and engineering 'hardware' to (ii) financing, policy development, regulation and business development to (iii) other 'software' elements such as community participation, demand creation, gender mainstreaming and education.

Importantly, the recognition of the critical role of sanitation has placed renewed emphasis on skills in sanitation and hygiene-specific approaches including social marketing, behaviour change communication and development of local

³⁶ The Reference Group consists of representatives from a number of Australian NGOs, academic institutes and the Australian water industry. The Reference Group is a community of practice that shares and communicates best practice knowledge and experiences of water and sanitation activities in order to improve outcomes for people in the region, and engages with AusAID on such matters.

³⁷ Well recognised international organisations working in WASH capacity development include Water Engineering Development Centre (UK), UNESCO-IHE and the Water and Sanitation Resource Network (IRC), all of which generally have limited activities in the Asia Pacific region.

supply chains. In workshop discussions, practitioners noted a lack of capacity in health promotion to achieve lasting behaviour change.

Inadequate attention to *how* a system will be operated, maintained, regulated, or monitored and *who* will undertake these activities after the life of a project is a key reason for failure of WASH interventions. Workshop participants noted the lack of schemes and programs to provide *long-term support* to communities and user groups in training, monitoring and operation and maintenance (O&M) issues, something also related to lack of *local government capacity* to undertake roles in supporting O&M and monitoring. Practitioners often find an insufficient critical mass of people who can supervise and implement the practical and technical components of community-level water and sanitation initiatives.

Isolated ‘islands of success’ are common in WASH, and there is a lack of emphasis on *consolidated approaches and learning from experience*. Research, networking and other mechanisms to share evidence of what works, evaluate successes and failures, and emphasise self-reflection by practitioners would assist in overcoming a lack of coordination in the field. Furthermore, as noted by practitioners at the workshop, there is a strong need for coordination between different types of sector organisations such as government departments and professional and skill groups in health, community development and engineering.

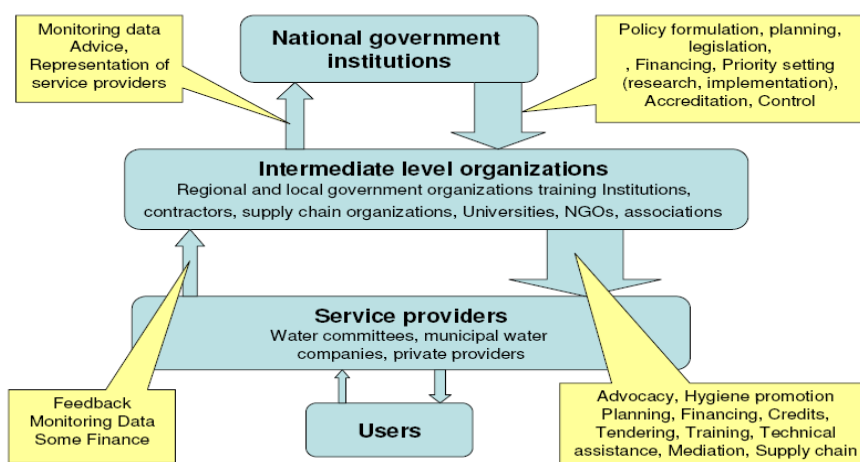
Finally, capacity in gender mainstreaming and support remains an area of critical need. WASH initiatives offer a unique opportunity to empower women. However the level of gender specialist expertise, the breadth of research and supporting resources, and the number of initiatives focused in this area are severely lacking.

CAPACITY DEVELOPMENT: FOR WHOM? HOW?

A diverse group of actors contribute to WASH sector service delivery. These include communities, NGOs and private sector providers, local, sub-national and national governments and training and research institutions, each with unique capacity needs.

There is a growing recognition of the need to strengthen capacity at the intermediate level, the interface between national governments and actual service providers (Visscher et al., 2006). This intermediate level comprises regional and local governments, training institutions, supply-chain organisations, contractors, and NGOs. The ability to successfully scale-up service provision rests on the functioning of this intermediate level. In an effort to bypass ‘failing’ government structures, externally funded projects have, in many instances, created parallel structures not rooted in institutional or economic settings, resulting in little ownership by the agencies meant to carry initiatives forward (Moriarty et al., 2005). Existing WASH capacity development efforts have tended to focus on improving the enabling environment (e.g. policy reform, legislation) or on human resources (particularly training) without strengthening these sector organisations that drive service delivery.

Intermediate level, the interface between national government and local service providers (Source: Visscher et al., 2006)



Focusing on one area of capacity development or one set of actors will not be enough to strengthen the sector as a whole. The matrix below outlines some of the individual, organisational, and institutional capacity development³⁸ requirements of various WASH sector actors: government, civil society, private sector providers and communities. Actors cover the spectrum from end users and intermediate level organisations to national governments. The indicative capacity sets within the matrix illustrate the breadth of the need.

The scale and breadth of the need: Types of capacity development for different WASH sector actors

	Individual/Professional Development	Organisational Development	Institutional Development
Communities	Technical competence in design, construction, operation, maintenance Ability to organise fee collection and management Empowerment and ownership of process and assets	Ability to develop and execute plans for maintaining healthy communities Ability to manage structure, systems and roles within Water User Groups Capacity to resolve conflict	Ability of in-country training providers to satisfy training needs of all stakeholders Participation of stakeholders in sector-wide policy making Coordination of activities and programs Collaboration across levels

³⁸ The IRC Water and Sanitation Centre (IRC) use the following typology to classify capacity development at three different levels (IRC, 2006): individual development, including the skills, knowledge, motivation, experiences and attitudes of individuals; organisational development, including the structures, processes, systems and strategies of organisations; and institutional development, including policies, regulations, and financial and institutional arrangements.

	Individual/Professional Development	Organisational Development	Institutional Development
NGOs (local, national, international)	Technical skills in design and construction Community facilitation skills Hygiene promotion and health education skills Monitoring and evaluation skills Advocacy skills Planning and strategic thinking skills Report writing, proposal writing and tendering skills	Administration, budgeting, planning, accounting, HR systems Financial planning and accountability Mentoring, in-house training and partnership models Staff recruitment and incentives for staff development Ability to network	and between stakeholders Exchange of knowledge and experience Suitable and equitable salary structures Adequate market development for goods and services Harmonisation of donors and other external organisations
Government (local/sub-national/national)	Technical skills in design and construction Community facilitation skills Ability to monitor and regulate systems Planning and strategic thinking skills	Capacity to manage procurement processes Monitoring, control quality and accreditation Staff recruitment and incentives for staff development Development of standards, guidelines, policy and legislation Coordination across sectors and line agencies	
Private Sector Actors	Technical, health, community facilitation skills Report writing, proposal writing and tendering skills Quality control in delivery of services Market research/market segment identification	Administration, budgeting, planning, accounting, HR systems Financial sustainability and planning Development of supply chain networks	

REVIEW AND ANALYSIS OF APPROACHES

Capacity development approaches include knowledge exchange, coaching and mentoring, on-the-job training, peer-to-peer learning, applied research and the provision of technical advice. There is no one-size-fits-all capacity development package, and it is likely that some or all of the above techniques will be required.

There is recognition that ad-hoc, stand alone, or unstructured capacity development efforts, such as one-off training events, fail to produce long-term impact. Capacity development support is often provided through project-based activities but is phased out when construction is completed. Not only do these efforts do little to promote long-term sustainability, one-off activity-based training can also result in frustration when staff cannot put their training into practice, for example when the organisational setting is unsupportive or when skill development is not linked to an incentive framework (Visscher et al., 2006). Commonly, little support or attention is given to institutional structures and

incentives that support sustainability by creating career paths and promoting job satisfaction. Tackling these systemic issues requires a broad range of approaches.

The analysis below presents a range of experiences from global, regional and focus country initiatives that have been implemented to address capacity development needs.

EXPERIENCE WITH GLOBAL AND REGIONAL NETWORKS

A number of capacity development initiatives work through networking and learning exchanges across countries at a range of scales. Examples presented here have been chosen to reflect the wide range of activities already underway around the globe. In addition to the examples given here, Appendix B highlights the detail of some of the global initiatives to promote WASH capacity development, including International Training Networks, Resource Centre Networks, and Learning Alliances.

ITN International Training Networks for Water and Wastewater Management: ITNs were part of a UNDP/World Bank initiative in the 1980s which set up regional centres in Africa, Asia and Latin America to support capacity development activities. Interviews with experts involved in the set-up of ITNs confirmed that in most instances it worked best when a new institution was established through cooperation of a set of existing institutions. Finding a market for training activities and getting incentives right seem critical to an ITN's success: it takes time for some to find a niche and develop a reputation as a source of training, research and consultancy, and forming good relationships with local government is an important factor.

STREAMS of Knowledge: STREAMS of Knowledge functions as a global umbrella organisation of Resource Centres (RCs) and Resource Centre Networks (RCNs) with a small secretariat based at the International Water and Sanitation Centre (IRC). STREAMS is a decentralised network which recruits and organises water and sanitation-focused RCs that work at country and regional levels. It focuses on building organisational capacity of RCs to deliver training courses and also on strengthening their delivery and operational systems. One difficulty it has faced is facilitating 'bi-lateral' networking between RCs, as most RCs rely heavily on the Secretariat to facilitate exchange.

Research-inspired Policy and Practice Learning in Ethiopia and the Nile Region (RiPPLE): RiPPLE is a five-year action research program (2006-2011) in Ethiopia and the Nile region. The research project has established 10 Learning and Practice Alliances (LPAs) defined as a group of stakeholders from organisations working in the region or *woreda*, who meet regularly to share experiences on issues of joint interest and develop ways of working together. The organisations represented may be governmental, civil society or private sector, and may work in implementation, policy or research. Each LPA has a professional, full-time facilitator who is responsible for engaging stakeholders and driving the LPA process, with support from the RiPPLE office. The research anticipates that LPAs will assist with sector-wide strengthening across Ethiopia through the building of relationships and skills across organisations and at different levels.

EXAMPLES OF COUNTRY LEVEL CAPACITY DEVELOPMENT INITIATIVES

In most of the countries reviewed, there are already capacity development initiatives underway. Some countries, for example, Cambodia and Vietnam, have strong networks with thematic groups that focus on sharing experiences in WASH. Others, such as the Philippines and Papua New Guinea, have existing resource and training centres that provide support to the WASH sector. Others, for example Timor Leste, have centres that can easily accommodate new courses and modules to serve WASH training needs.³⁹

³⁹ A list of examples of existing in-country resource centres and knowledge networks is included in Appendix C.

The following examples highlight capacity development initiatives from which lessons can be learned for other programs:

SUPPORT FOR SECTOR-WIDE WASH CAPACITY DEVELOPMENT: AUSAID RWSSP IN TIMOR LESTE

The AusAID Rural Water Supply and Sanitation Project (RWSSP) in Timor Leste has taken an innovative approach to developing capacity through a sector-wide approach. The long-term capacity development approach of the RWSSP focuses on creating a 'skills pyramid' of formal and informal jobs related to WASH, which range from informal 'positions', e.g. community tapstand supervisors at the base of the pyramid, to community members trained in repair and maintenance of systems and collection of management fees, up to sub-district and district level government personnel, and finally to a limited number of higher-level national government skilled in technical design, project and people management and strategic planning. Key elements of delivering this skills framework include:

- *Workforce planning*: Estimating the number of people required for each 'position' in national aggregate terms;
- *Inventory of existing in-country training centres and courses*: Identifying where it is possible to build on existing offerings to create courses tailored to specific needs of each 'position';
- *Training of trainers*: Up-skilling teachers and trainers to deliver components of training programs;
- *Registering courses*: Moving project funded participants through the program (mainly public sector staff) in the first instance, but then encouraging the registering of courses for on-going delivery to NGO, private sector and community participants using a fee-based model; and
- *Outsourcing highest level training*: Arranging overseas training for a limited number of high level public sector managers and academic staff who can return to Timor Leste with higher degrees to train others.

The RWSSP approach is still in its early stages. Significant time and financial commitment will be required to ensure success and this has been planned into the program. It will focus on skills development in the two broad areas of technical capacity and community development and will utilise a range of methods from classroom to on-the-job training. It will create over 100 new jobs linked to performance-based contracts within government and support a much higher number of informal 'positions' within communities. As a significant on-ground resource with a wealth of experience, INGOs will play an important role within the skills framework most significantly through training and mentoring national NGO partners and local staff in management and technical areas.

BUILDING CAPACITY THROUGH VILLAGE NETWORKS: AN APPROACH FROM THE GRASS ROOTS IN NEPAL

FEDAWASUN is a national federation of community water groups facilitated by NEWAH and WaterAid Nepal. It has become a lead organisation of the drinking water and sanitation users' organisations throughout the country, with networks in 23 districts and more than 750 user groups representing 50,000 households. Part of the mission is to 'advocate for access to policy framing and decision making process and its achievement based on inclusive participation' (IRC, 2006b, p. 7). FEDAWASUN is involved in a Citizens Action project to collect users' voices in rural districts and attempts to protect user rights by monitoring service performance (IRC, 2006b). Consultations revealed that as FEDAWASUN has matured as an organisation and the support required from WaterAid has decreased over time, it appears to be a sustainable model for ongoing support to water and sanitation user groups. The village-to-village learning seems to be a very effective capacity development mechanism where demonstrations of good practice convey a strong message. WaterAid Australia has currently flagged the idea of a similar approach in Timor Leste to strengthen water user groups there.

The following examples highlight some innovative and active capacity development initiatives underway in the ten countries reviewed:

NETWORKING AND KNOWLEDGE EXCHANGE THROUGH ADVOCACY: THE WASH PHILIPPINES COALITION
<p>WASH Philippines is an NGO-led coalition of government, non-government and civil society organisations, which links to the broader WSSCC-led global WASH campaign. WASH Philippines focuses on advocacy to raise the profile of water, sanitation and hygiene. It sustains itself without core funding, has no formal legal identity, and relies on member support and fundraising to undertake its wide-ranging activities. Some of the key strengths of the coalition include:</p> <p>Strong NGO leadership lends the coalition legitimacy, as NGOs are seen to reach the most remote areas with poorest people, and so have the most experience with actual on-ground situations.</p> <p>Devolution of authority in the Philippines through the Local Government Code provides an enabling environment for the WASH campaign by allowing more local autonomy and enabling partnerships between NGOs and local government;</p> <p>The WASH Philippines coalition operates as a ‘movement’, focusing on relationships and social (rather than financial) capital to achieve its objectives (Capistrano, 2002). As one analysis notes:</p> <p><i>‘WASH Philippines has a core group of active NGOs with diverse expertise that can complement one another...The strength and sustainability of WASH Philippines is associated with its reliance on social capital- the reciprocity, the trustworthiness, the bonding among individuals working in organisations with a shared vision. WASH Philippines is observing how this stock of active connections among people and organisations make it possible to accomplish tasks despite lack of funds’ (Capistrano, 2002, p. 7).</i></p>
MULTIPLE ROLES AND MECHANISMS FOR CAPACITY DEVELOPMENT: INDONESIA
<p>In Indonesia, there is no central body conducting capacity development in the WASH sector, however a range of organisations and mechanisms are contributing towards advancing levels of motivation, knowledge and skills. The Indonesian Society of Sanitary and Environmental Engineers (IATPI) are involved in developing and disseminating technical support information to the water and wastewater industry and in supporting NGOs in technical areas. Qipra, a local environmental company has developed many educational materials for the National Water and Sanitation Working Group and these have been disseminated widely within and outside government. In addition, interviews with a large range of international and national NGOs demonstrated how capacity development may be successfully built into program initiatives. Many NGOs included large components of their programs focusing on capacity development. In addition, since the advent of CLTS as the dominant approach to sanitation and hygiene, a large focus has been on developing the skills of community facilitators to change behaviours and develop motivation to build latrines. Incentives at the community level, such as offering water systems once a community is deemed ‘open-defecation free’, is one form of motivation which has been successfully applied.</p>
INFORMATION SHARING AND SUPPORT FOR NGO WASH ACTIVITIES: VIETNAM
<p>The VUFO-NGO Resource Centre based in Hanoi hosts a Water Supply and Sanitation Working Group. The group was established in 2003 to provide a forum for communication and information exchange between NGOs working on water supply and sanitation projects and programs. The Working Group is open to representatives from international NGOs, UN agencies, donors and Vietnamese government agencies and other local partners. The group meets six times each year to discuss topics of relevance and interest to WASH sector practitioners. Topics for discussion range from technical presentations about available water supply and sanitation systems through to discussions about behaviour change and community management approaches. In addition to the bi-monthly events, an email list provides a forum</p>

for more regular discussion and sharing of news and information. NGOs interviewed noted that participation in the Working Group prevented feelings of isolation, enabled sharing of new ideas and approaches and presented opportunities to engage in discussion about successes and challenges associated with WASH sector initiatives.

LESSONS AND PRINCIPLES FROM WASH CAPACITY DEVELOPMENT EXPERIENCE

An analysis of the need for capacity development, the examples provided above, along with the experiences of practitioners involved in the capacity development workshop has produced the following set of lessons. This list is not exhaustive but provides a guide for promoting effective AusAID capacity development activities to support the WASH sector, including when capacity development is included as a component of WASH project activities (NGO or otherwise) or for stand-alone capacity development activities.

Capacity development requires time: Any initiative that focuses on capacity development is going to take time and resources. Capacity development is a slow process that needs to be addressed over a number of years. Developing local knowledge, skills and confidence takes patience and cannot be rushed.

Capacity development cannot be externally-driven: Initiatives work best when people involved identify capacity gaps and want to be actively involved in their own capacity development, therefore understanding incentives, motivators and approaches that encourage ownership are important. Gaining long-term commitment at a range of levels from communities, local and national government is critical.

Effective capacity development involves learning by doing: Practical experiential learning enables the most effective learning and knowledge exchange. Field-based learning, learning from failed initiatives, on-the-job training and mentoring, peer-to-peer learning, and inter-agency visits are seen by practitioners as some of the most effective capacity development mechanisms. Knowledge exchange within and between regions and countries provides exposure to new ideas and impetus for change.

Knowledge networks require face-to face interaction: Virtual and electronic networking is important, but one-on-one visits and face-to-face interaction is vital for growth of knowledge networks. Knowledge networks can provide opportunities to *build confidence and motivation* amongst practitioners through positive reinforcement, and ownership of processes.

Gender needs more attention: Gender and ways to achieve and measure gender equality outcomes needs to be addressed more strategically by WASH programs of all modalities. It is therefore an area of learning and capacity development that requires emphasis to improve how women are involved in and benefit from WASH activities.

There is no one best formula for capacity development and initiatives work best when they are in-country and context specific, close to the main stakeholders, operating in their language and context and based on an understanding of their training needs. Practitioners at the workshop noted the most effective capacity development not only recognises the *context and audience*, but undertakes mentoring and training where trainees are most comfortable: in their communities.

Capacity development is needed across the whole spectrum of professionals, academics and practitioners in the sector. An appropriate balance is needed to focus capacity development initiatives on the respective needs of in-country communities, community-level facilitators, government officials, technical experts, intermediate-level actors,⁴⁰ national-level actors right through to higher education and researchers both in-country and in Australia. In addition, it is important to further efforts to link practitioners and policy makers with research activities that systematically examine what works and why. Documenting and sharing such research findings to provide a sound evidence base for policy makers or through facilitated processes for practitioners would greatly improve effective actions in the WASH sector.

⁴⁰ Intermediate-level actors are between national and service delivery entities, such as NGOs or sub-national levels of government.

Support is needed for long-term national level strategic planning and implementation of WASH capacity development beyond single project/program level training. Coordination of donor funded capacity development activities is needed, and would enable a strong focus on the intermediate level between national government and communities or service providers, where capacity development is needed most. In conjunction with WASH specific capacity development, *organisational capacity development activities* for sector actors, including strengthening administrative, financial, procurement, human resource and other systems need to be supported.

Resource centres require strategies to achieve on-going financial viability: Initiatives seeking to establish in-country resource centres must address the issue of local financing and long-term financial sustainability. This requires understanding the local knowledge market (i.e. the market for knowledge products like fee-based trainings and research) and constraints to successful operation in the given context.

Explicitly tasked co-ordinators are needed to facilitate useful exchange: It can be challenging to encourage bi-lateral exchange between members of resource or knowledge networks, as different country members will often rely on the coordinating centre to facilitate those exchanges.

Capacity development is needed to enable practitioners to gain some minimal level of expertise across ALL aspects of WASH ranging from technical aspects through to hygiene promotion and community education and development. This is important to enable constructive communication across the different disciplines and professions that contribute to WASH outcomes, and to develop practitioners to have all the tools they need.

POTENTIAL ACTIONS IDENTIFIED AT PRACTITIONER WORKSHOP

It was evident at the capacity development workshop that Australian organisations involved in WASH are committed to long-term development of capacity in the sector. Water and Sanitation Reference Group representatives and members of the broader WASH sector (education and training providers, international organisations and the private sector as well as NGOs) provide a strong foundation with which AusAID can work to consider proposals for supporting WASH capacity development. The table below notes ideas that were raised at the workshop and activities that participants felt they were well-placed to support. It should be noted that while there was agreement in some areas there were diverse views on the most appropriate ways to proceed, without a strong consensus.

Potential actions that workshop participants could contribute to or see value in
Regional or Australian centres of support and training which need to be financially viable in the long-term (e.g. fee for service);
Support for in-country centres and networks, building on the existing institutions and knowledge base. Capacity development and training could be delivered through these institutions to NGOs and government staff (e.g. along the line of WASH Institute in India);
Delivery of Masters-level courses in WASH that include aspects of community development, appropriate technology and public health, which may not be included in many current courses;
Funded mechanisms to better link Australia-based NGOs with research organisations both in Australia and in-country to systematically examine what works and why, and document and share this learning;
Criteria or components that relate to appropriate monitoring and evaluation (M&E) and broader learning, research and sharing in all new WASH initiatives;
Involvement of specialist NGOs (e.g. IWDA) to assist in mainstreaming gender issues across the sector through capacity development, work on appropriate gender indicators, assistance to others in project design, joint projects and other activities.

The ideas discussed at the workshop have since been further pursued by WaterAid, International WaterCentre and Nossal Institute. This consortium has jointly developed a knowledge network concept, which has been submitted to AusAID for consideration. The proposed knowledge network model would establish in-country nodes to properly identify in-country needs and build on existing local expertise, drawing together water and sanitation networks and organisations, experts and practitioners. The resource network would aim to support the effective delivery of WASH programs in the countries of greatest need through knowledge provision and development and a spectrum of appropriate capacity development initiatives. Networking across the region would be facilitated by an Australian hub.

RECOMMENDATIONS FOR CAPACITY DEVELOPMENT ACTIVITIES IN THE WSI

The WSI presents a unique opportunity for Australia to improve development effectiveness in the WASH sector and strategically provide investments to develop much needed capacity over the longer-term. Initiatives to improve the WASH status of any country will be most effective and sustainable if they are undertaken in the context of a long-term commitment to building the capacity of in-country WASH sector organisations.

It is recommended that AusAID should:

1. **Ensure that capacity development is given focus in all planned WSI initiatives.** This could be done by providing budget support for capacity development, including selection criteria to ensure capacity development elements are incorporated into activity designs, or adding capacity development components onto activities that do not currently include it as a focus. Such capacity development activities should: (i) use *appropriate approaches*, based on the broad lists of types of capacity development included in the discussion above, in particular ‘learning by doing’ approaches; and (ii) use *appropriate incentives* to ensure motivation of participants and application of new skills and knowledge in their roles. Inclusion of measurable capacity development outputs and outcomes in M&E systems will be critical for valuing this aspect of WASH programs, and for holding agencies accountable for capacity development outcomes.
2. **Invest in country-level analysis to identify strategically targeted capacity development activities that build on existing initiatives and expertise.** This research has started to identify the types of needs in the region and existing in-country networks, training centres, organisations and individuals. Opportunities to build on these should be sought through a country analysis with an emphasis on exploring possibilities to support activities ‘close to the ground’, which may be training or other forms of capacity development such as on-the-job training. In particular, opportunities to invest in capacity development at the intermediate level should be sought. The country analysis would also inform how best to build on the existing expertise both within Australia and in-country, and how to best link Australian, regional and in-country training and resource centres as coordinators of knowledge exchange, skills transfer and development of reflexive practice.
3. **Consider supporting a resource network** such as the proposal made by WaterAid, International WaterCentre and Nossal Institute as a potential way forward, and where appropriate, utilise this research to inform its further development. This should be done while also pursuing additional or alternative actions that satisfy the other three recommendations presented here.
4. **Take a leadership role in mainstreaming gender into WASH activities in our region.** In line with AusAID’s gender Policy (2007), encourage activities that prioritise the development of women and men’s capacity and the mainstreaming of gender issues. Steps should be taken to ensure that AusAID’s gender policy is put into action within WSI by providing support to practitioner-focused research, and to capacity development and training in this area. It would be productive to involve specialist NGOs and appropriate researchers to assist in mainstreaming gender issues across the sector.

STATE/LOCAL GOVERNMENT AND UTILITY PARTNERSHIPS

INTRODUCTION

This section presents results of a preliminary investigation on how AusAID and the Australian government might seek to engage and draw on expertise within local government, state government and water utilities as part of the WSI. It is recognised that much of the water expertise in Australia resides with these levels of government: local governments and utilities being generally responsible for town water supply and sanitation and state governments being responsible for water resource planning, allocation and regulation of quantity and quality. The research involved a small set of expert interviews,⁴¹ and consultation with International Water Association, WaterAid, Water Services Association of Australia (WSSA) and the Australian Water Association (AWA). The brief review is thus able to reflect mostly on potential engagement with local government and utilities, and less about engagement with state government. The outcomes sought were a set of guiding principles for this type of engagement, an overview of potential mechanisms, mapping of other sector actors and initiatives available for linkage, an outline of major lessons learnt and key recommendations for how to progress potential local government and utilities partnerships.

RANGE OF POTENTIAL MECHANISMS

There are many possible mechanisms that AusAID could choose to support that would provide the means for engaging local government, state government, water utilities or the Australian water sector more widely. These include:

- Staff exchanges;
- Utility twinning;
- Twinning towns;
- Involvement in capacity development initiatives, including vocational training bodies;
- Links with academic institutions;
- Training programs;
- Assistance with accreditation schemes and technical standards (e.g. for septic tank quality, system quality etc.);
- Partnership approaches;
- Joint output based development assistance approaches;
- Water industry groups (like WSAA) assisting in supporting and professionalising existing professional associations;
- Through IWA Waterlinks- real-time experience exchange (Ecolinks/IWA/ADB/USAID- see below);
- Links with councils and environment and health agencies overseeing onsite and decentralised systems (an area which does not appear to have been much explored).

⁴¹ Expert interviewees included a previous staff member of WaterAid UK, an independent consultant in WASH, and a World Bank specialist in urban water and a research expert in sustainable urban water management

POTENTIAL LINKS WITH EXISTING INITIATIVES

There are several initiatives currently taking place in the region and in Australia for which strategic linkages might be considered. Further research would likely reveal more such initiatives in the region. Examples include:

IWA Water Operator Partnerships (WOPs): Through this initiative IWA is seeking to provide a knowledge base for what works in such partnerships, categorise a range of different potential models for how utilities might engage with one another (from high intensity to quite informal links) and associated preconditions for success and provide a coordinating role across different countries in terms of liaison and brokering relationships.

Waterlinks - U.S. Agency for International Development (USAID), International Water Association (IWA) and Asian Development Bank (ADB): As a part of IWA WOPs, an Asia-wide partnership called WaterLinks providing clean drinking water and sanitation throughout the region by coordinating and promoting Water Operation Partnerships (WOPs). WOPs pair or 'twin' water operators searching for solutions with operators who have already surmounted similar challenges. IWA will broker new WOPs through its member network, ADB will finance the ventures, and ADB and USAID will provide resources to support the WOPs.

IWA Water Quality Plans: Large-scale projects are being implemented in 6 regions on improving utility performance and capacity, and in doing so are enabling their extension to poorer areas.

IWA Operations and Maintenance Network: This initiative is at launch point – it consolidates the IWA knowledge base (e.g. through O&M manuals and guidelines) and will provide a technical advisory service in real time to field workers, from utilities to NGOs.

WaterAid Australia (WAAus): WaterAid Australia is a water and sanitation specialist development agency formed and backed by the Australian Water Industry. WAAus manages programs in a number of countries in East Asia and the Pacific; chairs the Water and Sanitation Reference Group; and is a partner to an emerging engagement between Melbourne Water and Dili Water in East Timor. WAAus could play a pivotal role, as it has strong links into the Australian Water Industry, has good knowledge of needs in developing countries in the region and understands the complexities of working in a cross cultural context within developing countries.

SWITCH Asia: This is an urban water management initiative based around demonstration cities that adopt innovative water management approaches informed by holistic analysis of their urban water system. It is based on the successful EU funded SWITCH model and works through action research learning alliances of partners and research organisations, and connected with the Asia Pacific Water Forum. It may be an avenue for Australia to link forward-thinking Australian utilities with regional partners.

UNESCO Vietnam Water Operators Program: A program to support the capacity of water operators in their roles.

Partners for Water and Sanitation (PAWS): PAWS was established following the World Summit on Sustainable Development in 2002 and has a membership comprising government departments, private water companies and NGOs and uses UK resources and experience to assist developing country partners, primarily in Africa.

AWA Water and Sanitation Specialist Group: This specialist group includes members of the Australian water industry with an interest, and to some extent, experience in developing country work.

WHAT WORKS? WHAT ARE THE RISKS? LESSONS LEARNT AND THEIR IMPLICATIONS

This research included a rapid analysis of what works and the risks associated with different options. The summary below notes success factors, challenges and risks in setting up useful exchange between a developed and developing country in the water sector. IWA is conducting a detailed analysis in this regard as a part of their WOPs program (see above).

SUCCESS FACTORS

Providing strong incentives for both partners to work together, for example in a utility twinning approach. A focus on inputs in twinning arrangements without defining broader goals and responsibilities for both parties has been seen to lead to poor outcomes, thus identifying clear goals for the twinning relationship is important. An example of an output-based development assistance project of this nature in Ho Chi Minh City has worked well:

A utility provides connection and service for a period then a grant is paid to the utility (as most consumers can pay a monthly fee but not the connection fee). Non-revenue water losses are minimised to provide adequate supply for the new connections and a payment is made per cubic water saved.

- **Providing technical assistance on non-revenue water.** Non-revenue water is a huge problem in the water sector with major losses associated with connections to poor houses. These problems have easy technical solutions that would lead to significant improvements. It is also an area that can be easily monitored and where successful solutions can be replicated.
- **Twinning where it has strong and on-going commitment from the respective CEOs.**
- **Preparatory pre-deployment cultural and language training** can minimise the risks of sending Australian personnel into developing country situations. Australian Volunteers International (AVI), Australian Youth Ambassadors for Development (AYAD) and Engineers Without Borders (EWB) successfully use these approaches to prepare volunteers for their deployments.
- **Coordination with national coordination committees and working groups where they exist for WASH:** This helps align initiatives with other government priorities and helps plans and lessons be shared.

RISKS

- **Sending personnel unequipped for the circumstance.** Some of the risks WaterAid UK discovered with sending personnel from a UK utility who were unfamiliar with development included: problems were seen as only technical problems with technical solutions; field conditions were found to be harsh; lack of recognition that the maintainability is just as important as the quality of equipment; lack of understanding of locally appropriate technology; and a lack of knowledge of the social processes involved in development work.
- **Transferring inappropriate or unsustainable approaches.** There are two potential risks here. First, the risk that skills and approaches transferred is not appropriate for an urban developing country context. Second, there are risks that non-sustainable approaches to water management may be promoted in developing countries given that Australian water utilities are at variable stages in shifting their practice towards more sustainable approaches to urban water management.
- **Consider the commercial incentives for a utility.** These incentives need to be managed as they may undermine the partnership.
- **Unclear roles, goals and responsibilities in the contracting arrangements.** Agreements between utilities and developing country partners have sometimes been unclear or patronising and this lack of structure and clear purpose has undermined productive outcomes.

- **Formal approval process may present challenges.** The length of approval processes in some countries could be a barrier to new groups working there within the initial timeframe of the WSI.

The implications of these lessons are that AusAID should not take lightly the responsibilities and risks associated with engaging Australian government agencies and utilities in the development assistance program. These risks would need to be pro-actively managed in order for the engagement to be successful.

GUIDING PRINCIPLES AND RECOMMENDATIONS

GUIDING PRINCIPLES FOR AUSAID SUPPORT TO STATE AND LOCAL GOVERNMENT AND UTILITY PARTNERSHIPS

The following principles have been devised based on the research above to guide engagement with local and state government water industry in Australia's development assistance program. As guiding principles for such partnerships, it is recommended that the WSI:

- Ensure that the approach is **demand-led**, based on voiced needs of in-country partner organisations;
- Develop an **overarching strategy** to enable maximum impact (beyond individual exchanges or twinning) and make use of diverse and appropriate capacity development approaches (see capacity development section for more detail);
- Commit to a program that has a **poverty focus**, targeting those currently unserved in the low coverage countries prioritised within the overall WSI, particularly those with high incidence of urban poverty.;
- Build on and **link with existing initiatives** of similar kinds in our region;
- Pro-actively **manage the risks** associated with this kind of engagement;
- Consider the **cost-effectiveness** of this type of initiative alongside other types of intervention to define an appropriate level of investment.

RECOMMENDATIONS FOR ACTION

Consultation with key stakeholders, WaterAid, AWA and WSAA led to a WaterAid submission which proposes that it take a lead role in providing the necessary management and safe-guards for a successful engagement program in this area. WaterAid is aware of the risks involved in such a program through the many experiences of WaterAid UK and have demonstrated commitment to manage them diligently.

AWA and WSAA expressed support for such a role, and indicated that they would offer to play roles in communicating and promoting the program through their networks. WSAA indicated they would also be in the position to encourage utilities to offer interested staff leave-without-pay arrangements to facilitate their participation. Given this support and WaterAid's positioning in the sector in Australia, this preliminary research supports WaterAid's proposition as a viable option for engaging state and local government agencies and water utilities.

The proposed approach submitted by WaterAid includes a scoping study to determine needs and ensure the program is demand rather than supply driven. It also involves employing a full-time manager of this program (and

a second member of staff in the second year), and forming partnerships with IWA, EWB and AVI programs. WaterAid would look to match organisations from developing countries with like organisations in Australia, developing and implementing support programs comprising training and exchanges including the fielding of 10 personnel in Year 1, and 30 personnel in Year 2.

Additional elements that might usefully be added to the approach described in the WaterAid submission include:

- Investigating and developing appropriate linkages with other existing initiatives outlined above;
- Developing relationships with key co-ordinating bodies on urban water and utilities such as South East Asia Water Utilities Network (SEAWUN), South Pacific Applied Geoscience Commission SOPAC etc;
- Engaging with local government associations in Australia;
- Including an advisory function by leading experts in sustainable water management (e.g. Yarra Valley Water, ISF at UTS, IWC) to ensure approaches shared by Australian organisations and their personnel represent current best practice;
- Undertaking ancillary research to inform the approach, including decisions about the most appropriate modes of engagement;
- Developing a strategic plan to establish the longer-term context and maximise the impact of the program;
- Expanding the monitoring and evaluation (M&E) component to be closer to 10% of the budget to allow appropriate monitoring and capturing of lessons learnt; and
- Broadening the role of AWA to form a stronger community of practice of professionals who undertake this type of work (potentially through its specialist group in this area).

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APPENDIX A RESEARCH METHODOLOGY

SUMMARY OF APPROACH

The research involved consultation with the Australian NGO sector, AusAID staff, in-country INGO and national NGO staff and individuals with expertise in water and sanitation in developing countries. Data from interviews, survey responses, email correspondence and literature (including organisational project documents) was analysed qualitatively, synthesized, documented and reviewed by all team members.

The research was in the form of a rapid review covering WASH activities in 10 countries across the Asia-Pacific. Team members visited 3 of these countries (Vietnam, Timor and Indonesia) to conduct interviews and a limited number of interviews were also possible in Vanuatu. Other country assessments were completed using information from interviews in Australia, desktop review and email/phone correspondence.

The study approach received ethics approval through the Institute for Sustainable Futures, University of Technology Sydney ethics system. Informed consent was obtained from participants in writing (using a consent form) or verbally where this was believed by the researchers to be more appropriate and less likely to intimidate participants and influence their contributions. Research participants were informed about the objectives of the study, intended use of information collected and their right to withdraw contributions at any stage in the research process.

DESKTOP REVIEW

A desktop review of relevant documents (academic and organisational material) was undertaken during the initial phase of the study to establish common themes and identify questions for in-depth discussion in interviews. Capacity development in the WASH sector was a particular focus of the review. More targeted document reviews were undertaken through the study to assess the WASH situation and NGO activities within the 10 focus countries.

PRIMARY DATA COLLECTION

Primary data collection included:

- An online questionnaire requesting information about NGO WASH activities;
- Interviews with AusAID staff in Canberra and/or by phone;
- Interviews with NGOs in Australia and follow up email and phone correspondence;
- Interviews with WASH sector experts in Australia and internationally (by phone or in person);
- Interviews with NGOs, relevant government agencies and other key sector actors in Indonesia, Timor Leste, Vietnam and a limited number interviews in Vanuatu;
- Email and phone correspondence with additional NGOs in the 10 focus countries.

The online questionnaire was set up using the online Survey Monkey tool. Questions requested basic information about NGO respondents and descriptions of the nature, location and scale of current WASH activities. The questionnaire link was distributed through the ACFID fortnightly bulletin sent to all members and the WaterAid Australia email newsletter. An invitation to complete the questionnaire was also sent to the general email addresses of all AusAID accredited NGOs. Outside of Australia, the questionnaire was sent to

international and national NGOs based in focus countries (where this information was available) to establish contact and identify organisations for further communication. More than 50 responses were received with variable level of detail and a number of respondents failed to complete the questionnaire. Due to lack of representativeness and variable levels of completeness, response data was assessed qualitatively and primarily used to identify organisations for further communication and inform aspects of the strategic approach and funding mechanisms.

Semi-structured interviews using a common question guide were held by phone and in person with AusAID staff, WASH sector experts, NGOs in Australia, plus NGOs and other relevant organisations in Indonesia, Timor Leste, Vietnam and Vanuatu. AusAID staff interviewed included representatives from country sections, contracts and community partnerships.

NGO interviews were conducted using a consistent semi-structured interview guide and question sheet. Questions focused on NGO roles (including strengths and weaknesses), existing water and sanitation activities and approaches used, what monitoring and evaluation (M&E) was undertaken, nature and strength of links to other actors (e.g. Government and other in-country partners), staff capacity and skills and future pipeline plans for water and/or sanitation work. NGOs were recruited for interview through the professional networks of team members (who have previously worked with various NGOs including through the NGO Water and Sanitation Reference Group). Participants were provided with a 2 page information sheet summarizing the approach and scope of the study. WASH sector experts were contacted through personal and professional networks of team members and either interviewed or consulted by phone. Where participants were comfortable, interviews were recorded, and written summaries were shared with study team members. A total of 98 NGOs were consulted including 73 face-to-face interviews plus email and telephone consultation.

In addition to interviews, a workshop was held in Melbourne with NGOs in and others working in water and sanitation focused on WASH sector capacity development needs and approaches. The workshop focused on identifying capacity development needs in the WASH sector, sharing knowledge on best practice capacity development approaches and identifying models and strategies to address the capacity development. Facilitation of the workshop involved whole-group and small group discussions, and an affinity process to group capacity needs. A total of 15 participants contributed to workshop discussions, and the results were collated and synthesised by the research team.

In country visits to Vietnam, Timor Leste and Indonesia enabled more in-depth consultation with international and local NGOs active in the WASH sector as well as relevant government agencies and other organisations active in the sector in those countries. A limited number of interviews were also conducted in Vanuatu.

In addition to interviews and the online questionnaire, emails and phone correspondence with NGOs including organisations based in focus countries provided more detailed information about activities and investment opportunities.

DATA ANALYSIS AND REPORTING

Notes were written up from interviews (either direct from notes taken or using recordings) in a prepared template and shared with the team. A data matrix was developed in Excel to compile information to assist systematic analysis and comparison of the breadth of interview responses across thematic and/or country lines. Regular Skype meetings were held with the research team to track progress and a full day team workshop was held to discuss initial findings and collaboratively draw out implications and principles for AusAID/NGO engagement in the WASH sector. All team members were responsible for drafting sections of the report. Initial drafts were compiled and circulated for review and revision by all team members.

APPENDIX B RAPID REVIEW OF GLOBAL CAPACITY DEVELOPMENT MODELS

ITN International Training Networks for Water and Wastewater Management**Background**

Originally established in 1986 as part of UNDP/World Bank Water and Sanitation activities for the International Decade of Drinking Water and Sanitation in the 1980s ITN Program's mandate was to establish regional centres in Africa, Asia and Latin America to support capacity development activities. Not all ITN centres are still functioning (5 of the 13 are still active), but the ITN Africa, Bangladesh, India and Philippines appear to be still active and strong.

Approach

ITNs are networks of independent resource centres, each with their own focus, structure, activities and funding. While they differ, most offer training, networking, knowledge management, and research and consultancy services. Primary focus is on HRD, and more specifically, training/training of trainers. It is unclear whether there is any regular/formalised communication at a global level.

Examples**ITN Africa Network/NETWAS**

ITN Africa Network was founded in 1997 by five African ITN centres: Network for Water and Sanitation (NETWAS) International (Kenya, Uganda, Tanzania), Centre Régional pour l'Eau Potable et l'Assainissement à faible coût (CREPA), Burkina Faso; Institute for Water and Sanitation Development (IWSD), Zimbabwe; Training, Research, Education and Networking for Development (TREND), Ghana, National Community Water and Sanitation Training Institute (NCWSTI), South Africa; National Water Training Institute (NWTI), Nigeria; Centro de Formação Profissional de Águas e Saneamento (CFPAS), Mozambique. ITN Africa members meet once a year at rotating annual conference. NETWAS is 'lead' organisation, and appears to be expanding to countries where no ITN Africa centres exist.

ITN Bangladesh, Bangladesh University of Engineering and Technology (BUET)

ITN is established at the BUET with financial assistance from DANIDA. Capacity development of mid and senior level of professionals, focusing on HRD, particularly producing 'master trainers'. Most training courses focus on technological aspects, and permanent staff are also mainly from engineering backgrounds (Sabur 2006).

Philippine Centre for Water and Sanitation, The ITN Foundation**Further Reading**

NETWAS: http://www.netwas.org/networks/itn_africa

BUET: <http://www.buet.ac.bd/itn/>

PCWS: <http://www.itnphil.org.ph/>

Given the limited scope of this review, it was not possible to prepare a comprehensive assessment of all capacity development initiatives. The following international examples are highlighted as an indicative, but by no means exhaustive, list of the types of initiatives underway.

STREAMS of Knowledge and IRC Resource Centre Development 18 Country Program

Background

The IRC Water and Sanitation Centre has made the development and recruitment of **Resource Centres (RCs)** a focus point of their business plans since 2002. RCs can be defined as ‘organisations or networks of organisations that provide support services to the water and sanitation sector, in an independent way. RCs differ in size, legal status, focus and core business. They evolve and change over time in response to demand and in line with their own mission and capacity. In order to optimise these resources and to improve accessibility to information, RCs share knowledge with other centres through networking and partnerships.’ In South East Asia, IRC helped develop RCs in Philippines and Vietnam.

Developing Resource Centres and Resource Centre Networks

The **Resource Centre Development (RCD) 18 Programme** ran from 2002 to 2006, funded by IRC, implemented at (sub) national level in over 18 countries in Africa, Asia, Latin America and Europe. It was a ‘joint learning and sharing network-based initiative’, which supported RCs to build national networks (RCNs) with other organisations in the sector to share information and build up a collective ability to absorb and repackage information, improve their own knowledge management and find ways of financing activities, e.g. by lobbying donors to allocate funds to information initiatives (IRC website).

Consolidating a global network

Currently, STREAMS of Knowledge functions as a global umbrella organisation of RCs and RCNs (all NGOs). It is a decentralised global network with a small secretariat based at IRC. STREAMS is supported by DFID, and is currently in its development stage. STREAMS recruits and organises water and sanitation-focused RCs that work at country and regional levels. STREAMS focus areas include:

- Capacity development to improving the ability of RCs to undertake and implement better courses, training and targeted modules;

- Strengthening ability of RCs delivery and operational systems, including KM systems, partnership building, impact assessment, etc;

- Advocacy through policy and position papers, lobbying, conducting action research.

Philippines Centre for Water and Sanitation-ITN Foundation is a founding member of STREAMS and a STREAMS centre is based in the Philippines.

Approach

RCs and RCNs are based on agricultural extension models and approach. Activities of RCs include face-to-face and electronic meetings, trainings and workshops, junior professional exchange programmes, and one-on-one support visits. There is a heavy focus on human resource development and training, particularly for local government entities tasked with delivering services.

Examples

See STREAMS of Knowledge website for lists of networks and partners: <http://www.streams.net/>

Further Reading

Burry, P., Duma, N., Philip, D., and Khan, A. (2007) Resource Centres developing capacity of Local Government: Learning and sharing dialogue among Resource Centre Development practitioners. Delft, The Netherlands, IRC International Water and Sanitation Centre.

Duma, N. and P. Bury (2006). Dreams and realities...Capacity development for networking in the water, sanitation and hygiene sector. KM4D Journal 2(2): 91-97.

Learning Alliances (LAs)**Background**

Learning Alliances were recently formally introduced as a concept and approach to capacity development in the WASH sector by IRC. A Learning Alliances is 'a series of linked platforms, existing at different institutional levels (national, district, community, etc.) and created with the aim of bringing together a range of stakeholders interested in innovation and the creation of new knowledge in an area of common interest.' (Moriarty et al. 2005, p. 6) Learning alliances intend to address the issue of long-term sustainability by focusing on 1) the process of innovation and 2) the scaling up innovation.

Approach

The learning alliance approach uses an 'action learning' methodology to focus on learning and spreading innovation across three levels of organisation:

National - usually responsible for broad issues of policy and legislation;

Intermediate (district/sub-district) - usually responsible for planning, implementation and support;
and

Community - the level where most WASH interventions take place and have their primary locus of management

The approach also recognises that there are multiple stakeholders and disciplines involved at every level. The idea is to place the focus on learning and share information and experience, jointly developing strategies and materials, in order to build collaboration both horizontal (among different actors at each level) and vertical (between the levels).

Framework for setting up a Learning Alliance (see Moriarty et al 2005, Annex 2):

Begin with a core of actors whose interest in innovation can be served by making an alliance

Set clear objectives, identify strengths and weaknesses of various actors- stakeholder mapping

Effective communication between different levels

Facilitator role is absolutely critical: helping new members understand, adapt their own objectives and also advocating for the concept to potential members

Process documentation a critical part of the process

Examples

RiPPLE PLAs (see below)

SWITCH learning alliances

EMPOWERS project (Egypt, Jordan, Palestine, etc.)

TRANSCOL (Columbia)

See Moriarty et. al. 2005 and Smits et al. 2007 for case study summaries, lessons and analysis from LA examples above.

Further Reading

IRC and UNESCO-IHE (2005). International Symposium on Learning Alliances. Delft, 7-9 June 2005. Conference Proceedings. Delft, The Netherlands, IRC International Water and Sanitation Centre.

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Research-inspired Policy and Practice Learning in Ethiopia and the Nile Region (RiPPLE)**Background**

Research-inspired Policy and Practice Learning in Ethiopia and the Nile Region (RiPPLE) is a five-year action research program (2006-2011) on water supply and sanitation financing, delivery and sustainability and improve equity of access for the poor in Ethiopia and the Nile region. The initiative has funding support of 5.65 million euros from DFID and research partners including Overseas Development Institute (ODI), IRC, WaterAid Ethiopia, and the Institute of Development Research of Addis Ababa University (IDR).

The main thematic area or research is around ensuring flows of finance for water and sanitation achieve pro-poor outcomes in Ethiopia. Research themes include planning and financing of water and sanitation services, and the links between water and sanitation and pro-poor growth. These encompass a broad range of sub-themes, including governance, public finance and budgeting, demand-led planning and citizens' action, linkages with other sectors and the roles of water as both a productive asset and a social good.

Approach

Building on the LA approach (above), but with a rigorous explicit long-term action research methodology. The research project has established 10 LPAs (one in each of regions and *woredas* (districts) where RiPPLE is working, plus one at national level), defining an LPA as 'a group of stakeholders from organisations working in the region/*woreda*, who meet regularly to share experiences on issues of joint interest and develop ways of working together. The organisations represented may be governmental, civil society or private sector, and may work in implementation, policy or research.' Each LPA has a professional, full-time facilitator who is responsible for engaging stakeholders and driving the LPA process, with support from the RiPPLE office. LPAs at different levels focus on the key priorities and issues at that level, but are in regular communication with each other to share outcomes of learning and change processes. National, regional and *woreda* level LPAs design their own research agenda according to identified priorities and are supported by extensive capacity development activities of RiPPLE researchers.

RiPPLE approaches capacity development from three directions: individual human resource development; strengthening institutional competence; and enhancing sub-national, national and Nile regional capacity through greater integration, networking and communication.

Further Reading

RiPPLE: <http://www.rippleethiopia.org/>

RiPPLE Outputs: <http://www.rippleethiopia.org/page/ripple-outputs>

Global WASH Campaign and National WASH coalitions**Background**

WSSCC launched the WASH campaign in 2001, with the primary aim of mobilising support for bringing sanitation and hygiene to the global agenda. Individual and local WASH campaign activities have been set up in more than 30 countries with WASH to form a global WASH ‘movement.’

Approach

Focused on advocacy in two primary areas:

Advocacy on the **water supply** side is directed towards the important role of water in ensuring improved health and poverty alleviation, water quality improvement at the domestic level, and the key role it plays in the water-sanitation-hygiene trinity.

Advocacy for **hygiene and sanitation** focuses respectively on changes in behaviour at the household level and waste management in the immediate environment and at community level.

Examples**WASH Philippines**

An NGO-led Coalition of government, non-government and peoples organisations with a focus on collective advocacy to influence national and local policy makers and decision makers to make water, sanitation and hygiene promotion a priority area of concern on the political agenda. (For example, through lobbying national government to make sanitation one of its poverty alleviation strategies)

In 2000, the Philippines Centre for Water and Sanitation, ITN Foundation (PCWS-ITN) (see above) formed and led an informal support group of mid-level managers in government, academia and NGO sectors called NARC (National Alliance of Resource Centres) to address issues related to 2nd World Water Forum. Due to lack of funding, by 2002 NARC was dormant. WSSCC WASH campaign reinvigorated NARC, which was renamed WASH Philippines. WASH Philippines began with core group of 5 NGOs. In 2003 and 2004 WSSCC provided seed funding, channelled through PCWS, to help initiate WASH Philippines activities and advocacy efforts. As of 2007, 20 organisations and over 30 local government authorities were involved (WSSCC 2008).

WASH Pacific Region: Fiji, Tonga, Papua New Guinea, the Solomon Islands, Vanuatu and Kiribati

This initiative is coordinated by the South Pacific Applied Geoscience Commission (SOPAC) and divided into three parts: awareness raising; sanitation; and community participation with a focus on gender. The program was established in early 2005 with the recruitment of a Water, Sanitation and Hygiene (WASH) Officer and funding was sought from the Government of Taiwan/ROC. Activities in 2007 included launching Pacific Water Day, participating in regional conferences and developing a monitoring toolkit (WSSCC 2008).

Further Reading

Capistrano, L. (2004). WASH Philippines Coalition. Paper presented at the WSSCC Regional Consultation in Islamabad, Pakistan, 13-14 October 2004, PCWS-ITN.

WSSCC (2008). Country Activity Report. WSSCC Secretariat Network and Knowledge Management Department. Geneva, WSSCC.

NGO Capacity Development/Networking/Knowledge Management Networks for WASH**Background and Approach**

Apex bodies, NGO Forums, umbrella organisations for NGOs are a common feature of NGO landscape in many countries. Those with thematic /sectoral focus in water and sanitation are able to provide capacity development, networking and training opportunities for NGO sector and play network/advocacy/key point of contact role.

Examples**Bangladesh NGO Forum for Drinking Water Supply and Sanitation**

NGO Forum for Drinking Water Supply and Sanitation is a national apex networking and service delivery organization of NGOs, CBOs (community based organization) and private sector and civil society actors. It was first established in 1982 and has evolved into a very large network with a head office in Dhaka and 14 regional training centres throughout the country. NGO Forum focuses on capacity development of its partners and beneficiaries in the areas of 'hardware' and 'software' and offers a wide range of training courses in both areas each year. The focus is mainly on HRD and staff training. NGO Forum has a core group of skilled trainers. It is also very active in advocacy at the national level. Very old, seemingly very good model, but no reports on performance.

Further Reading

Bangladesh NGO Forum: <http://www.ngoforum-bd.org/>

APPENDIX C EXAMPLES OF IN COUNTRY TRAINING PROVIDERS AND KNOWLEDGE NETWORKS

A preliminary list of examples of in-country training providers is documented below.

Country	Training Providers and Networks
Burma	Water Research and Training Centre Network for Environment and Economic Development (NEED)
Cambodia	Cooperation Committee for Cambodia (CCC) Cambodian NGO Alliance for Cooperation (CNAC) Cambodian NGO Forum
Indonesia	Not yet investigated in detail, no overarching organisation
Laos	Directory of NGOs in the Lao PDR
Papua New Guinea	Appropriate Technology and Community Development Institute (ATCDI) PNG Churches Partnership
Philippines	Philippine Centre for Water and Sanitation, The ITN Foundation WASH Philippines Network
Timor Leste	East Timor Development Agency (ETDA) Centre for Labour and Professional Training (CNEFP) CSI Training Centre ENAP Training Centre Fatumaca Technical School Don Bosco Technical School Dili Institute of Technology (DIT) National University of Timor Leste (UNTIL) Timor NGO Forum (Fongtil) Water and Sanitation Working Groups
Solomon Islands	University of South Pacific
Vanuatu	University of South Pacific, Vanuatu Institute of Technology (VIT) including AusAID funded Technical and Vocational Education and Training (TVET) program
Vietnam	VUFO- NGO Resource Centre Water Supply and Sanitation Working Group