



# Evaluation Summaries

## Evaluation: Strengthening and Improving Labour Relations in Timor-Leste (SIMPLAR)

### Quick Facts

**Country:** Timor-Leste

**Final Evaluation:** June 2006

**Mode of Evaluation:** Independent

**Technical Area:** Social Dialogue

**Evaluation Management:** Asia

**Evaluation Team:** David Gairdner, Wael Issa

**Project Start:** January 2002

**Project End:** March 2006

**Project Code:** TIM/01/05/USA

**Donor:** USA (US\$ 756,170)

### Background & Context

#### Summary of the project purpose, logic and structure

The project Strengthening and Improving Labour Relations in East Timor (SIMPLAR) was funded by the U.S. Department of Labour and implemented by the ILO through an umbrella cooperative agreement designed to help countries realize the principles of the ILO's Declaration on Fundamental Principles and Rights at Work.

SIMPLAR's Development Objective was that "a labour relations policy and legal framework including arrangements for tripartite consultation will be established, agreed and operational; and a labour dispute resolution system will be established, agreed and operational, including arrangements for conciliation, arbitration and adjudication".

The related two immediate objectives with performance indicators were identified as follows:

1. A gender-sensitive labour relations policy and legal framework is established and operational
  - Trade unions and employer organizations are formed and operational and labour relations are improved at the enterprise level.
  - Regulations on (a) employment and labour administration (b) termination of employment and (c) minimum wage fixing are implemented and the National Labour Board, which is created under (a), and referred to in (b) and (c), is operational.
2. A Labour dispute resolution system is operating effectively
  - A dispute prevention and resolution strategy, including institutional framework, is prepared, and regulation on labour relations is operational.
  - Conciliation, arbitration and adjudication systems operational and statistics on labour disputes are available.

#### Purpose, scope and objectives of the evaluation

The evaluation included six elements: The validity of the project methodology and approach, assess the project implementation (schedule, activities, and materials), the current management performance of the project, which include staffing responsibilities and communication (ILO, CTA, and key personnel), the project's sustainability plan,

the effectiveness of the project performance monitoring sustainability plan, and the level of stakeholder commitment.

### **Methodology of evaluation**

The evaluation used the following methodology: document review, a pre-mission conference call and a field mission to Timor-Leste from 24 to 28 April 2006. The evaluator met 21 informants from the Government of Timor Leste, ILO field staff and the World Bank, as well as workers and employers who have received training in the project; members of the National Tripartite Committee, the Labour Relations Board and the Arbitration Board; employer groups, unions and government departments that have received training, Ministry of Labour and Community Reinsertion officials who have collaborated with the ILO in the development of legislation, regulations and policy.

Post-mission telephone interviews were held with the United States Department of Labour (USDOL) in Washington and with John Ryan, SIMPLAR's former Chief Technical Advisor.

### **Main Findings & Conclusions**

SIMPLAR partially achieved its development objective of contributing to Timor-Leste's social and economic progress through the establishment and operation of an effective labour relations system. Two of the project's four sub-objectives were realised, including the strengthening of employer and trade union groups and contributing to regulations and the formation of the Labour Relations and Minimum Wage Boards (policy and legislation). SIMPLAR's objectives in relation to the creation of an arbitration system and dispute resolution system were partially realised. While some legislative initiatives appear to be gender-sensitive, the project had no overall gender strategy.

All three social partners in Timor-Leste respect the ILO and value their collaboration, hoping to continue with it after SIMPLAR. The point was re-enforced during a brief meeting with the Minister of Labour, who concluded SIMPLAR's support has been important to the formation and operation of the

labour ministry. The ILO retains a high level of trust and credibility, in part because of the quality of programmes in other areas.

Due to the size of the project, the ILO and USDOL decided to not invest funds in a performance monitoring plan. In addition, government and social partners had limited capacity to collect data against the indicators. Nevertheless, major project outputs related to legislation, capacity development and technical assistance were delivered. These outputs responded directly to the requests of all three social partners and were of high quality. SIMPLAR made substantive contributions to at least eight legislative initiatives, including revision to the labour code. Training activities were tied to the development of priority legislation and the capacity of social partners. Under stable political conditions with growth in the formal economy, these outcomes could have a significant and lasting impact on Timor-Leste's labour relations systems.

SIMPLAR provided important concepts, vocabulary and analysis to its participants. While difficult to quantify, the concept of tripartite labour relations helped the three partners identify incentives for collaboration and the rewards to be gained. Informants did not explicitly make a statement in this regard. Rather, it was apparent through their interactions during the interview process. SIMPLAR and the ILO, therefore, have made a contribution to changing the perceptions and mental models behind the behaviour of project stakeholders.

Factors in the project environment undermined SIMPLAR's impact. The three tri-partite labour boards were formed in 2005, but are still not fully operational, with the exception of the Minimum Wages Board which has met several times. There is no consensus within the Council of Ministers on the concept of tripartite labour relations or what role the boards will play. SIMPLAR's legislative and training activities, therefore, have not achieved their potential. The same problem led to the suspension of SIMPLAR between 2003 and 2004, during which time the project lost its momentum and capacity development

activities were halted. In the absence of SIMPLAR, the ILO had reduced its capacity to be an advocate for tri-partitism.

The situation in Timor-Leste affected the validity of SIMPLAR's assumptions and objectives, while it lacked the analytical framework or flexibility to respond. SIMPLAR was designed as a project for implementation under "normal" development conditions rather than a post-conflict environment. Neither the USDOL nor the ILO employed specific programme criteria for such a post-conflict situation. Accordingly, no special consideration was given to the fragility of the situation, or a realistic timeframe for building the capacity of the three social partners. The 2003 Mid-Term Evaluation presented its findings within the objectives and methodology established in the original project. However, it did not ask if these were still valid or whether an alternative approach was needed.

In this context, SIMPLAR overestimated the short-term demand for industrial relations policy and structure, and the capacity and priorities of social partners. In a subsistence agriculture economy with only a small formal sector, there were few actors requesting that the government make project objectives an immediate priority. Rather, the government's short-term focus has been on security, capacity development, rural development and livelihood creation. The government has also managed competing priorities coming from Timorese society and the donors, with only limited human and financial capacity. Only in 2005/06, with progress on consolidating state institutions and the prospect of oil revenues to support national development objectives, did the government appear ready for a more concerted effort on labour law and industrial relations. The evaluation team is certain that it was not realistic to believe that 18 months would be sufficient to achieve project objectives.

### **Recommendations & Lessons Learned**

Post-conflict projects should be supported by a clear policy framework and programme criteria that respond to the unique conditions in those environments. Projects should take a

medium-term approach, and allow for the scaling up of activities and funding as the capacity of social partner expands, along with demand for project services.

Project design should begin with a situation analysis, leading to an explicit statement of assumptions about the project environment. Assumptions should be tested and validated on a regular basis as part of the Performance Monitoring Plan, ensuring they remain valid. Where monitoring concludes there have been changes in the programme environment, programmes need the flexibility to reposition activities.

Financial and programme administration should be situated within one project-management structure. That structure should be as close to the point of service delivery as possible, to ensure that resources are available to programme managers in a timely manner.

Capacity development initiatives in post-conflict environments should be based on a long-term programme commitment and strategy. The time frame should reflect a realistic assessment of social partner's ability to scale up their capacity, and ensure sustained engagement over that period. Interruptions in the sequencing of programme delivery should be avoided, allowing for a critical mass of knowledge and skill to be developed gradually. The ILO must strengthen its process for recruitment and selection of international experts for placement with national social partners. Care should be taken to ensure that candidates have both the professional skill and aptitude to contribute in a difficult field posting. The ILO must monitor the performance of posted experts, and intervene to resolve problems as they arise.

Projects must have a clear performance monitoring strategy. Particular attention should be paid to the systematic monitoring and collection of data against performance indicators. Those indicators should be based on a realistic assessment of the capacity of the project and social partners to gather data. Training events should always be followed by participant evaluations.