

TIM-WORKS AusAID CONCEPT NOTE

Cover Page

Title:	Investment Budget Execution Support for Rural Infrastructure Development and Employment Generation (TIM Works)
Country:	Timor-Leste
Administrative unit:	ILO Office for Indonesia and Timor-Leste
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Technical backstopping unit:	ASSIST-AP, ILO Regional Office for Asia and the Pacific
Collaborating ILO Units/Offices:	ILO Office for Indonesia and Timor-Leste: Monitoring and Evaluation and Gender Equality Promotion.
External Implementing Partners (if any):	Secretariat of State for Vocational Training and Employment (SEFOPE), and Ministry of Infrastructure (Mol)
Budget:	AUD 2,250,000

1. Rationale and Justification

By the 2006 Human Development Indexes, Timor-Leste ranks 142nd and is among one of the world's 10 poorest countries. Timor-Leste non-oil GDP per capita has decreased from US\$450, (half of that of Rwanda) in 2001 to US\$343 in 2006, and 51.5% of the population in rural areas (49.9% at the national level) is living below the poverty line of USD 0.88 a day. With a total population of 924,642, Timor-Leste sees an annual population growth rate of about 3% and a fertility rate of 7.8 births per woman. The most recent surveys and statistics indicate that 48% of the population are below the age of 17, and young people, aged from 15 to 29, account for about a quarter of the Timorese people. At the present rate of fertility and mortality, the population size will double in 17 years.

Timorese first time job seekers are entering the labour market at a rate of 15,000-20,000 per year, leading to the growth rate of a significant 4-5% annually. However, Timor-Leste's distorted and volatile economy is unable to absorb the existing labour force, let alone rapidly expand to absorb the increase of job seekers.

75% of the Timorese population live in rural areas, which do not have adequate basic and development programmes and access to information and knowledge of production and market factors. Thus, Timorese particularly young women and rural residents live in the absence of sufficient education, skills training, and economic development services programmes, and a third of the population operating entirely outside the cash economy.

The infrastructure bottlenecks, especially in rural areas including access to market, have added miseries to the majority of country's population. Agriculture, being the main source of livelihood of the majority, only a quarter of crops is marketed and farmers have to walk, on average, more than two hours to nearby markets in sub-districts.

Large-scale rural-urban migration in Timor-Leste is building strong pressures on scarce resources, facilities and services in overstretched urban areas, particularly in Dili. The large-scale migration flows, finding no job prospects in Dili, have furthermore promoted the growth of a sub-culture of young men engaging in organized crime and violence, with the potential to spill over into civil unrest, as recently during the 2006/2007 riots and other incidents.

While being very much aware that increased employment opportunities in the infrastructure sector alone is *not* sufficient to adequately address the massive overall employment creation challenge, this sector, with its significant recurrent government budgets, presents a major opportunity for permanent job creation by a gradual introduction and institutionalisation of more employment enhancing work methods in these programmes.

The road sector comprises a road network of 6,040 km comprising 1,430 km of national roads linking district centres, 870 km of district roads providing links to the administrative centres, 720 km of roads in Dili and 3,020 km of rural access or feeder roads. The sector has been well studied and roads and programmes have already been prioritised and major programmes have commenced. The current conditions of the national, district and urban roads are known and show a high degree of deterioration. Rehabilitation and maintenance is needed to sustain road access. The condition of the district and rural road network has however not been assessed in full, but with the backlog of maintenance it is inevitable that a significant portion of the road network is in need of repair and rehabilitation.

2. Project strategy

The overall strategic framework for addressing the prevailing socio-economic challenges in Timor-Leste includes Cash for Work (CFW) programmes, which can (i) quickly provide work and place cash in the hands of vulnerable persons, and (ii) Restarting and accelerating more sustainable economic activities such as infrastructure works programmes using labour-based work methods.

The TIM Works Project, which was launched in 2008 with funding support from EC and the Governments of Norway and Ireland contributes to employment generation, poverty reduction, economic growth and peace building through the rehabilitation, construction and maintenance of rural infrastructure using labour-based (equipment supported) work methods. The Project reflects the Government of Timor-Leste (GoTL) Development Strategy and contributes to the achievement of the Millennium Development Goals (MDGs), by specifically addressing the following key challenges for poverty reduction in Timor-Leste: (i) Providing sustainable and productive employment opportunities for a rapidly growing labour force; (ii) Improving poor access to social services and markets; (iii) Private sector development support; (iv) Improving and maintaining rural infrastructure; and (v) Human resource development and institutional strengthening.

The TIM Works Project forms part of an overall strategy which links to and evolves from recent Cash for Work programmes, which has provided temporary employment, to more sustainable employment in the infrastructure sector in which major GoTL investment is now being planned and which can result in significant additional jobs provided that a more labour-based approach is incorporated.

Recognising the enormous twin challenges of job creation and need for infrastructure improvement, the project aims to institutionalise labour-based technology and methodologies within the regular public works programmes. The rationale for this approach being that there is likely to continue be a labour cost situation in Timor-Leste and a demand for jobs which will keep Labour Based methods viable well into the foreseeable future.

The Project focuses on work to develop national and local capacities to plan and programme road rehabilitation and maintenance using labour-based methods, review and optimize maintenance practices to intensify labour use, outsourcing implementation of works to local contractors and community groups. The Project reviews, amends and introduces new procedures and techniques aiming at increasing the impact of rural infrastructure investments on poverty reduction, employment creation, crisis prevention, and community-level social stability. The Project further develops strategies and policy positions, procedures and guidelines for labour-based road maintenance and contracting, and advises, guides and supports the government in these matters.

The Project direct target groups are: (i) 30 Government counterpart staff (engineers, technicians, supervisors and administrative support staff), who are trained in planning and implementation of rural road construction and maintenance using labour-based works technology; (ii) 75 Private contractors trained in all aspects of rural road works technology and awarded road works contracts through competitive bidding; and (iii) 100 Community contractors trained and engaged in routine road maintenance.

The Immediate Objective of the Project is contributing to Livelihood improvement and social stability in rural communities through rural development and employment generation.

The main emphasis of the project is to provide specific training and capacity building in order to scale up road maintenance and rehabilitation works. By applying labour-based works technology, the project will achieve the desired employment generation.

The Project originally aimed to achieve the following outputs

1-Road Rehabilitation and Maintenance: 300 km rehabilitated/constructed, 36 km periodic maintenance and 1,500 km of routine road maintenance. In addition the civil works programme includes a limited provision for the rehabilitation of other public/community infrastructure identified by project stakeholders at local level.

2-Employment Generation: 1,037,000 workdays generated providing short-term employment to 23,500 beneficiaries, at least 30% being women.

3-Capacity Building for Infrastructure Providers in the Private and Public Sectors: Capacity established within private and public sectors for the effective provision of rehabilitation and maintenance of national, district and rural roads and LB method training arrangement and materials, inclusive of appropriate technical standards, employment procedures, field manuals, planning procedures, contracting, community involvement, occupational safety and health, gender equality promotion, mitigation of negative social impacts, and HIV/AIDS.

4-Policy, Strategies, Guidelines and Standards: Policies and regulations adopted and implemented for further scaling up LB methods.

The financial support from AusAID to TIM Works will contribute to the Project, allowing an increase of Project activities and an extension of the Project duration until June 2011. AusAid funding will be utilized for covering costs related to technical assistance and civil works activities. Equipment related costs are limited to maintenance and operation of already acquired plant and vehicles. AusAID contribution will add 75 km of rural road rehabilitation, 300 km of routine maintenance and add some 260,000 worker days benefitting 3,300 rural women and men, whilst at the same time allow time and resources for preparation of an up-scaled version of the Project.

A Project Logical Framework is presented in Annex I.

3. Monitoring and Evaluation

Three types of monitoring and evaluation will be conducted: technical, project, and financial. Technical monitoring and evaluation will be managed by the ILO's ASIST AP, which provides technical support to the project. This will be carried out on a regular basis. Project monitoring will be carried out by the ILO Programme Office in Dili and the ILO Jakarta Office to ensure the project makes progress towards achievements of outcomes and outputs. The independent project mid-term evaluation will be managed by the ILO Jakarta Office as per the ILO's policy and regulations concerning technical cooperation project evaluations. The final project evaluation will be internal evaluation managed by the ILO Jakarta Office with the support of the project team to review project experiences and follow-up to the recommendation of the project's independent evaluation.

A complete logical framework including rationale, detailed implementation arrangements and overall work programme was prepared prior the start of the Project and is part of the consolidated Project Document for TIM Works.

4. Partnerships and Support

The TIM-Works Project is implemented by the National Directorate of Employment of the Secretariat of State for Vocational Training and Employment (SEFOPE), with the technical assistance of the ILO. SEFOPE is the key government counterpart institution with strong links to the Ministry of Infrastructure, Directorate of Roads, Bridges and Flood Control to ensure that priorities of Public Works are also reflected in the selection of the road and to avoid duplication.

The current capacity of the Government to design, tender, implement and manage and monitor the road network, irrespective of the technology chosen for the execution of the works, is very limited and weak with the result that technical support is necessary for the sector programme to function. The number of capable technicians, engineers and supervisors available to independently supervise and manage works, is a serious limiting factor for the execution and management of a public works programme of such magnitude.

The expanding road sector activities are also placing new performance requirements on the private sector. To meet the envisaged works implementation capacity there will be a demand for a well-developed private sector contracting industry and eventually also a private sector consulting capacity to outsource field supervision.

These challenges currently limit the volume and the speed of road asset development and maintenance. Outsourcing of implementation of works in road maintenance and rehabilitation is new to the country but now the preferred mode of implementation. The use of labour-based technology and outsourcing to private contractors as the implementation strategy for road maintenance and rehabilitation is a feasible approach in a country with predominantly low-volume trafficked roads, a large labour surplus and a weak private sector still lacking capital, equipment and technical skills. Adopting this approach will also allow for the creation of significant numbers of employment for the rural poor.

The TIM-Works interventions are demonstrating the viability of the labour-based approach to road rehabilitation and maintenance and builds capacity to manage such programmes. In discussions with SEFOPE the following seven districts were initially identified for implementation of TIM-Works rehabilitation and maintenance activities: Aileu, Baucau, Dili, Lautem, Liquiça, Manatuto and Viqueque. Following further directives from SEFOPE the remaining six districts were also included for routine maintenance activities, ie Ainaro, Bobonaro, Covalima, Ermera, Manufahi and Oecusse. The 3rd Steering Committee Meeting, held in November 2009, further agreed to include Ermera and Bobonaro Districts for road rehabilitation activities by shifting capacities from Manatuto District, when ongoing works completed in that District.

Inputs to the Project are currently provided through external financial support from the Governments of Ireland and Norway and the European Union. In addition, the Government of Timor-Leste contributes to the Project, covering the costs of labour wages and local staff salaries.

The Norwegian Ministry of Foreign Affairs signed an agreement with the ILO in July 2008 for the funding of their contribution (NOK 12,650,000) to TIM-Works. EC signed an agreement with the ILO in December 2008 for their contribution (EURO 1,561,295) to TIM-Works. Ireland signed an Agreement with the ILO in July 2009 for their contribution (EURO 875,000) to TIM-Works. Additional contribution from the ILO Regular Budget Supplementary Account was added to the project budget. The Government, through SEFOPE, contributed with \$1,031,000 to the Project, until the end of 2009. An additional \$1.0 million was allocated by SEFOPE for 2010, to support labour wages.

The 1st Steering Committee Meeting (SCM) was conducted as the launching Inception Workshop on 14 October 2008. The 2nd SCM was held 26 June 2009, and the 3rd SCM 16-17 November 2009.

An External Mid-Term Review of the TIM-Works was carried out during the period of 26 September to 10 October 2009. The Mid-Term Review highlighted the relevancy of TIM-Works to the Government of Timor-Leste development priorities, contributing to social stability, to the creation of employment to large numbers of the rural poor (including youth and women) and to the provision of good quality basic rural roads access, while injecting substantial investments in the local economy and building necessary capacities in the public and private sector for the effective delivery of the employment-intensive infrastructure investments.

TIM-Works has established linkages with other Projects and Government Institutions to optimize synergies and complementarities. TIM-Works is coordinating closely with employers and workers

organizations who were consulted in the comprehensive labour wage study carried out by the Project, and the Project also highlights opportunities for the private sector through the intervention.

The cooperation between the ILO and AusAID in Timor-Leste was initiated in 2006 with the design and implementation of the “Servi Nasaun Project”, the first Cash-for-Work project organized in the country, with funding from AusAID, Japan and Sweden. Throughout the 2006 crisis and fierce social unrest, the Servi Nasaun Project created a total of 464,872 workdays, providing short-term employment opportunities to 37,224 people (44% youth and 48.5% women), and representing the most immediate and powerful Government instrument to address the need to promote peace and stability.

In 2007, the AusAID and ILO partnership focused in the development of the Youth Employment Promotion (YEP) Programme that was officially launched in March 2008. The Mid-term Evaluation of the YEP, just finalized, confirmed the relevancy of the design of the Programme as well as the quality of its management and implementation.

In March 2009, AusAID and ILO participated in the formulation of the WB initiated workfare programme. Possibilities to boosting the labour-based component of the YEP programme also started being explored. Another joint mission was organized in May 2009 to further exchange ideas on the design of interventions using employment intensive methods.

Furthermore, the TIM Works Project is closely linked with the Youth Employment Promotion Programme (YEP), financed by the AusAID, and this provides opportunities to establish linkages with training providers, employment service centers and micro-finance institutions. The possibility for AusAID to fund the continuation and expansion of the rural road development activities of the TIM-Works was first discussed between the ILO and AusAID Timor-Leste in October 2009. An initial concept note was prepared and submitted to AusAID at that time.

The financial support from AusAID to the current phase of TIM Works has since been extensively discussed between the ILO Timor-Leste Office and local AusAID office in Dili. This support will contribute to an increase of Project activities and an extension of the Project duration until June 2011. Whilst it is uncertain whether there will be a supplementary budget for SEFOPE in the current year, there are strong indications that SEFOPE will be able to secure an increased funding level in 2011 for labour-intensive works and also allowed to contribute to the project beyond the wage costs. . The proposed support includes funds for development of a successor to the TIM Works project, which is expected to be launched in 2011. The development process of the TIM Works successor will also take into consideration necessary re-design of the AusAID funded component 3 of the YEP Programme.

Annex A: Logframe matrix

	Description	Verifiable Indicator	Means of verification	Assumptions
	Development Objective: To contribute to economic development and poverty reduction by spurring growth in the infrastructure sector	-Employment Generation offered to jobseekers; -Improved access for rural communities; -Capacity strengthening of government institutions;	-Project final report; -SEFOPE Annual Reports; -Project External Evaluations;	Government policies and priorities remain unchanged; National and provincial security conditions are stable;
	Immediate Objective: Livelihood improvement and social stability in rural communities through rural development and employment generation	1. Total km of road networks restored/created 2. Number of workdays generated and amount of cash injected into local communities 3. Labour-based methods integrated into national Workfare programmes	Project final report Government annual budget for 2010 and 2011	Government policies and priorities with regards to the Workfare Programmes remain unchanged – likely National and provincial security conditions are stable – unlikely
Outputs	1. Roads rehabilitation and maintenance with labour-based technologies 2. Employment generation 3. Capacity building for infrastructure providers in the private and public sectors 4. Policies and regulations adopted and implemented for further scaling up LB methods.	1. 375 km rehabilitated/constructed, 36 km periodic maintenance and 1,800 km of routine road maintenance. 2. 1,297,000 workdays generated providing short-term employment to 26,800 beneficiaries, at least 30% being women 3. A. 30 engineers and technicians trained in LB approaches; 75 contractors and 100 community contractors trained in LB approaches B. Number of academic and training institutions participating in project activities C. 30% labour cost is reflected in Government 2010 annual budget for infrastructure. 4. Policies and regulations in support of scaling up the LB methods adopted by the Ministry of Infrastructure and integrated into the Standards Of Practices in the Workfare Programmes	Project Final report	Community are accessible – likely No natural disasters affecting road work progress – medium risks Road materials are available – likely Small contractors have access to financial services - likely Academic and training institutions interested in participating in the project – likely Government staff are released to attend training and participate in project activities – likely Project has access to government standards, specifications, and contract document - likely

	Description	Verifiable Indicator	Means of verification	Assumptions
Output 1	Road Rehabilitation and Maintenance Works	375 km (75km) rehabilitated/constructed, 36 km periodic maintenance and 1,800 km (300km) of routine road maintenance.		Community are accessible – likely No natural disasters affecting road work progress – medium risks Road materials are available – likely Small contractors have access to financial services - likely
Activity 1.1	Rapid assessment for design of the initial training programme	Completion of the assessment within 3 months of project starting date	Rapid Assessment Report	
Activity 1.2	A trial training programme on rehabilitation, contracting procedures, and maintenance	LB approaches demonstrated on 18 kms road length Contractors awarded contracts for 4 km road rehabilitation, culvert construction, bridge works, and side slope stabilisation works Community contractors conducted routine maintenance on roads with fairly good conditions.	Trial training report	
Activity 1.3	With central and local government authorities, appraisals and surveys of targeted roads conducted to effect the road rehabilitation and maintenance programme for implementation by the project, e.g., road condition surveys, preliminary and detailed designs, quantity surveying, traffic surveys, applying agreed selection and appraisal criteria.	Government authorities agreed to road and contractors' selection and appraisal criteria	Project implementation plan	
Activity 1.4	Rehabilitation and maintenance programme implemented through competitive bidding process	Progressive number of contracts awarded, completion within time and budget, and road lengths rehabilitated and maintained	Project M&E database	
Output 2	Employment Generation	1,297,000 workdays (260,000 wd) generated providing short-term employment to 26,800 beneficiaries (3,300 beneficiaries), at least 30% being women		Community are accessible – likely No natural disasters affecting road work progress – medium risks
Activity 2.1	LB methods used in rehabilitation and maintenance	Rehabilitation contract cost contains 30-50% wage Maintenance contract cost contains 70-80% wage	Project M&E database	
Activity 2.2	Recruitment of local men and women for road works	30% of workers are women	Project M&E database	
Activity 2.3	Supervisory staff trained in the effective organisation of large groups of workers, including implementation of incentive schemes.	70% of contract work completed in time	Project M&E database	
Activity 2.4	Government staff and contractors trained in the essential regulations pertaining to employment of skilled and un-skilled labour.	Workers' received wages and benefits in accordance with national regulations	Project M&E database	

	Description	Verifiable Indicator	Means of verification	Assumptions
Output 3	Capacity building	Number of government counterpart staff and contractors trained Number of training and/or academic institutions participating in project activities maintenance allocation		Community are accessible – likely Government staff are released to attend training and participate in project activities – likely Government policies and priorities with regards to the Workfare Programmes remain unchanged – likely Academic and training institutions interested in participating in the project – likely
Activity 3.1	Training materials for government staff and contractors developed	Training materials tailored to the specific requirements in Timor-Leste	Training materials	
Activity 3.1	Government counterpart engineers, technicians and inspectors trained in LB methods	30 government counterpart engineers, technicians, and inspectors trained Government annual budget balance allocation for rehabilitation and maintenance	Project M&E database Government 2010 annual budget	
Activity 3.2	Contractors trained in LB methods	75 commercial contractors and 100 community contractors trained	Project M&E database	
Activity 3.3	LB methods incorporated into curriculum of local universities and polytechnic	Number of local universities and polytechnic institutes participating in project activities	Project M&E database	
Activity 3.4	Awareness raising and briefing seminars to key stakeholders	Number of attendants	Project M&E database	
Activity 3.5	Study tours to government management staff	Number of government counterparts participating in the study tours	Study tour reports	
Output 4	Policies, strategies, guidelines, and standards	Policies and regulations in support of scaling up the LB methods adopted by the Ministry of Infrastructure and integrated into the Standards Of Practices in the Workfare Programmes		Project has access to government standards, specifications, and contract document - likely Government policies and priorities with regards to the Workfare Programmes remain unchanged – likely
Activity 4.1	Review existing technical standards for application of LB work methods	Number of technical standards reviewed, revised, and presented to GoTL	Project M&E database	
Activity 4.2	Review technical specifications for application of LB methods	Number of technical specifications reviewed Or Percentage of existing national technical specifications reviewed and revised	Project M&E database	
Activity 4.3	Contract documentation and management procedures already under development by Mol adopted to the specific requirements of LB methods and disseminated	Contract documentation and management procedures integrated requirements of LB methods	Contract documentation	

	Description	Verifiable Indicator	Means of verification	Assumptions
Activity 4.4	Assessment and documentation of project experiences with regards to contractor selection procedures and contractor performance for government for future use and report disseminated to all stakeholders	Areas for further improvements in government system identified Number of stakeholders receiving project report/documents	Project reports submitted to the GOTL	
Activity 4.5	Introduction and technical assistance to government staff in the use of progress monitoring and reporting system.	Number of government staff using progress monitoring and reporting system	Project M&E database	
Activity 4.7	Sharing of project' training programme, technical support and training literature, manuals and procedures with other projects involved in rural infrastructure development.	Number of other infrastructure projects benefiting from project's training facilities	Project M&E database	
Activity 4.8	Preparation of appropriate rural infrastructure policies and strategies for the inclusion in national development plans, including a strategy and detailed proposal for upscale of the TIM Works project.	Rural infrastructure policies and strategies addressing national development priorities Project proposal for upscaled version of TIM Works	Project report submitted to GOTL Project proposal	