



Australian Government
AusAID

Quality at Entry Report for Roads for Development (East Timor)

A: AidWorks details

Initiative Name:	Roads for Development		
Initiative No:	INK211	Total Amount:	\$30 million
Start Date:	1 February 2012	End Date:	29 February 2016

B: Appraisal Peer Review meeting details

Initial ratings prepared by:	Scott McNamara/Jeff Prime, East Timor Section/Dili Post
Meeting date:	12 December 2011
Chair:	Rod Brazier (ADG IET)
Peer reviewers providing formal comment & ratings:	Mark Barrett/Marcus Howard, Infrastructure Advisers
Independent Appraisers:	Mike Shone, Consultant, Transition Solutions Group Pty Ltd Dr Anthony Airey, Consultant, I.T. Transport Ltd
Other peer review participants:	<u>Canberra:</u> Natasha Allitt (Capacity Development Team), Lara Andrews (East Timor Section), Wendy Conway-Lamb (Asia Climate Change Specialist), Nick Cumpston (Economist, IET), David Green (ETS), Darrell Hawkins (ETS), Martin Nightingale (Procurement and Agreement Services), Lauren Phillips (UN Section), Anne Rigby (Disability Inclusive Development), Dylan Roux (Working in Partner Systems), Philippa Venning (Director, ETS). <u>Dili/Jakarta:</u> Vincent Ashcroft (Minister-Counsellor), Jose Assalino (Chief Technical Adviser and Liaison Officer, ILO Dili), Bas Athmer (ILO Design Team Leader), Manuel Guimaraes (Coordinator, Education), Sarah Lendon (Counsellor), Decio Ribeiro Sarmiento (Senior Coordinator, Infrastructure), Jemal Sharah (Counsellor), Tomas Stenstrom (ILO Dili).

C: Safeguards and Commitments (completed by Activity Manager)

<i>Answer the following questions relevant to potential impacts of the activity.</i>		
1. Environment	Have the environmental marker questions been answered and adequately addressed by the design document in line with legal requirements under the <i>Environmental Protection and Biodiversity Conservation Act</i> ?	Yes
2. Child Protection	Does the design meet the requirements of AusAID's Child Protection Policy?	N/A (but CP issues are integrated)

D: Initiative/Activity description

3. Description of the Initiative/Activity	<p>What is it?</p> <p>The Roads for Development program (R4D) has been designed as the main donor-funded program that will support rural roads in Timor-Leste. R4D will be implemented by the International Labour Organisation (ILO) in partnership with the Government of Timor-Leste (GoTL). The direct counterpart agency will be the Directorate of Roads, Bridges and Flood Control (DFRBC) in the Ministry of Infrastructure (Mol).</p> <p>The proposed donor contribution of US\$30 million over four years (beginning in February 2012) will be provided by AusAID. It is recommended that GoTL make an investment of US\$20.6 million in the rural road network through capital investments (US\$18.6 million) and increased staff resources (US\$2.0 million) over four years. The AusAID investments will be managed by the ILO in partnership with DFRBC staff. The GoTL investments will be managed by DFRBC with the support of R4D.</p> <p>The program's objectives will be pursued by a combined strategy of direct investments in road works and supporting GoTL to plan, budget and manage rural road works. Support to GoTL will consist of policy dialogue, technical advice and capacity development.</p> <p>R4D will be overseen by a Program Steering Committee (PSC) chaired by Mol and involving other key GoTL agencies. The PSC will be a key forum for structured policy dialogue between AusAID, ILO and GoTL. Other ministries and donors will be engaged periodically through the PSC, and mechanisms such as the Inter-Ministerial Forum on Rural Development, as issues arise.</p> <p>R4D has been designed as a four-year program but it is acknowledged that the achievement of its immediate objective will take at least eight years. An independent mid-term evaluation and annual joint monitoring missions will guide the decision whether to proceed with the design of a second four-year phase.</p>
4. Objectives Summary	<p>What are we doing?</p> <p>The development objective of R4D is that women and men in rural Timor-Leste are deriving social and economic benefits from improved road access. The immediate objective is that GoTL is more effectively planning, budgeting and managing rural road works using labour-based methods, as appropriate. These objectives are consistent with GoTL's targets for rural roads in the <i>Strategic Development Plan 2011-2030</i> (SDP).</p> <p>Based on the proposed AusAID contribution and recommended GoTL investment, it is estimated that by the end of four years 450 km of roads will have been rehabilitated, 700 km of roads will be subject to periodic maintenance and 1,150 km will have been placed under routine maintenance. It is estimated that the appropriate use of labour-based methods will provide around 52,000 people (15 per cent of the rural workforce) with short-term employment over the four years of the program.</p>

E: Quality Assessment and Rating

Criteria	Assessment	Rating (1-6) *	Required Action (if needed) ‡
1. Relevance	<p>Why are we doing this?</p> <p>There is a strong development case for improving rural road access in Timor-Leste. Over 70 per cent of the Timorese population live in rural areas and rural roads provide a vital link to markets and services. Impact evaluation studies of rural roads projects in Timor-Leste and elsewhere indicate that improved rural road access can have a wide range of livelihood benefits for rural people.</p> <p>Direct employment from the appropriate use of labour-based methods will be an important secondary benefit from R4D in the context of high rates of unemployment and underemployment in Timor-Leste.</p> <p>R4D is closely aligned to the GoTL SDP target of rehabilitating all rural roads by 2015 but it is important to be realistic about what can be achieved in this short timeframe.</p> <p>R4D follows the direction set by the <i>Australia-Timor Leste Country Strategy 2009-2014</i> which includes the key objective of increasing employment by improving infrastructure, including through labour-intensive initiatives. Promoting sustainable economic growth by developing infrastructure, particularly rural roads and water and sanitation systems, was identified as a priority in the <i>Timor-Leste – Australia Strategic Planning Agreement for Development</i>. Improving road access for rural communities will contribute to several of the core strategic goals of the Australian aid program including saving lives, promoting opportunities for all and sustainable economic development.</p> <p>R4D compliments other donor programs in Timor-Leste. The Asian Development Bank (ADB) is the lead donor in the roads sector as a whole. Given the ADB's focus on national roads, AusAID's proposed focus on rural roads through R4D is part of an appropriate division of labour. R4D will be coordinated with the European Commission (EC)-funded Rural Roads Rehabilitation and Maintenance Project (RRRMP) that is training small roads contractors and will also be implemented by the ILO.</p> <p>The relevance of R4D, as a program working largely but not exclusively with Mol, would be diminished if any future changes to the GoTL arrangements for planning and managing rural road investments significantly reduced the role of Mol. Under this scenario, the program may need to shift resources, such as technical assistance, to other GoTL agencies.</p>	6	<p>Continued monitoring of the program's ongoing relevance in a changing institutional environment, including through annual monitoring missions and independent evaluations will be essential. The program incorporates sufficient flexibility to respond to decentralisation and any other changes in GoTL's preferred model for road management.</p> <p>In line with comments from peer reviewers:</p> <ul style="list-style-type: none"> While the focus will be on building public sector capacity, R4D may consider testing models where capacities would be established amongst contracting consultants. As part of the identification, prioritisation and selection of road works, it may be decided to apply a staged approach whereby tracks are first improved, then widened and finally upgraded to a rural road standard.

E: Quality Assessment and Rating

2. Effectiveness	<p>Will it work?</p> <p>The program objectives have been clearly articulated and are measurable through the indicators proposed in the design. The program objectives are likely to be partially achieved within the initial four-year timeframe through a combination of direct investments, technical support to GoTL investments and capacity building. However, the design is realistic about the fact that the objectives will not be met in full in the first four-year period and that a timeframe of at least eight years will be necessary to achieve the objectives.</p> <p>The design clearly articulates the level of investments by GoTL that will be necessary to achieve the proposed levels of road rehabilitation and maintenance. The design also outlines, in general terms, the level of capacity that is expected to be built in GoTL agencies by the end of four and eight years, with a more detailed capacity needs assessment to be undertaken at inception.</p> <p>The extent to which these results and the immediate and development objectives can be achieved will be strongly dependent on the ability and willingness of GoTL to increase the budget and staffing resources available for rural roads. The SDP and discussions with MoI provide evidence of early GoTL commitment. However, the level of this commitment will need to be built and tested over the life of the program through structured and evidence-based policy dialogue.</p> <p>The design outlines the extent to which different levels of GoTL commitment are likely to lead to different levels of physical results and capacity development. The program budget provides a degree of flexibility to manage lower levels of GoTL staffing and/or slower progress in capacity development, for example by extending the assignments of international experts if necessary.</p> <p>DFRBC proposes to create a new Department of Rural Roads (DRR) that would become the main counterpart institution for R4D. If the creation of the DRR is delayed, R4D will support the development of rural road capacities within the existing DFRBC structure.</p>	5	<p>Ongoing dialogue with MoI and other GoTL agencies, before and during program inception, will be necessary to ensure initial staffing commitments are met.</p> <p>The strength of GoTL budget and staffing commitments will need to be closely monitored over the life of the program with resource allocations and the approach to policy dialogue adjusted accordingly.</p> <p>Consistent with comments from peer reviewers, setting realistic capacity development results for the first four-year phase and integrating these into program M&E will be a key function of the Capacity Development Framework.</p>
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E: Quality Assessment and Rating

3. Efficiency	<p><i>How will we do it?</i></p> <p>The proposed inputs represent value for money through a balanced combination of direct investments in road works (plus equipment purchases), international and national staff, and other capacity development activities such as training. The estimated average costs of road rehabilitation and maintenance, while higher than the current TIM-Works project, are consistent with international benchmarks. The cost increases relative to TIM-Works are necessary, in part so that rehabilitated roads are more durable to current and likely future climate conditions. The estimated cost of international staff is based on ILO remuneration rates.</p> <p>National staff will be used in those roles where people with the appropriate skills are likely to be available in Timor-Leste (e.g. the district coordinators) but given local skill shortages most program staff will need to be recruited internationally.</p> <p>Inputs are likely to be deliverable within the stated timeframes, provided the ILO is able to recruit appropriate staff in time for program mobilisation and other risks to implementation are well managed over the life of the program.</p> <p>The design considers that there will be a sufficient number of skilled contractors to implement the AusAID- and GoTL-funded works. While most of these contractors have been trained by TIM-Works, or will be by the EC-funded RRRMP, some other pre-qualified contractors will also be used. R4D and/or DFRBC may need provide these contractors with on-the-job training.</p> <p>A key issue during the design process has been achieving an appropriate balance between the budget for direct investments and that for staffing and other activities. A secondary issue has been balancing the number of discrete staff roles with the duration of their assignments. The proposed staffing profile balances the need to establish key policies and systems early in the program with the need for ongoing technical and capacity development support.</p> <p>GoTL systems will not be used to deliver the AusAID contribution in the first four years of R4D, with the possible exception of co-sponsoring GoTL staff. However, it is intended that the program will make a range of improvements to GoTL systems and, where possible, bring the relevant GoTL and ILO systems into closer alignment. Consideration will be given to using GoTL systems in the likely second four-year phase.</p> <p>The design incorporates a risk management approach, identifying key risks and mitigating actions. A key mitigating action is providing flexibility in the program budget to manage a range of contingencies, including changes to the institutional environment and levels of GoTL commitment.</p>	<p>5</p> <p>The allocation of resources between staffing and direct investments and within the staffing profile should be monitored over the life of the program. A key question for the Independent Monitoring Group will be the extent to which the level of direct investment is supporting or hindering capacity development.</p> <p>Consistent with comments from peer reviewers:</p> <ul style="list-style-type: none"> • The role of the PSC will be elaborated through detailed Terms of Reference (ToRs) at inception. The PSC will meet every six months unless its members decide otherwise. • Consideration will be given to whether it is necessary to formalise coordination between R4D and the RRRMP. • Ongoing consideration will be given to the suitability of the model proposed for the DRR/DFRBC, including whether the proposed systems are being introduced at the appropriate time. • The risk matrix has been revised and will be updated annually.
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E: Quality Assessment and Rating

4. Monitoring & Evaluation	<p><i>How will we know?</i></p> <p>The R4D design proposes a balanced and well-resourced M&E system that will provide robust management information and evidence of effectiveness. The proposed M&E system has an appropriate balance: between building Mol M&E capacity and providing information on program performance; between providing information at the impact (development objective), outcome (immediate objective) and output levels; and between quantitative and qualitative measures.</p> <p>The ongoing measurement of program impact will be essential to policy dialogue on the benefits of a well-maintained rural road network. This will be based on simple and cost-effective indicators and methods.</p> <p>To measure impact it is proposed to make use of quantitative data collected through Mol systems, other GoTL statistics and qualitative information from targeted surveys. At the outcome level, success will be measured through a range of quantitative indicators but also through an annual process for mutual reflection on capacity development progress. At the output level information will be collated both for the purpose of assessing progress against Mol action plans but also for the purpose of ILO reporting to AusAID on variance against Annual Work Plans. Where relevant and possible, data will be gender disaggregated.</p> <p>The design includes a dedicated M&E and Knowledge Management (KM) Specialist whose role will include implementing the R4D M&E system, building Mol M&E and KM capacity, and developing a Communications and KM Strategy that will support evidence-based policy dialogue with GoTL. The design also includes additional specialist positions that will support the establishment of key information systems within Mol that will underpin GoTL and program M&E.</p> <p>The design also makes provisions for regular external review through annual missions by an Independent Monitoring Group (IMG) and independent evaluations. As well as enhancing accountability to AusAID and the ILO, these arrangements will facilitate timely adjustments to program implementation in response to lessons learned or a changing environment.</p>	<p>5</p>	<p>Ongoing attention will need to be given to keeping program M&E systems as simple as possible and to supporting the development of sustainable GoTL systems. The M&E system will need to fully integrate monitoring of the Capacity Development and Social and Environmental Safeguards Frameworks that will be finalised at inception. This should be done in a way that does not overly complicate the M&E system.</p> <p>Consistent with comments from peer reviewers:</p> <ul style="list-style-type: none"> • ToRs for the IMG will be developed at inception jointly by the ILO, AusAID and Mol with the ILO taking the lead. Recommendations made by the IMG will be brought to the attention of the PSC and the ILO will take the lead in responding to the recommendations. • Ongoing consideration will be given to whether the proposed arrangements provide for sufficient external scrutiny of the quality of road works.
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E: Quality Assessment and Rating

5. Sustainability	<p><i>Will benefits last</i></p> <p>The design is realistic about the extent to which sustainable benefits can be achieved within the initial four-year period and identifies the likely need for at least another four-year phase to achieve its objectives in a sustainable manner.</p> <p>A sustainable rural road network in Timor-Leste depends on having roads that are in a maintainable condition and on having the resources and systems in place to maintain them.</p> <p>The direct investments proposed under R4D will rehabilitate and maintain some of the network but the rehabilitation of the remainder of the network (or most of it) and its ongoing maintenance will depend on GoTL's actions. AusAID-funded investments are necessary to address urgent needs, credibly demonstrate benefits and provide opportunities for learning by doing. However, the sustainability of the network depends on the success of R4D's capacity development and policy dialogue activities.</p> <p>The logical framework for R4D incorporates activities to address the three elements of GoTL's role in a sustainable road network – planning, budgeting and management rural road works – and outlines activities to improve its capacity and performance on each. An early focus will be on developing systems but institutionalising these systems will require GoTL budget and staffing commitments and a degree of ongoing technical support. Increasing budget allocations to rural roads will be critical to sustainability and R4D will pursue this through policy dialogue at all levels and by assisting Mol to prepare well-argued budget submissions based on evidence from the M&E system.</p> <p>The design includes a draft Environmental Safeguards Framework (ESF) that will be finalised at inception. The draft framework outlines the processes that will be followed to minimise the environmental impacts from the program and to ensure compliance with GoTL environmental standards and the <i>Environmental Protection and Biodiversity Conservation Act</i>. While the environmental impacts of the proposed road works (which are largely confined to existing roads) are likely to be minimal, the design proposes the use of sub-project Environmental Management Plans to ensure these impacts are identified and managed.</p> <p>To promote GoTL adherence to the ESF in relation to its own investments, R4D will include environmental sensitisation and training in its capacity building activities. A review of R4D's implementation of the ESF will be conducted every year by the IMG.</p>	<p>5</p>	<p>During the inception period it will be necessary to set realistic four-year targets for the performance of GoTL (particularly Mol) against R4D's immediate objective.</p> <p>Responding flexibly to changes in the GoTL institutional environment will be essential to achieving sustainable improvements in the management of the rural road network.</p> <p>Ongoing monitoring of environmental compliance will need to consider the extent to which the ESF has been adhered to in relation to the AusAID-funded investments but also in relation to GoTL-funded investments and whether the approach taken to building capacity on environmental safeguards is adequate.</p>
6. Gender Equality	<p><i>How will we achieve gender equality?</i></p> <p>The design has an appropriate emphasis on gender equality in its objectives, implementation, risk management and M&E arrangements. The design provides dedicated staff resources on gender equality and proposes that all other relevant program staff also have responsibilities for integrating gender equality. The design provides for clear activities from inception that will maintain a focus on gender equality, including finalising the draft Social Safeguards Framework (SSF). The risk management matrix clearly outlines the risks and mitigation strategies relating to gender while the M&E arrangements provide for the collection of gender-disaggregated data and gender-sensitive evaluative techniques.</p> <p>The design provides for appropriate measures to promote equal opportunities for women to participate in decision making, capacity development activities and in the direct employment opportunities that the program will generate. The program will aim for 50% for women's participation in labour-based road works with a minimum benchmark of 30% based on the existing TIM-Works project. It outlines a series of activities that will promote women's participation in employment, as well as in training opportunities and in management positions in contracting businesses.</p>	<p>5</p>	<p>As with environmental safeguards, ongoing monitoring, including by the IMG, will be important to ensure that gender and other social safeguards issues have been appropriately addressed, including through building GoTL capacity to manage these issues.</p> <p>Consistent with comments from peer reviewers, during the finalisation of the SSF at inception more detail will be provided on how the R4D will address resettlement and displacement issues, including identifying responsibilities for paying compensation to any affected households.</p>

E: Quality Assessment and Rating

7. Analysis and Learning	<p><i>Have well have we thought this through?</i></p> <p>The design incorporates a detailed contextual analysis, identifying key stakeholders and the main constraints to the development of a sustainable rural road network in Timor-Leste, including the fragmented and uncertain institutional arrangements for procuring rural road works. This analysis has informed the program logic which systematically addresses the constraints to a sustainable road network and provides flexibility to manage – and where possible influence - a changing institutional environment.</p> <p>The contextual analysis is based on the design team's own research and consultations, as well as by the experience of other programs in Timor-Leste, particularly the ILO-implemented TIM-Works project and AusAID's rural water supply, sanitation and hygiene program (BESIK). Through these programs, AusAID and the ILO have developed considerable experience in relation to rural infrastructure in Timor-Leste. These programs demonstrate the benefits of combining direct investments with capacity development. BESIK in particular has demonstrated that strong relationships and targeted dialogue and technical support can facilitate increased GoTL budget allocations for rural infrastructure, including maintenance. TIM-Works has demonstrated the viability of labour-based methods in rural road works in Timor-Leste. Important lessons from TIM-Works, including around social and environmental issues have been incorporated into the R4D design.</p>	5	<p>AusAID proposes to implement a successor program to BESIK that has been designed in parallel to R4D. This program will build on BESIK's established relationship with Mol and will therefore provide useful ongoing lessons for R4D which is at an earlier stage in working with Mol. AusAID will have a key role in ensuring ongoing dialogue and lesson sharing between BESIK and R4D, including in relation to using GoTL systems and responding to changes in the institutional environment.</p>
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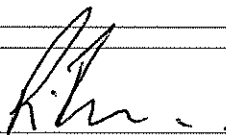
* Definitions of the Rating Scale:

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

[‡] **Required actions (if needed):** These boxes should be used wherever the rating is less than 5, to identify actions needed to raise the rating to the next level, and to fully satisfactory (5). The text can note recommended or ongoing actions.

F: Next Steps <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>		
Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1.		
2.		
3.		

G: Other comments or issues <i>completed by Activity Manager after agreement at the APR meeting</i>
<ul style="list-style-type: none">

H: Approval <i>completed by ADG or Minister-Counsellor who chaired the peer review meeting</i>		
On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:		
<input checked="" type="checkbox"/> QAE REPORT IS APPROVED , and authorization given to proceed to: <ul style="list-style-type: none"> <input checked="" type="radio"/> FINALISE the design incorporating actions above, and proceed to implementation or: <input type="radio"/> REDESIGN and resubmit for appraisal peer review 		
<input type="checkbox"/> NOT APPROVED for the following reason(s): <hr/> <hr/> <hr/>		
Rod Brazier (ADG IET)	signed: 	22/12/11

When complete:

- Copy and paste the approved ratings, narrative assessment and required actions into AidWorks and attach the report.
- The original signed report must be placed on a registered file

