



## Enhancing Rural Access Agro-Forestry - Improving access to agro-forestry areas (ERA-AF) –Independent Final evaluation

### QUICK FACTS

**Countries:** Timor-Leste

**Evaluation date:** 30 June 2022

**Evaluation type:** Project

**Evaluation timing:** Final

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

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**DC Symbol:** TLS/16/04/EUR; TLS/16/02/EUR

**Donor(s) & budget:** European Union (EU): US\$13,333,300; ILO: US\$222,200

*Key Words:* Rural livelihoods; rural access; labour-based technology; contractors; capacity development; employment creation

## 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, was to be addressed by:

- developing local contractors' capacity to use the labour-based approach for road rehabilitation;
- 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.

Funded by the EU with a small ILO contribution, ERA-AF was implemented in the eastern-most provinces of Baucau, Lautem, Manatuto and Viqueque. The planned project duration of 48 months (June 2017 to May 2021) was extended by 10 months to the end of March 2022 and by further 3 months to the end of June 2022 to wind up activities.

### Present situation of the project

The project ended on 30<sup>th</sup> June 2022. It exceeded the target for kms of roads rehabilitated, though no cost extensions were required. Explanations for the requirement for extensions are community level disputes, labour shortages, exceptionally severe weather conditions, underperformance by a few contractors and COVID-19.

The project's targets for accredited training for contractors and provision of mentoring days are met or exceeded. 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 remained challenging. A part of the Project's exit strategy is a White Paper to address this challenge (see *Sustainability*).

### Purpose, scope and clients of the evaluation

The purpose of this Final Evaluation is to review and take stock of: (a) what has been achieved by the Project; (b) any constraints/opportunities faced

	<p>by the Project, and (c) how they affected the achievement of its outputs and objectives.</p> <p>The criteria used for the 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, disability inclusion and non-discrimination.</p> <p>The main clients and users are: (a) the ILO Country Office for Indonesia and Timor-Leste; (b) EIIP specialist in the Decent Work Team at the ILO Regional Office; (c) ILO DEVINVEST; (d) EU Delegation in Timor-Leste; (e) the National Authorising Office (NAO) in the GoTL Ministry of Finance; (f) ADN (Agência do Desenvolvimento Nacional or National Development Agency); (g) DRBFC; (f) the ILO R4D-SP (Bridging Phase); (g) DBTC and IADE, and (h) the Chamber of Commerce and Industry of Timor-Leste (CCI-TL).</p>
<b>Methodology of evaluation</b>	<p>The methodology was qualitative comparative appraisal supported by quantitative indicators. The sources of evidence were: (a) review of project, GoTL and other documents; (b) records of project operations and performance; (c) interviews, focus groups and debrief sessions with stakeholders, and (d) technical inspection visits to project sites. In the aftermath of the pandemic the international evaluator worked remotely and participated in interviews and briefings via online platforms.</p> <p>The field visits by the national evaluator were structured to include representative samples of physical, operational and socio-economic conditions within the time allotted for field visits. The national evaluator visited project sites and conducted interviews with municipal officials, contractors, project workers and member of communities for which roads were rehabilitated.</p>
<b>MAIN FINDINGS &amp; CONCLUSIONS</b>	<p><u>Relevance and strategic fit</u></p> <p>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 Strategic Development Plan (SDP) 2011-2030. The Rural Roads Master Plan &amp; Investment Strategy (RRMPIS) is the plan for rehabilitating and maintaining the core rural road network to realise the improvement of rural access element in the SDP. ERD programme (Estrada Rural Ba Desenvolvimento, also known as R4D, Roads for Development) is the project for realising the plan.</p> <p>The Project has a strong strategic fit with ILO EIIP by combining rural infrastructure improvement with employment generation. The Decent Work Country Programme for Timor-Leste includes rural socio-economic</p>



development through infrastructure improvement as a pillar. The Project has a strong alignment with SDG 8 and contributes to SDGs 1, 5 and 9. EU as donor has a substantial and long-term commitment to rural development in Timor-Leste.

#### Coherence of the project

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 were obstacles to fully realising the benefits. Since PSAF-AbF started later and selected 40 dispersed sucos, ERA-AF was able to connect only 11 of the sucos selected for PSAF-AbF intervention. 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 and recently R4D-SP (Bridging Phase) were key strategic partners of ERA-AF for this element.

ERA-AF adhered to decent work principles (International Labour Standards (ILS), human rights-based approach and gender equality) by including the principles of paying fair wages (the statutory minimum wage at least), decent working conditions comprising H&S aspects, occupational insurance and non-discrimination on gender or other grounds in: (a) the socialisation process; (b) training of contractors; (c) contract conditions, and (d) site supervision and inspection.

#### Validity of intervention design

COVID-19 required cessation of Project field activities, training and rehabilitation works for 2.5 months. Preparatory work continued on training and operations, capacity building initiatives and health and safety guidance in preparation for the commencement of field work. A second aspect of the response to COVID-19 was the Project's participation in ILO's support through RBSA funding to GoTL's recovery efforts targeted at the poor and vulnerable affected by COVID-19 by providing employment in routine maintenance for vulnerable groups.

The main sustainability risks were public sector obstacles to institutional development (see *Sustainability*). An operational risk was small-scale contractors' access to financial services and equipment. Timely disbursements and advance payments to contractors for financing equipment and materials purchase mitigated the risks.

The risk of contractor failure was mitigated by setting cost envelopes for competitive bidding, effective training, continuing guidance during implementation, using the ERA-AF Contractors Excellence Scheme (ECES), and responding to low quality performance or failures by reducing the scope of works and terminating contracts.



### Effectiveness

Two outcomes were specified for the Project: (a) *improved market access*, and (b) *improved skills of construction companies and local authorities*. The output targets under *improved market access* have been achieved by the Project exceeding the rehabilitated road length target. The complementary employment generation target was also exceeded. Women's participation as workers at 25% was below the target of 30% but the proportion of contractor firms owned and managed by women was 53%. The evidence for the *improved market access* Outcome is: (a) more than three-fold average increase in accessibility to markets, health centres and schools after rehabilitation of roads, and (b) between 9 and 10 fold average increases in motorcycle and small to medium sized four wheeled motorized traffic, and 44% fall in pedestrian traffic on the rehabilitated roads. Targets on the capacity of training institutions have been met but public sector institutional capacity development and institutional reform remained a challenge (see *Sustainability*).

On the *improved skills of construction companies and local authorities* Outcome, the targets for the number of training and mentoring days for contractors have been exceeded and correspondingly the number of contracts awarded to trained contractors have been met. Indicators of the quality of improved skills of construction companies are: (a) the rating of contractors using the ERA-AF Contractor Excellence Scheme (ECES) developed by the Project, and (b) the low proportion (6%) of contracts terminated. Achievement on number of trainee days for local authorities in managing rural roads maintenance is sufficient for the small number of maintenance contracts implemented and lack of clarity about the role of municipalities in maintenance.

### Effectiveness of management arrangements

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

### Efficiency of resource use

The average rehabilitation cost per km achieved by the Project 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 planned 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 ERD roads. Since the cost difference may reflect differences in standards, determination of whether ERA-AF rehabilitation is cost efficient in comparison with ERD 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.

#### Impact orientation

The Project has incorporated decent work conditions for workers in contractors' training and contracts. Whether there is wider adoption of the decent work principles depends on the effectiveness of the efforts of ERD in retaining the requirement for contractors to comply with decent work principles and more broadly on public sector and private sector contracts and private sector work.

The Project's contribution on developing capacity for the rehabilitation and maintenance of rural roads is through the adoption of lessons learnt on contractor training and support for them by DRBFC in implementing ERD. The Project: (a) prepared a Concept Note proposing the changes required, and (b) provided financial and technical support to support the changes. As it became clear that Ministry of Public Works (MPW) and DRBFC priorities and resources did not permit their proactive role in contractor training and creating an enabling environment, the Project proposed a different approach involving a wider range of stakeholders within GoTL (see *Sustainability*).

The poverty reduction impact is through the economic and non-economic benefits arising from improved access evidenced by the change in mode of travel from walking to motorised transport (see *Effectiveness*). The impacts are expected to be more produce being marketed, change in the crops planted to higher value cash crops, greater access to employment opportunities and better prospects for local businesses. The non-economic benefits are improved access to basic services, education and health, which have longer term poverty reduction effects. The benefits and poverty reduction effects will take some time to develop. The evidence collected by the Project and evaluators' discussion with local people offer early evidence of the Project's contribution to improved livelihoods and reduced poverty.

#### Sustainability

One of the objectives of ERA-AF was to support DRBFC in fostering an enabling business environment for private sector contractors implementing road rehabilitation on ERD and support their training, by adapting the models developed and implemented by ERA-AF for training



and managing contractors. The Project took a number of steps to attempt to achieve this objective (*see Effectiveness of management arrangements*).

It became apparent late in the Project that DRBFC did not have the resources and remit to train contractors and create a more supporting environment for them. As an important part of its exit strategy, the Project has produced a White Paper as a roadmap for adapting the lessons from ERA-AF in DRBFC for ERD and other public sector projects. The paper recognises that multiple public and private sector stakeholders need to be involved and proposes that ADN (Agência do Desenvolvimento Nacional or National Development Agency) takes the lead. MPW, DRBFC and CCI-TL would be important stakeholders and ILO and other international partners would need to be involved.

The role of DBTC's Labour-based Training Unit in supporting the training of ERD contractors remains an issue. DBTC's LBT Unit was highly dependent on ERA-AF for its financial viability. It is making progress towards addressing concern about its financial viability after the end of ERA-AF by widening its client base and gaining additional income streams. Given the scale of ERD and related continuing need for training DBTC would have an important role to play but this will depend on whether the recommendations in the Project's exit strategy are implemented.

*Tripartism, social dialogue, gender equality and non-discrimination*

The socialisation process at the community levels, the training of contractors, engagement with CCI-TL and AEMTL (women entrepreneurs' association), the special contract conditions and supervision and monitoring on site were the main means for mainstreaming ILS and address gender equality and non-discrimination. A remarkable achievement of the project on gender equality and women's empowerment is the high proportion (53%) of contractor firms owned and managed by women awarded ERA-AF contracts. The project has leveraged ILO's tripartite engagement: (a) with CCI-TL in recruiting contractors and with potential to further develop CCI-TL's role in supporting small scale contractors by continuing to play a part in developing an enabling business environment for contractors, and (b) with KSTL (Confederation of Trade Unions in Timor-Leste) in enhancing awareness of workers on occupational safety and health, workers' rights and promoting gender equality and social inclusion. KSTL was a partner in ILO's engagement with the EU-UN Spotlight initiative to eliminate violence against women and girls.

## RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

### Main findings & Conclusions

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 human and natural factors leading to delays.

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. Using the knowledge gained in supporting capacity development has remained challenging because of reasons beyond the Project's control, though the White Paper (see *Sustainability*) shows a way forward.

#### Recommendations

There are three recommendations arising from ERA-AF for stakeholders committed to enhancing ERD and improving the capacities and prospects for small contractors:

- Make following up on the proposals in the White Paper timebound with milestones. This is of key importance if the benefits from the lessons learnt from ERA-AF are not to be lost.
- A study of the socio-political and labour supply issues, including the wage rate level, is recommended. The aim of the study would be to formulate better informed policies and reduce the risk of jeopardising implementation of the labour-based approach.
- A comparison of road life cycle costs between ERA-AF and ERD is recommended. ERA-AF roads are being rehabilitated at an average cost well below those of ERD. Understanding life cycle cost implications would yield results for improving the effectiveness and efficiency of rural roads rehabilitation and maintenance.

#### **Main lessons learned and good practices**

Lesson 1: One of the most important, but also the most challenging, achievements of a donor funded EIIP project is for the lessons learnt to be adapted for national programmes. The lesson learnt is the need for continuing attention to institutional strengthening from the outset, perseverance and flexibility to adapt and build coalitions when there are obstacles.

Lesson 2: The high level of rural poverty and underemployment offer a strong rationale for using the labour-based approach. The lesson from the Project is that a range of reasons including concerns of local people, obstruction by interest groups, timing of works and wage rates not adjusted to reflect changing conditions cause delays. Understanding these issues and more importantly developing strategies and practices to mitigate the effects are important for sustaining the labour-based approach.

Good Practice 1: The Project has faced challenges in achieving its objective of supporting public sector institutional reforms for capacity development of small contractors and creating an enabling environment for them. The good practice is the White Paper which has set out a roadmap outlining





the way forward and identifying the public and private sector stakeholders whose engagement is required.

*Good Practice 2:* The strong mutually beneficial collaboration between ERA-AF and DBTC and IADE has been of central importance for the Project for its model to combine contractor training and roads rehabilitation. The collaboration was built on the Project working with the training institutes to develop training programmes, the Project supporting the institutes in their capacity development and the institutes' adapting their offerings to meet Project requirements, including the need for experiential learning and supervision in the field.

*Good Practice 3:* DBTC and IADE, in collaboration with ERA-AF, have developed a tool for assessing the performance of contractors on business, technical and social responsibility aspects. The ERA-AF Contractor Excellence tool is used to assess contractors' performance and to recognise high quality contractor performance. Such tools can be emulated on other similar programmes to assess the effectiveness of training and quality of works.