



Evaluation Summary



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Enhancing Rural Access Agro-Forestry - Improving access to agro-forestry areas (ERA-AF)

Quick Facts

Countries: *Timor-Leste*

Mid-Term Evaluation: *Oct 2020 to Jan 2021*

Mode of Evaluation: *Independent*

Administrative Office: *ILO Country Office for Indonesia and Timor-Leste (Co-Jakarta)*

Technical Office: *DWT, ROAP*

Evaluation Manager: *Ms. Pamornrat Pringsulaka*

Evaluation Consultants: *Kirit Vaidya & Nazario dos Santos*

Project End: *31 October 2021 (with 5 month extension)*

Project Code: *TLS/16/04/EUR; TLS/16/02/EUR*

Donor & Project Budget: *European Union (EU): EURO 12,000,000. ILO: EURO 200,000.*

Keywords: *Rural livelihoods; rural access; labour-based technology; contractors; capacity development*

Background & Context

Summary of the project purpose, logic and structure

ERA-AF is part of the Partnership for Sustainable Agroforestry (PSAF) project funded by the EU and the Government of Germany (BMZ). PSAF aims to address two key challenges Timor-Leste faces, poor rural livelihoods and inadequate access to markets and basic services because of a deficient rural road network, through two sub-projects: (a) PSAF-AbF (Ai ba Futuru or Trees for the Future) to develop sustainable agro-forestry production, and (b) ERA-AF.

The objective of ERA-AF, to implement a capacity building and labour-based programme to rehabilitate and maintain rural roads to improve access and economic opportunities in agro-forestry areas to be addressed by:

- developing local contractors' capacity to use the labour-based approach for road rehabilitation through training and rehabilitation experience;
- rehabilitating and maintaining roads;

- developing the capacity to deliver training and mentoring of contractors of: (a) Don Bosco Training Centre (DBTC) in labour-based implementation, and (b) Institute for Business Development Support (Instituto de Apoio ao Desenvolvimento Emprezarial or IADE) in business competence, and
- supporting the development of Department of Roads, Bridges and Flood Control's (DRBFC's) capacity to foster an enabling business environment for private sector contractors and support their training.

The last item above is of key importance for the sustainability of the project's impact and has proved to be the most challenging. DRBFC is implementing the Government of Timor-Leste's (GoTL's) ambitious R4D (Roads for Development) programme to improve rural access by labour-based methods. Local contractors trained in labour-based methods and more streamlined administrative processes for DRBFC's engagement with them are essential for sound performance of R4D.

ERA-AF is funded by the EU with a small ILO contribution. It is being implemented in the eastern-most provinces of Baucau, Lautem, Manatuto and Viqueque. The planned project duration of 48 months (June 2017 to May 2021) has been extended by 5 months.

Present Situation of the Project

The project is progressing satisfactorily in meeting the target for kms of roads rehabilitated adjusted after the medium-term evaluation of PSAF on behalf of the EU in October 2019 (see *Effectiveness* under *Main findings and conclusions*). Achievement on kms of roads rehabilitated is 85 per cent of the target. Explanations for underachievement are community level disputes, labour shortages, underperformance by a few contractors and the COVID-19 suspension. The no-cost extension of 5 months is intended to make up for the delays.

Satisfactory progress has been made in developing the competence of DBTC and IADE to provide training. The project's targets for accredited training for contractors and provision of mentoring days are met or exceeded. In collaboration with DBTC and IADE, the project has developed the ERA-AF Contractor Excellence Scheme (ECES) to assess contractor performance.

The financial viability of DBTC post-ERA-AF is in jeopardy because DRBFC and GoTL are not committed to supporting contractor training, stipulating accredited training as a requirement for R4D contractors and seeking a financing solution for contractor training

Purpose, scope and clients of the evaluation

The purpose of this Mid-Term Evaluation (MTE) is to take stock of what has been achieved, and of any constraints/opportunities which have affected the achievement of project outputs and objectives. The normal time to conduct the MTE would have been in 2019. Since the EU commissioned a MTE of PSAF encompassing ERA-AF, ILO's MTE was deferred until late 2020 to avoid duplication and to have an opportunity to consider how the Project has responded to the 2019 MTE.

OECD/DAC criteria, adapted to include ILO concerns, used for this evaluation are: (a) relevance and strategic fit; (b) coherence of the project; (c) validity of intervention design; (d) effectiveness; (e) effectiveness of management arrangements; (f) efficiency of resource use; (g) impact orientation; (h) sustainability, and (i) tripartism, social dialogue, gender equality and non-discrimination.

The main clients and users are: (a) the ERA-AF Project team; (b) the ILO Country Office for Indonesia and Timor-Leste; (c) EIIP specialists in the Decent Work Team at the ILO Regional Office; (d) DEVINVEST; (e) EU Delegation in Timor-Leste; (f) DRBFC and in it the R4D programme and the Department of Training and Co-operation (DTC); (g) the ILO R4D-SP (Support Programme), and (h) DBTC and IADE.

Methodology of evaluation

The methodology is qualitative comparative appraisal supported by quantitative indicators. The sources of evidence used include: (a) review of project, GoTL and other relevant documents; (b) records of project operations and performance; (c) interviews, focus groups and debrief sessions with stakeholders, and (d) visits to project sites in the four project municipalities. In the pandemic context the international evaluator worked remotely and participated in interviews and briefings via online platforms. The national evaluator visited project sites in all four provinces and conducted interviews with provincial officials, contractors, supervisors and project workers with the international evaluator participating remotely. While remote engagement of the international evaluator worked reasonably well, it prevented actual observation in the field and face to face engagement with stakeholders which is likely to have led to missing some of the details and nuances.

Main Findings & Conclusions

Relevance and strategic fit

The project has a good fit with the development challenges facing Timor-Leste and the priorities of the key strategic partners, GoTL, EU and the ILO. GoTL's focus

on improving access to address poor rural livelihoods is specified in the National Strategic Development Plan (NSDP) 2011-2030. The Rural Roads Master Plan & Investment Strategy (RRMPIS) is the plan of operations for rehabilitating and maintaining the core rural road network to realise the improvement of rural access element in the NSDP. R4D is the project for realising the plan.

The project's strategic fit with the ILO is related to the role of EIIP in combining rural infrastructure improvement with employment, its Decent Work Country Programme for Timor-Leste which includes rural socio-economic development through infrastructure improvement as a pillar and its commitment to SDG Goals 1, 5, 8 and 9. EU as the donor has a substantial and long-term commitment to rural development in Timor-Leste.

Coherence of the project

While there is strong GoTL commitment to fund R4D, DRBFC has faced some challenges in implementing R4D. Because of political stalemates, annual GoTL budgets for R4D have varied widely and remained below the requirements specified in the RRMPIS. The recently approved budget for 2021 and the improved outlook on future annual budgets creates a more favourable context. However, effective implementation of R4D is hindered by: (a) cumbersome DRBFC and GoTL processes for awarding contracts and paying contractors, in particular delays in releasing budgets and the ADN (Agência do Desenvolvimento Nacional or National Development Agency) audits, and (b) no formal requirement of competence in labour-based methods for R4D contractors.

The public sector capacity development element of the project is intended to support the DRBFC to address the training of R4D contractors and creation of an enabling environment for them. ILO's R4D-SP is a key strategic partner of ERA-AF for this element. GoTL budgetary constraints on DRBFC staffing and operations and for supporting contractor training are obstacles against achievement of the capability development output.

While a high degree of coherence and mutually reinforcing benefits for the target communities were envisaged with the partner project PSAF-AbF, design and operational aspects have been obstacles to fully realising the benefits.

Validity of intervention design

Project design is realistic and sound in combining contractor training, rural roads rehabilitation and maintenance and public sector institutional strengthening and capacity development. The design was changed at relatively short notice at the instigation of the donor to increase the road length by 50 per cent and reduce the cost per km by 25 per cent. The Project has managed resources to keep close to the amended cost per km target but the change signals the donor placing greater weight on the length of roads rehabilitated than the capacity development to contribute to improved performance of GoTL's rural roads strategy.

The project design required that the roads selected by ERA-AF serve sucos identified for support by PSAF-AbF. Since PSAF-AbF started later and selected 40 dispersed sucos, ERA-AF has been able to connect only 11 of the sucos selected for PSAF-AbF intervention.

With support from ILO's Regular Budget Supplementary Account (RBSA) for its projects in Timor-Leste, the project has responded well to GoTL restrictions in response to COVID-19. Project staff used the period of suspension of training and rehabilitation to work on training and operations manuals and documents for capacity building initiatives.

Effectiveness

As noted earlier the project is progressing satisfactorily, though with some delays, in meeting the target on length of roads rehabilitated, the associated contractor training and employment creation and development of the technical capacity of the training institutes. While an implementation agreement with DRBFC has been signed and preparatory work has been undertaken by the project, challenges remain on: (a) sustainable institutional capacity development within DRBFC and GoTL to create an enabling environment for contractors; (b) securing accredited training of contractors as a requirement for labour-based implementation of R4D, and (c) securing financial sustainability of DBTC when the project ends.

The medium term evaluation of PSAF on behalf of EU in 2019 highlighted: (a) delays in the rehabilitation of roads; (b) high cost overruns; (c) limited capacity of DBTC and IADE; (d) questionable benefits of rehabilitating short rural roads not connected to good quality National or Municipal roads, and (e) no sustainability because of no prospect of maintenance. The recommendation was to reduce the road length to be rehabilitated and permit an extension of time to complete the project. While the ILO complied with the recommendations, there are issues of concern with the recommendations either because they are based on erroneous information (cost overruns and marginal roads rehabilitated) or incomplete information (no prospect of maintenance) or a questionable hypothesis (no benefits from short local rural roads).

Effectiveness of management arrangements

The Project Advisory Committee (PAC) bringing together all key stakeholders is effective for engaging them on key issues of concern for the project. The physical location of the ERA-AF project office close to DRBFC and the links between the ERA-AF Private Sector Co-ordination Officer and the M&E Officer and counterparts within DTC are intended to support the institutional strengthening and capacity development within DRBFC. However, the challenge of achieving sustainability of the project's impact remains because of DRBFC and GoTL constraints.

Efficiency of resource use

The average rehabilitation cost per km achieved over the reference period is USD 82,127 compared with about

USD 74,833 (EURO 67,350) estimated in the ERA-AF Project Document (ProDoc). The actual cost being 10 per cent higher than the planned cost is justified by more difficult terrain and added climate resilient measures. The average cost achieved by the project is lower than the recently estimated average direct investment cost for roads rehabilitation of USD 115,400 per km for R4D roads. Since the cost difference reflects differences in standards, determination of whether ERA-AF rehabilitation is cost efficient in comparison with R4D would require comparison of life cycle costs. Practices for achieving efficiency in operations include: (a) competitive bidding within 10 per cent of engineering estimates; (b) monitoring contractor performance, and (c) intervening when contractor performance is poor.

Technical assistance support and budget have been used judiciously to: (a) improve the capacities of DBTC and IADE and leveraging their support for contractors during implementation, and (b) support the DRBFC in establishing the Private Sector Relations Unit (PSRU) as a part of an attempt to develop DRBFC's capacity to support contractor training and an enabling environment.

Impact orientation and sustainability

The project has incorporated decent work conditions for project workers in contractors' training and contracts. The project's actual and potential contribution on developing capacity for the rehabilitation and maintenance of rural roads in Timor-Leste is through the adoption of lessons learnt on contractor training and institutional capacity development by DRBFC. Initiatives for the remainder of the project (the tracer study of contractors following through on the ERA-AF Concept Note on improving the institutional context and resource provision for engaging with contractors and their training and the business environment contractors face) are intended to strengthen this impact.

The longer lasting impact will depend on how effectively the project is able to implement its exit strategy, the key elements of which are: (a) institutionalising the training management and private sector contractor support capacity within DRBFC in PSRU; (b) setting successful completion of accredited labour-based training as a prerequisite for bidding for R4D contracts; (c) formal recognition by DRBFC of the role of DBTC as an accredited labour-based training provider, and (d) establishing engagement between PSRU and CCI-TL as a representing contractors and advocate of improvements in public sector systems and processes.

On the impact of improved rural roads, there is evidence of fall in transport costs, increased frequency of motorised transport and stories of individuals and communities benefiting from project employment and improved access.

Tripartism, social dialogue, gender equality and non-discrimination

A key achievement of the project on gender equality is the high proportion (57 per cent) of contractor firms owned by women awarded ERA-AF contracts. The proportion of

women project workers overall is below the 30 per cent target to date but in later batches of contracts it is above target indicating improving performance over the period. The socialisation process at the municipal and community levels, the training of contractors, engagement with CCI-TL and AEMTL (women entrepreneurs' association), the special contract conditions and monitoring on sites are the main means for addressing gender equality and non-discrimination.

The project has leveraged ILO's engagement with social partners. The partnership with CCI-TL has been important for recruiting contractors and has the potential for engaging with DTC to develop an enabling business environment for contractors and representing their interests. KSTL's (Konfederasun Syndikat TL or Confederation of Trade Unions in Timor-Leste) role has been in enhancing awareness of workers on occupational safety and health, workers' rights and promoting gender equality and social inclusion.

Recommendations & Lessons Learned

Main recommendations and follow-up

ERA-AF has a sound rationale and internal consistency of project inputs, outputs and outcomes, and management structure and processes to adapt to external circumstances. At the operational level the main challenges have been the external factors leading to delays. At the strategic level the challenge of improving DRBFC capacity remains.

One reason for delays on some roads has been insufficient labour supply. In the context of poor livelihoods in rural Timor-Leste and hence the need for employment opportunities to supplement livelihoods, labour shortages signal possible issues related to the scheduling and/or location of projects which need investigating.

ERA-AF's collaborations with DBTC and IADE have developed their capacities and has been of central importance in training contractors. ECES, developed in collaboration with DBTC and IADE, is an excellent initiative for monitoring the quality of contractors. Other examples of good practice are: (a) the work done to date by the project on public sector capacity building; (b) the C & V (Communication & Visibility) strategy, and (c) collection of evidence on the impacts of improved roads on local communities.

Recommendations

The main recommendations are also relevant as preparation for the final evaluation of the project.

1. The project should focus on the exit strategy for the remainder of the project. Key elements in the exit strategy, also recognised by the Project, are engagement with DRBFC, in partnership with R4D-SP, to: (a) achieve agreement by DRBFC to set accredited labour-based training prerequisite for R4D contractors; (b) support DRBFC in creating an enabling business environment for contractors and

influencing GoTL to enable simpler and swifter auditing procedures and timely payment for contractors, and (c) achieve recognition by DRBFC of the role of DBTC as an accredited training provider. To address the financing of contractor training, the option of a levy on contractors who have bid successfully for R4D contracts should be considered. *(Responsibility: ERA-AF, DRBFC, MPW, ADN, R4D-SP)*

2. Higher level policy influencing in GoTL with involvement of key multilateral and bilateral donors and development partners is required for the substantial reforms and initiatives needed. *(Responsibility: ERA-AF, DRBFC, MPW, R4D-SP, ILO CO-Jakarta & DWT-Bangkok)*
3. A further extension of time, in addition to the already granted 5 months, within the budget should be considered to complete the revised programme of rehabilitation works and to have more time for implementing the exit strategy. *(Responsibility: ERA-AF, Donor)*
4. The proposed tracer study of ERA I and ERA-AF contractors should include investigation of the survival strategies of contractors and reasons for the failure of contractors to inform the creation of an enabling environment for contractors. *(Responsibility: ERA-AF, R4D-SP)*
5. A qualitative meta-analysis of the data collected from baseline and endline community snapshots, case studies and stories, to assess the impact of improved roads is recommended for impact assessment and the final evaluation. *(Responsibility: ERA-AF)*
6. An appraisal of the reasons for the labour supply problems on a number of projects is recommended to derive lessons for R4D. *(Responsibility: ERA-AF)*
7. A comparison of life cycle costs between the lower cost ERA-AF and higher cost R4D roads is recommended to yield results for the future rural roads rehabilitation and maintenance strategy. *(Responsibility: DRBFC, R4D-SP – longer term after ERA-AF completion)*
8. An examination of the planning cycle to explore options such as some preparation activities in advance and maintaining an inventory of prioritised projects is recommended to yield results for future rural roads rehabilitation and maintenance strategy. *(Responsibility: ERA-AF – for lessons learnt during the remainder of the Project; R4D-SP and DRBFC – to continue after completion of ERA-AF)*