

INDEPENDENT COMPLETION REPORT

Timor-Leste Asian Development Bank
Infrastructure Project Management/
Infrastructure Technical Assistance

FINAL – 31 July 2012

Aid Activity Summary

Aid Activity Name	Timor-Leste Asian Development Bank Infrastructure Project Management/ Infrastructure Technical Assistance ¹		
AidWorks initiative number	INH497		
Commencement date	November 2007	Completion date	December 2011 ²
Total Australian \$	Initial commitment: up to \$16million Actual expenditure: \$12,650,000		
Total other \$	ADB \$USD3million Government of Timor-Leste \$USD3million (in kind)		
Delivery organisation(s)	Sinclair Knight Merz Pty Ltd		
Implementing Partner(s)	Ministry of Infrastructure		
Country/Region	Timor-Leste		
Primary Sector	Infrastructure		

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Author's Details

Robyn Renneberg, Team Leader/Capacity Development Specialist
Charles Melhuish, Infrastructure Specialist

¹ The program name was renamed in May 2009 to reflect the change in focus from the provision of capacity substitution to support capital budget execution to capacity development of the Ministry of Infrastructure.

² AusAID's commitment to the program ended with its final payment to ADB in May 2011. The ADB has extended the program to June 2014 to provide for the completion of the final round of scholarships.

Acronyms

ACR	Activity Completion Report
ADB	Asian Development Bank
AusAID	Australian Agency for International Development
CBTS	Capacity Building and Training Specialist
DCA	Directorate of Civil Aviation
DMF	(ADB)'s Design and Monitoring Framework
DRBFC	Directorate of Roads, Bridges and Flood Control
DRD	Directorate of Research and Development
GoTL	Government of Timor-Leste
ICR	Independent Completion Report
ITA	Infrastructure Technical Assistance
LTS	Long Term Specialist
M&E	Monitoring and Evaluation
MCA	(USAID's) Millennium Challenge Account
MOI	Ministry of Infrastructure
MTR	Mid Term Review
PDD	Program Design Document
PME	Project Management Engineer
PSC	Project Steering Committee
R4D	(AusAID's) Roads for Development Program
RWSSP (BESIK)	(AusAID's) Rural Water Supply and Sanitation Project
SCBP	Staged Capacity Building Program
SIPs	Sector Investment Programs
SKM	Sinclair Knight Merz Pty Ltd
STS	Short Term Specialist
TA	Technical Assistance

Executive Summary

1. Purpose

The primary purpose of this Independent Completion Report (ICR) is to identify lessons to inform AusAID's ongoing and future programs in the infrastructure sector in Timor-Leste that involve capacity development, particularly *Roads for Development (R4D)* and, to a lesser extent, the *Rural Water Supply and Sanitation Project (BESIK)*. The ICR also responds to AusAID's requirements that an independent evaluation be conducted for all programs of over \$3millionAUD in value.

In conducting the evaluation the team reviewed key documents (Attachment B) and met with a wide range of ITA stakeholders from The Ministry of Infrastructure (MOI), AusAID and the Asian Development Bank (ADB) (refer Attachment C).

2. Background and Context

In 2006, the Government of Timor-Leste adopted a new policy of public sector-led economic growth which required a significant increase in its capital works programs. Following a request from the Government of Timor-Leste (GoTL) for assistance with capital budget expenditure the Asian Development Bank (ADB) and the Australian Agency for International Development (AusAID) developed the *Timor-Leste Asian Development Bank Infrastructure Project Management*, later renamed the *Infrastructure Technical Assistance (ITA)* Program. The ITA was approved by ADB in June 2007 and the Contractor mobilized in November. The program was originally scheduled to finish in June 2011 but has been extended to June 2014. The total value of Australia's contribution to the program was \$12,650,000. The program was designed to support three infrastructure Ministries but this became one, the Ministry of Infrastructure (MOI), after elections and a Ministry amalgamation in August 2007.

The expected impact of the assistance was to: *Enhance opportunities for economic participation and improve access to basic social services for all East Timorese*. The expected outcome was that: *Infrastructure assets would be created and upgraded in line with the GoTL's medium term targets, including transport, communications, urban development, power and water supply and sanitation*.

Under **Component One: Implementing Capital Development Programs** the program was to assist the Ministry to (i) prepare and contract for consulting services, goods and works in line with annual capital development work plans; and (ii) manage implementation of these contracts. The program was not designed to assist with capital development programming or infrastructure operations and management.

Under **Component Two: Building Project Management Capacity** the program was to build capacity in project management using a staged capacity building approach. The program was to be delivered through a team of international consultants (560 person-months, comprising 440 person-months of long-term and 120 person-months of short-term consulting services) and national consultants (110 person-months) in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time).

3. Findings

The ICR concluded that the ITA has contributed to improvements in the execution of MOI's capital budget through the provision of technical specialists. It has also helped develop capacity in MOI at the individual and organisational levels through training by specialists, scholarships and the technical upgrade program. In addition:

- The design was appropriate for the time. However the context changed significantly prior to mobilization and the design should have been reviewed with the new Ministry/Minister prior to commencement to ensure it was aligned with MOI priorities and expectations.
- Monitoring and evaluation was weak. The ITA would have benefited from a strategic governance mechanism to provide a regular, formal process to address the concerns of MOI, ADB, AusAID and the Contractor in a timely manner. The Design and Monitoring Framework should have been amended progressively as changes occurred to the design.
- Capacity building planning, monitoring and approaches were reasonable. Scholarships, technical training and on the job training were all useful in building the capacity of the MOI. Other options, such as work placements, would have added even more value.
- The quality of advisers and the relationship between technical specialists and government counterparts were variable. Long term advisers were preferred over short term advisers.'
- Risk management was poor. Any future programs should ensure that risk management processes are implemented at both the operational and strategic levels.
- Strategies to support gender quality were almost non-existent.

The ICR found that AusAID's involvement was optimal given their secondary role as co-funder of an ADB program.

4. Lessons and Recommendations

The key technical assistance lessons and recommendations that emerged from this ICR that should be applied to future AusAID funded infrastructure programs in Timor-Leste are:

- Review the design when significant change occurs
- Ensure a mechanism is in place to provide strategic direction and oversight
- A stable and clearly defined institutional framework is important to deliver successful technical assistance
- Maintain a focus on the key outcomes of the program
- Establish a model for planning and monitoring capacity and use it consistently
- Use a variety of approaches to build capacity
- Practical work experience is essential for capacity building
- Select advisers who have both technical and interpersonal skills
- Ensure all are clear about the role and scope of adviser positions
- Language is a challenge that should not be ignored

In addition, the ICR recommends that:

- Whenever AusAID is involved with others in the design and delivery of a program, a Partnering Agreement should be developed to discuss and document the 'soft' issues not covered in the formal Memorandum of Understanding.
- AusAID explore the option of having the same capacity building planning and monitoring process in place across all AusAID programs. The benefits of having a common process that could be adapted by each program to meet its specific capacity building needs and approach include: it would establish a common understanding and common language around the monitoring and evaluation of capacity building; it would reduce the amount of resources that currently go into developing new models for every program; it would allow AusAID to compare and contrast progress in capacity building across programs and sectors that should help identify what works better in Timor-Leste; and it would ensure continuity in spite of changing advisers and AusAID officers. The main disadvantage to this approach is that a common model might inhibit the development of monitoring and evaluation tools best suited to a particular program. One option is to trial the development of a common model with the R4D and BESIK programs and test its application over a two year period.

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1 Introduction

1.1 Activity Background

In 2006, the Government of Timor-Leste (GoTL) adopted a new policy of public sector-led economic growth which required a significant increase in its capital works programs.

Between 2002 and 2006 the GoTL had consistently under-spent its annual capital development budget allocations which impeded the delivery of infrastructure services and the creation of jobs associated with infrastructure civil works. The net impact was that infrastructure led growth and poverty reduction targets were at risk. Also in 2006, Timor-Leste experienced civil unrest which was, in part, attributed to the slow delivery of public services and jobs. The recommendations of a July 2006 World Bank Mission, which examined budget execution, suggested that procurement should be devolved to capable line Ministries and the overall project management capabilities of line Ministries be strengthened.

Against this back-drop, and following a request from the GoTL, the Asian Development Bank (ADB) and the Australian Agency for International Development (AusAID) fielded a joint Mission in October-November 2006 to assess the situation in the three infrastructure Ministries. The purpose of the Mission was to identify the support needed to resolve the budget execution constraints and deliver improved infrastructure services. The Mission conducted detailed assessments of the three Ministries and examined their project management needs, identified interaction of other potential large programs especially the proposed Millennium Challenge Account (MCA) Program and assessed the budget execution problems. The Mission also assessed different modalities of project implementation assistance, identified capacity building requirements including monitoring and reviewed possible arrangements for managing a program of technical assistance (TA).

The result of this work was the design for an ADB managed program of technical assistance to Timor-Leste that would be co-financed by Australia - the *Timor-Leste Infrastructure Project Management Technical Assistance*.

1.2 Activity Design

The program was to provide assistance to Timor-Leste's three infrastructure Ministries - the Ministry of Public Works, the Ministry of Transport and Communications and the Ministry of Natural Resources, Minerals and Energy Policy - to implement the Government's capital works budget. The expected impact of the assistance was to:

Enhance opportunities for economic participation and improve access to basic social services for all East Timorese³.

The expected outcome was that:

³ADB (2007) Program Design Document for ADB Board Approval (PDD). Paragraph12

*Infrastructure assets would be created and upgraded in line with the GoTL's medium term targets, including transport, communications, urban development, power and water supply and sanitation*⁴.

The design had two components.

- **Component One: Implementing Capital Development Programs.**⁵ Under this component the program was to assist the three Ministries to (i) prepare and contract for consulting services, goods and works in line with annual capital development work plans; and (ii) manage implementation of these contracts. The program was not designed to assist with capital development programming or infrastructure operations and management⁶. The program was to provide long term, Project Management Engineers (PMEs) and Procurement Specialists. There was also provision for intermittent specialists (for example, for monitoring and evaluation and safeguards) and short term specialists (STs) to provide a particular skill on a short term basis.
- **Component Two: Building Project Management Capacity**⁷. Under this component the program was to build the capacity of the three Ministries in *project management* using a staged capacity building approach. The long term technical specialists were to develop and implement capacity building plans with assistance from a full time Capacity Building and Training Specialist (CBTS).

The program was to be delivered through a team of international consultants (560 person-months, comprising 440 person-months of long-term and 120 person-months of short-term consulting services) and national consultants (110 person-months) in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time)⁸.

The total cost of the program was estimated to be \$USD18million: ADB grants of \$3USDmillion; AusAID untied grants of \$12USDmillion; and a GoTL commitment of \$3USDmillion in kind to cover office accommodation and remuneration of counterpart staff. All funds were to be administered by the ADB using ADB guidelines and procedures.

1.3 Activity Changes

1.3.1 Commencement

The design was approved in June 2007. Soon after, in August 2007, an election was held in Timor-Leste. Following the election the three infrastructure Ministries were amalgamated to form the Ministry of Infrastructure (MOI). The Minister, Vice Minister and Secretaries of State were newly appointed. Most Director Generals in the new Ministry were transferred from the former three

⁴ As above. Paragraph 12

⁵ As above. Paragraph 13

⁶ These functions were covered by other donor funded programs.

⁷ PDD. Paragraph 14

⁸ PDD, Paragraph 20

Ministries but most Directors were newly appointed to their positions. The development plans of the previous government were discarded. The Contractor selected by ADB to implement the program, Sinclair Knight Merz Pty Ltd (SKM), was mobilized in November 2007.

This series of events meant that the program commenced implementation with a new organization, a new Minister, some new senior managers and no medium or long term plans. While some of those who had been involved in the design process remained, many of the key MOI stakeholders had no knowledge of, or commitment to, the program. In spite of this situation, mobilization went ahead as planned. Unfortunately, from an early stage it was evident that there was a misalignment between the design of the program and the requirements of the MOI. The result was that a relatively ineffectual program was delivered over the first fifteen months.

1.3.2 Supervision Missions

The program was realigned through a series of joint supervision Missions conducted in 2008 and 2009:

- In November 2008, an ADB-AusAID joint Mission was fielded to investigate implementation issues and to start discussions with MOI to resolve the issues of poor coordination and communication⁹. This led to the replacement of the second team leader¹⁰ in March 2009 and appointment of an infrastructure development advisor to the Minister in May 2009 to establish a channel to engage MOI management and staff in program implementation.
- In May 2009, the name of the activity was changed to Infrastructure Technical Assistance (ITA) and, at the request of the Minister, the capacity building component was expanded to include formal academic scholarships and short technical skills training courses. The Mission directed that Terms of Reference (TORs) for all positions be reviewed to ensure they reflected a support role rather than a lead position. It was agreed that Short Term Specialists (STSs) could be engaged more broadly to provide planning and program support to MOI.
- In August 2009, it was agreed that MOI would prepare annual plans for the engagement of STSs based on the annual capital development program and agreed a selection process that strengthened MOI involvement from that used previously. The Mission directed that a training needs analysis be carried out and a new Capacity Development Plan be prepared. The plan was to include initiatives including from on the job training, seminars, short term focused training and formal academic training.
- In October 2009, the Mission reviewed the implementation of the actions agreed to at the two previous Missions. The Mission concluded: there was significantly improved coordination and implementation of the ITA; the fundamental aim of the ITA remained to assist MOI to execute

⁹ ADB (2010) Mid Term Review. Paragraph 7

¹⁰ The first team leader's contract was terminated after three months.

its capital development budget but there was a need beyond the current focus for the ITA to provide assistance to MOI more broadly, for example, in civil aviation, road safety and financial management. While the Mission Aide Memoire acknowledges that these areas were outside the scope of the ITA it asked that the Mol's advisers, in consultation with the Contractors (SKM), 'explore the needs ... identify the specific support the TA can provide'¹¹. No justification for this decision is recorded.

1.3.3 Mid Term Review

In November-December 2010, a Mid-Term Review (MTR) found the program had made a number of achievements in supporting the operation of MOI, particularly after March 2009 when the new team leader commenced. It found that the ITA's contribution to MOI's capital development programs and the capacity development program, particularly the scholarship program and the technical upgrading program, was highly valued.¹² The MTR Mission noted both MOI and the team were still working under a difficult enabling environment which constrained the performance of MOI's capital development program. To address those challenges the Mission recommended the remainder of the ITA focus on capacity development of MOI to achieve its goals and objectives, while the assistance for project implementation should continue as required for specific projects.

The in-principle approval of a MOI organic law by the Council of Ministers on 18 November 2010 granted a solid legal basis for MOI's institutional management and operations so it was proposed that capacity development activities be aligned with the organic law. Both institutional capacity and individual competencies of MOI were to be strengthened by the ITA and a capacity development perspective, at individual and/or institutional level, was required in each consultant's work plan. The Mission revised the TORs for the proposed long term and short term specialists.

The MTR determined that the original DMF for the project was not suitable due to significant changes in the operating environment and lack of availability of data sources intended as indicators of success. A revised DMF was signed off by all parties in early 2011.

After the MTR, AusAID reduced its final contributions in line with the proposed resourcing developed by the MTR.

1.4 Evaluation Objectives and Questions

The *primary purpose* of this Independent Completion Report (ICR) is to identify lessons to inform AusAID's ongoing and future programs in the infrastructure sector in Timor-Leste that involve capacity development, particularly *Roads for Development (R4D)* and, to a lesser extent, the *Rural Water Supply and Sanitation Project (BESIK)*. The *secondary purpose* of the evaluation is to meet AusAID's accountability requirements, by evaluating the program's achievements more broadly using AusAID and ADB evaluation criteria as a guide (addressing, where appropriate, relevance, effectiveness, efficiency, sustainability, gender equality, monitoring and evaluation and analysis and

¹¹ ADB (2009). Mission Aide Memoire. Paragraph 21.

¹² ADB (2010) Mid Term Review. Paragraph 10

learning)¹³. The ICR provides analysis and recommendations to inform the following management decisions, to be made by the AusAID Timor-Leste management team:

- Does AusAID and the ADB need to take any actions or make any changes in its approach to technical assistance in the Ministry of Infrastructure?
- Does AusAID need to take any actions to shape and influence the implementation of capacity development in R4D or BESIK at an operational level (eg. through the Program Steering Committee) as a result of findings from this review?

The overarching evaluation question for the ICR is:

What technical assistance¹⁴ lessons emerge from the ITA that should be applied to future AusAID funded infrastructure programs in Timor Leste?

Specific evaluation questions are:

- **Relationships:** How did the ITA's approach promote quality relationships between technical specialists and government counterparts and how did it promote MOI commitment and ownership? How can future programs ensure that use of technical advisers in Timor-Leste is better managed, more effective and has better ownership by the government?
- **Products:** To what extent are various ITA products (for example, the unit cost databases for roads and buildings, standards for roads and bridges, and the Project Monitoring and Control System) being utilised and of value to MOI?
- **Staged capacity building approach:** Was the staged capacity building approach implemented effectively, and if so, was it the most appropriate approach in developing capacity? As R4D is also adopting this approach with DRBFC, what lessons learnt should be passed on to ensure that it is utilised effectively and to maximise sustainability?
- **Ongoing capacity building needs:** What are the specific capacity issues in DRBFC revealed by this program that AusAID and the International Labour Organisation (ILO) will need to continue to address and consider as they work to implement R4D?
- **Sustainability:** How likely is it that the outcome of improved budget execution will be sustained? What factors increased or reduced the sustainability of this program, and how? How effective was the ADB's and AusAID's management of the program?

Section Two of this report outlines brief findings against AusAID's evaluation criteria (excluding sustainability which is covered in Section 3). The section provides an overview of the program and sets the context for Section Three. Section Three focuses on the specific evaluation questions above. An extract of the Evaluation Plan is at Attachment A.

¹³AusAID (2012) ITA ICR Terms of Reference. Page 4.

¹⁴The team has adopted the broader definition of 'technical assistance' as it applies across AusAID programs rather than using the term to refer to advisers only (as it tends to be used in Timor Leste).

1.5 Evaluation Scope and Methods

Prior to, and during, mobilization the team reviewed a wide range of ADB, AusAID and ITA documents including the program design document, review and mid-term Mission reports, annual reports and draft versions of the Activity Completion Report (ACR). A list of documents is at Attachment B.

Over eight working days in-country the team interviewed a total of thirty six people (seven females) through one-on-one and small group meetings (refer Attachment C). The team based its questioning on the targeted evaluation questions referred to above and a smaller number of questions that related to AusAID's broader evaluation criteria. Quantitative data was collected from reports provided by SKM, primarily the two versions of the draft ACR. The team continuously reviewed the data as it was collected, testing its thinking with key stakeholders and seeking further information where needed. The final analysis reflected in this report resulted from an iterative process during report preparation involving the two team members only.

The team was mindful that the ICR was to adhere to the Indonesia East Timor evaluation approach and standards that vary somewhat from the traditional AusAID ICR approach and report and that the ICR would feed into the ADB evaluation process to be conducted in 2014. The TORs asked that particular attention be paid to the effectiveness and outcomes of the staged capacity development approach¹⁵ proposed in the original design.

A detailed case study was planned for the Roads Section of the Directorate for Roads, Bridges and Flood Control (DRBFC). The Directorate was chosen as it received the highest value in technical assistance under the ITA and the work of Roads is aligned with AusAID's R4D¹⁶. The case study approach was not overly successful as data was difficult to access, however three case studies, including that for DRBFC, are briefly detailed in Section 2.8 to provide qualitative evidence to support the ICR's findings and recommendations.

In terms of limitations to the overall evaluation, access to ADB staff involved in the design and delivery of the program during its first three years would have been useful to flesh out the events that lead to the lack of engagement by MOI early in the program. More documentation of decisions taken during that period would have also been helpful.

¹⁵ In 2005/2006 the multi donor funded Ministry of Finance and Planning program developed an approach to planning and monitoring capacity building. This approach was adapted by AusAID's Capacity Development Adviser who commissioned the development of a tool for use in CB planning and monitoring of individuals and teams – *A Staged Approach to Assess, Plan and Monitor Capacity Building*.

¹⁶ The team found that the roads implemented under the ITA were national primary and secondary roads implemented by international competitive bidding processes and supervised by international consultants while the R4D program will focus on tertiary farm-to-market roads implemented by local Contractors using labor-based technology. The type and scale of the two road programs are therefore significantly different from one another both in scale and context.

1.6 Evaluation Team

The team leader was Robyn Renneberg, a capacity development specialist with monitoring and evaluation experience. Robyn was familiar with AusAID's ICR requirements and with East Timor through her work in-country with AusAID and the World Bank in 2004 to 2006. She had no previous involvement with, or knowledge of, the ITA. Recently, Robyn assisted AusAID's Capacity Development Team in Canberra with a peer review of the *R4D* program so approached the ITA evaluation with some understanding of current infrastructure development issues in East Timor. Charles Melhuish is a former ADB transport economist who provided both infrastructure and ADB expertise. Charles had not worked in East Timor before and had no prior experience with, or knowledge of, the ITA. He brought considerable experience in the Asia Pacific region and was familiar with the ICR process having undertaken several independent reviews for AusAID.

The team was accompanied at all times by Darrell Hawkins from AusAID's East Timor Desk in Canberra and, on occasion, by AusAID's Dili based, Acting Director, Infrastructure and Rural Development (Jeff Prime) and Assistant Director, Infrastructure and Rural Development (Gerard Cheong). ADB's Resident Representative (Craig Sugden) and Senior Infrastructure Specialist (Richard Phelps) met with the team to discuss the evaluation and participated in the two meetings with the Minister. The potential conflict of interest of both AusAID and ADB was mitigated through an agreement that the ICR findings as documented in this report were to be made by the two independent team members.

2 Evaluation Criteria Findings

2.1 Relevance

The activity was relevant at the time it was designed as it addressed a high priority need of the GoTL and was aligned with the development focus of both the ADB and AusAID. The modality was appropriate as it reflected the urgent need to *get the work done* at the time while also recognizing the need to transition to capacity development over time once the urgent need was met. The program remains relevant today.

2.1.1 Government of Timor-Leste

In 2006, GoTL had medium and long term targets for infrastructure detailed in its National Development Plan (2002) and operationalised through Ministry based 5-year rolling Sector Investment Programs (SIPs) and annual action plans¹⁷. However, the Government struggled to spend its capital development budget allocations, thus impeding the creation of infrastructure services and the creation of jobs associated with infrastructure¹⁸. Improving capital budget execution had become

¹⁷ ADB (2006) Memorandum of Understanding for the Timor-Leste: Infrastructure Project Management Technical Assistance Fact Finding and Design Mission. Paragraph 1.

¹⁸ As above. Paragraph 1.

especially urgent because budget execution had worsened to the point where less than 5% of the fiscal year 2005/2006 budget was spent¹⁹.

In 2012, the ITA remains aligned with GoTL priorities. The National Strategic Development Plan 2011 – 2030 (NSD) provides high priority for the development of infrastructure to provide a platform for achieving broad-based economic growth and social development. The plan also recognizes the requirement for human resource development and the need to focus on education and capacity development across the economy.

2.1.2 AusAID

In 2006/2007 AusAID's White Paper - *Australian Aid: Promoting Growth and Stability* – identified *accelerating economic growth* as a priority and proposed that 'the aid program ... encourage growth by ... investing in infrastructure'²⁰. The White Paper also proposed that Australia 'strengthen partnerships with ... the ADB in areas of mutual interest, given their significant regional financial weight and importance in policy dialogue'²¹. The commitment to infrastructure was reaffirmed in the 2007/2008 budget through the *Infrastructure for Growth Initiative* that aimed to 'support growth, increased productivity and employment in the Asia-Pacific region by helping address infrastructure constraints ... through 'activities designed to improve infrastructure governance/management in specific countries'²² including Timor-Leste²³.

In 2012, support for infrastructure development remains a priority. In the *Timor-Leste – Australia Strategic Planning Agreement for Development* there is agreement that AusAID will provide support that focuses on key areas including ... 'developing infrastructure, particularly rural roads and water and sanitation systems ... and promoting effective governance by strengthening public sector administration and governance to ensure the public sector has the capability to provide quality services to the Timorese people and implement the SDP in an effective and accountable way'.²⁴

2.1.3 Asian Development Bank

ADB's *Timor-Leste Country Strategy and Program Update 2006-2008*²⁵ focused on infrastructure support and leadership, in alignment with ADB's *Pacific Strategy 2005-2009* that had key result areas for providing infrastructure and improving water supply and sanitation²⁶. According to the design

¹⁹ As above. Paragraph 2.

²⁰ AusAID (2006) *Australian Aid: Promoting Growth and Stability*. Page 7.

²¹ As above. Page 10.

²² AusAID (2007). Budget Paper. Scope of Initiative: Infrastructure for Growth Initiative.

²³ Note that AusAID did not have a Country Strategy in place at that time.

²⁴ AusAID and GoTL (2006) *Timor-Leste – Australia Strategic Planning Agreement for Development*. Section 3.2

²⁵ ADB (2006). Manilla.

²⁶ ADB (2006) *Proposed Technical Assistance to Timor-Leste for Infrastructure Project Management* (program design document). Paragraph 11.

document 'infrastructure development and management have been the backbone of ADB operations in Timor-Leste since 2000 and remain appropriate'²⁷.

In 2012, the ITA remains aligned with ADB's plans. The *Timor-Leste Country Partnership Strategy 2011 – 2015*²⁸ continues the ADB's previous strategic directions in the country by concentrating on infrastructure development and management. The ADB assistance aims to support the capacity of both the public and private sectors to deliver improved infrastructure services, delivered through a combination of loans and grants. An important focus will be to facilitate private sector involvement in infrastructure and to engage in dialogue to address the policy and institutional changes required to attain sustainable infrastructure services including adequate maintenance.

2.2 Effectiveness

The ITA has been moderately effective in achieving its outcome and outputs. The following briefly outlines the ICR's assessment of effectiveness against the revised DMF's higher level indicators. The ACR provides more detailed information on targets and indicators. The effectiveness of the capacity building approach is discussed in Section 3.

2.2.1 Outcome - MOI is strengthened in the development of roads, bridges, information and communication technology (ICT), power, and water supply and sanitation infrastructure assets.

Over the 2008 to 2011 period, budget execution reached between 78% and 94%. This improvement from the 2006 benchmark of 6.5% can be, in part, attributed to the ITA as ITA resources provided considerable direct assistance with budget execution while also developing capacity. Other factors that affected this progress include: a change in procurement arrangements which reduced the amount of procurement under the responsibility of the MOI; the devolution of more procurement to individual agencies to remove bottlenecks in the procurement process; and more recently the creation of the Infrastructure Fund which is currently responsible for all large procurement (over \$1 million) and covers a high proportion of infrastructure projects. Nevertheless over the period of the ITA the capital works budget of MOI increased significantly from about \$60 million in 2008 to \$350 million in 2011 and the number of projects assisted by the ITA also increased significantly over this time.

MOI capacity was strengthened. Its' procurement areas now have the basic capacity required to prepare and manage bids and award contracts. Its Roads and Bridges areas now have basic capacity to oversight the building of infrastructure. Other areas, such as civil aviation, have also progressed under the MOI. This capacity is, however, weak as discussed later in this report.

2.2.2 Output 1 - MOI has improved its performance on annually programmed procurement of consulting services, goods, and works contracts for the capital development of roads, bridges, ICT, power, and water supply and sanitation.

²⁷ As above. Paragraph 11.

²⁸ ADB (2011) *Timor-Leste Country Partnership Strategy 2011 – 2015*

By 2011 the capital works program was fully aligned with the approved budget in all of the infrastructure sectors and tender documents were submitted in a timely manner for procurement. Procurement staff has improved capacity to carry out their functions although they have continued to require assistance from specialists to manage the workload.

While the indicator suggests that procurement should be achieved on time this has not commonly occurred. One of the major reasons for this is because MOI is only responsible for procurement packages between \$500,000 and \$1 million and packages that are above and below these limits are the responsibility of other agencies. As a result many of the actual procurement actions are not the responsibility of MOI and are subject to administrative and performance processes of other agencies. In these cases MOI cannot be held responsible for delays in other agencies. The DMF indicator is not an appropriate indicator for measuring its procurement performance.

2.2.3 Output 2 - MOI has improved its performance on administering annually programmed consulting services, goods, and works contracts for the capital development of roads, bridges, ICT, power, and water supply and sanitation.

Performance against this output is relatively poor as a high proportion of projects suffer considerable delays in implementation. However, this is largely due to problems relating to MOI's Contractor performance rather than problems with MOI administrative processes. Discussion with supervision consultants suggests that there are significant problems with the performance of local contractors who are contracted to carry out the physical works, particularly with respect to their management and financing of construction contracts.

2.2.4 Output 3 - MOI's Infrastructure project management processes, monitoring system, regulation and policy framework, and the competencies of MOI staff are improved.

Overall the ITA has assisted MOI to improve project implementation and processes in many areas of its operations. While the primary thrust of the ITA was changed from directly helping the implementation of projects to *assisting* MOI staff to implement projects with an emphasis on providing on-the-job training the overall effectiveness needs to be viewed in this revised scope. As noted below in Section 2.4 the ITA provided considerable support to a large number of projects with procurement and implementation assistance, carried out a program of technical and academic training and produced a wide range of policy, legal and technical documents to support project management.

2.3 Efficiency

While the efficiency of the program is assessed as satisfactory, it was compromised by factors including: the lack of a strategic oversight mechanism that resulted in the need for joint Missions to guide the program; poor communication between the donors and MOI effectively constrained delivery for the first fifteen months; and cumbersome adviser selection and reporting processes. It is also arguable that international advisers were an expensive design option.

2.3.1 Strategic oversight

The ITA was designed to have oversight from a Program Steering Committee chaired by a Minister and attended by senior officials from the infrastructure subsectors, representatives of the donors and the Contractor's team leader. At the request of the Minister the committee did not meet after its first meeting and as a result the coordination and oversight normally provided to the Contractor's team as well as information exchange between government and the donors did not take place. This proved to be a major impediment to the smooth implementation and management of the program and was never fully addressed by the ADB or by the MOI.

The most significant impact of this was during the first fifteen months of the program when there was a clear disconnect between what the program was designed to deliver and what the Minister required. If a coordination mechanism had been in place it is likely that resolution of the issues would have occurred much sooner.

2.3.2 Contractor performance

The Contractor's performance was negatively influenced in the first fifteen months by: two team leaders who did not meet ADB and/or MOI requirements; the lack of engagement by MOI; the lack of direction/involvement by ADB and AusAID; and the changing nature of the program. The first team leader established a good relationship with the Minister but did not meet ADB's expectations in relation to the need to maintain a focused, technical assistance program; the second was unable to establish a relationship with the Minister. While the ICR acknowledges that relationships are not a one way process – all parties must contribute – this experience does raise the importance of ensuring that team leaders are able to work with both donors and beneficiaries.

Throughout implementation the MOI has closely monitored the program through its advisers and the Minister to an unusually high degree and this has impacted on the efficiency of the program. In the main, it is the ICR's view that day to day supervision of advisers should sit with the Contractor (this includes how advisers spent their time, delivery on outputs, leave requests etc) and strategic direction, monitoring of progress towards higher level outputs and outcomes and the Contractor's overall performance should sit with the Ministry and the donors.

2.3.3 MOI obligations

MOI was unable to meet its obligations under the MOU to provide office space for the Contractors due to lack of space. Consequently, program funds were used to purchase temporary buildings to house the Contractor's core personnel. Specialists were, wherever possible, co-located with counterparts.

2.3.4 Risk management

An overall risk management matrix for the proposed program was provided as Supplementary Appendix F to the main project design document. It identified the following risks to the program²⁹:

²⁹ PDD. Supplementary Appendix F

- a) Social and political instability and poor security
- b) The Government's budget execution reform program falters
- c) Government procurement and other decision making processes remain overly centralized and a bottleneck to timely budget execution
- d) USAID's Millennium Challenge Account (MCA) attracts resources away from implementation of the Government's regular capital development program. The MCA program absorbs so much in-country contractor capacity that contractors are unavailable to bid on the Government's regular program of contracts.
- e) Suitably qualified and motivated East Timorese counterparts not available to work with TA specialists
- f) Communities do not value or appropriately use the infrastructure assets and do not support their ongoing maintenance
- g) Corruption

Mitigations strategies were proposed to manage these risks however there is no evidence that the risk matrix was ever used as a tool for risk management. Based on the findings of the ICR the main risk that eventuated from this list is (e) *Suitably qualified and motivated East Timorese counterparts not available to work with TA specialist*. This issue is raised regularly in reporting by specialists and the Contractor. Mitigation strategies were proposed including referral to the Program Steering Committee and the possible reassignment of specialists if necessary but success in managing this issue was variable.

The list of risks examined did not cover the key factors that eventually impacted upon the project. Perhaps the most important of these was the change in government following the 2007 national elections and its subsequent impacts on infrastructure. This change had a profound adverse impact on the outcome of the ITA in its initial fifteen months but also affected the remainder of the implementation period. While it is difficult to predict the full range of possible impacts the mitigating strategy should have included a review of the ITA with MOI prior to start up and preferably before the Contractor's contract was finalized.

From late 2008 the joint Missions played a key role in managing risks even though the Scope of Services at Annex 3 to the design specified that the Contractor would be responsible for managing risks associated with the ITA. There is no risk matrix in the Inception Report or the Annual Reports for 2008 and 2009. Given the above, it is most likely that risks were managed in an ad hoc manner and without the benefit of strategic oversight.

2.3.5 Cost benefit of capacity building approaches

The assessment of the cost and benefits of a program that involves capacity development is always problematic, particularly when seeking to draw the links between improvements in capacity and program outcomes and impact. However, comments can be made on the cost effectiveness of the various means used to build capacity under the ITA.

Advisers

The ITA used international advisers (called specialists) as the main mechanism to provide assistance - the initial design involved the use of advisers only. International advisers are a costly resource, although the cost is modified somewhat when international advisers are sourced regionally rather than from developed countries such as Australia. Timor-Leste does not have a national consulting market that could have been drawn upon. As resources were needed to deliver the work³⁰ as well as build capacity advisers was an appropriate choice. An effective adviser with strong capacity building skills is likely to provide a good return on the investment but a poor adviser will not. The quality of advisers mobilised under the ITA was mixed therefore the return on the investment is likely to be somewhat less than it could, potentially, have been.

Scholarships

Scholarships are also costly although those provided through the ITA were regionally based rather than in Australia which reduced their cost somewhat. Timor-Leste, and the MOI, has a vast need for the development of capable professionals that cannot be developed through on-the-job training. Scholarships were an appropriate means of developing a cadre of graduates that could take MOI into the future. The scholarship program was only introduced in 2009 so there was only sufficient time for candidates to take master degree courses or upgrade lower level qualifications. If the program had commenced from the beginning of the ITA it could have benefited those who have yet to take a degree course. Timor-Leste is in urgent need of additional skilled staff in its infrastructure sectors and additional under graduate engineers (for example) are likely to have most value.

Short Term Technical Training Courses

Short term training courses delivered in other countries vary in cost according to the providers but are a good option to provide specific, high level, technical training for small numbers of people. Bringing trainers to Timor-Leste to deliver technical training to a large number of people is more cost effective and this strategy was adopted by the ITA for several training programs. Ideally technical programs should be delivered by local providers to reduce the costs but this expertise is not yet readily available in Timor-Leste. Courses could also, ideally, be provided through the public sector training body, the National Institute of Public Administration, particularly supervision and management, but at this stage it does not have the capacity to meet this need.

Australian Youth Ambassador for Development

The ITA employed an Australian Youth Ambassador for Development (AYAD), a Bridge Engineer, to work with the DRBFC. The role supported a junior level manager in small scale bridge projects, including assisting on field trips and site inspections. The AYAD worked with his counterpart to improve general project management skills, particularly the quality of communication and processes related to project implementation. Feedback suggests that the AYAD brought enthusiasm and a high level of commitment as well as technical skills to his role. This is an option worth exploring for other AusAID programs.

³⁰ In spite of the MOI's desire that the ITA focus on building capacity feedback suggests that all advisers regularly do work for their directorate at the request of managers and counterpart staff.

Work attachments

Civil engineering firms interviewed during the ICR suggested that MOI engineers would benefit from work attachments with the Consultants to gain experience in project management. This is an option worth exploring. Similarly, work attachments could be arranged with similar organisations in countries close by including Australia. This is a relatively low cost option that provides good experience if well structured and closely supervised. It is noted that early in the ITA, the Contractor designed a program of work experience with Malaysia. This was an excellent, cost effective initiative that was not progressed. The reasons for this are unclear but it is likely that it was not supported by the MOI and/or it was not possible under the ADB rules for the ITA.

Professional development associations and organisations

Where possible, programs should tap into professional programs offered by regional and international professional bodies. For example, the civil aviation subsector has benefitted considerably from its relationship with the International Civil Aviation Organisation which provides access to performance audits, training programs and regular conferences in the region. Courses are designed to support continuous improvement in safety and security in the sector and provide an opportunity for Timorese staff to attend training events and discuss common problems with other countries in the region. In the other infrastructure subsectors there are regional professional associations that hold regular meetings of members to discuss technical and operational issues and better use could be made of these groupings to support staff and institutional development.

Conclusions

The adviser based model was designed by ADB and approved by AusAID at a time when capacity substitution was the agreed primary response. While a costly option, it was appropriate for the time and circumstances. Expansion to include scholarships and the technical upgrade program of short courses introduced less costly options and widened the scope of technical training to a larger number of staff. The program could have benefitted even further from adopting other options, particularly work experience programs.

2.4 Impact

At this point in time it is too early to ascertain the impact of the ITA. The DMF indicates that the impact of the assistance is expected to be attained by 2020 when the provision and quality of infrastructure including transport, power and water are provided to many residents in urban and rural areas. It is difficult to apportion the likely impact of the ITA as the services were allocated to sectors on an as-need basis as determined by MOI and not all sectors received assistance.

Nevertheless the ITA provided substantial assistance in procurement of infrastructure contracts across the different infrastructures for projects to the value of \$7.6 million in 2009 to \$832 million in 2011. This assistance covered not only MOI procurement but also several programs procured under the Infrastructure Fund. In addition the ITA assisted in the implementation of 275 individual projects over the 2009 to 2011 period. While it is difficult to ascertain the influence of the project specialists on each project the overall impact is likely to be significant.

In terms of capacity building the impact of the ITA is also difficult to ascertain. The ITA technical specialists assisted 148 MOI staff on a day-to-day basis with on-the-job training covering the wide range and number of projects noted above. The capacity building program also supported 32 scholars on various masters and technical degree courses in the infrastructure sectors. Under the Technical Upgrading Program a total of 165 MOI staff received technical training in subjects relevant to their technical background. In addition, a further 50 MOI staff with procurement responsibilities received technical training in English language with a focus upon procurement requirements. A large number of guidelines, manuals, and technical notes were produced that should provide substantive ongoing technical document support. The details of the capacity building activities and documents developed are provided in the Activity Completion Report.

2.5 Gender Equality

The activity does not appear to have made much, if any, contributions to gender equality. According to the PDD, 'line ministries lack know-how in gender and development, conflict management and mitigation, HIV/AIDS, involuntary resettlement and compensation, and indigenous persons and vulnerable groups'³¹. A supplementary annex to the design refers to a joint ADB/United Nations Development Fund for Women (UNIFEM) *Country Gender Assessment for Timor-Leste* (published in November 2005). 'The Assessment covers gender status and trends in Timor-Leste and ADB's gender strategy and recommendations, including how gender has been handled in infrastructure project administered by ADB and lessons learned from these activities. Importantly, the Assessment offers opportunities and challenges for gender mainstreaming in Timor-Leste and describes a sector-specific ADB *Country Gender Strategy (2005-2008)* including for infrastructure-related capacity development'³². It proposed that the Safeguards Specialist disseminate the key relevant provisions of the Strategy and guidelines to project management engineers and check for project compliance with the Strategy throughout TA implementation.

The Safeguards Specialist was mobilized during the first year of the program. The 2008 Annual Report refers to the work of the position: the development of environmental and social safeguards sections for inclusion in the Procurement and Building Contract Management Manuals; commencement on the development of environmental and social safeguard checklists and summary guidelines to be followed by specialists; and the sourcing of potential training providers to deliver gender mainstreaming, first aid and HIV/AIDS/STD training³³. The position's work is touched on briefly in the 2009 Annual Report. There is no reference to ADB's *Country Gender Strategy (2005-2008)*. While the Safeguard Specialist was to be mobilized on an intermittent basis throughout the program's implementation the position was discontinued in 2009. The ICR was advised this was because the role was not identified as a priority by MOI.

³¹ PDD. Paragraph 9.

³² Supplementary Appendix E. Paragraph 24

³³ SKM (2008), Annual Report. Section 3.11.4.

The Contractor made efforts to ensure women accessed the scholarships and technical upgrade training and encouraged women to apply as specialists. The ICR notes that gender is not mentioned in the DMF nor is it addressed in the supervision Mission MOUs, the MTR or the draft Activity Completion Report (ACR). It appears that gender was not a priority.

2.6 Monitoring and Evaluation

Monitoring of the program has been primarily carried out through the close oversight of the Minister and his advisers and the joint donor Missions. Much of this oversight appears to have focused on the purpose of the specialists, the selection and use of specialists and on the capacity building program rather than on outcomes. The MTR did seek to monitor progress against the DMF but struggled with both the outdated structure and the lack of data available to measure the indicators.

While the DMF should have been the primary basis for monitoring and evaluation (M&E) it has not provided sensible guidance for M&E for several reasons. Firstly, the DMF was not changed to reflect variations in the program design until early 2011 in spite of significant changes to the design. Secondly, much of the data needed to measure the indicators has not been available. Thirdly, the DMF reflects outcomes in areas where the program did not operate. The Contractor's ACR, attempts, but struggles, to show results against the DMF.

The ITAs processes for monitoring and measuring capacity building are discussed in Section 3.

2.7 Analysis and Learning

The initial design, with its focus on the provision of capacity to meet a critical development need was based on solid analysis. It drew on a World Bank Mission that examined budget execution as well as the ADB/AusAID design Mission which thoroughly examined the needs of the three Ministries. The need for support for project management did not disappear with the amalgamation of the Ministries, nor did it disappear with the refocus of the program to capacity building. Specialists still needed to provide capacity substitution to ensure MOI met its targets, but this was less overt after the program was changed to a capacity building focus.

The program did continuously improve after the first fifteen months through the four Missions and the MTR all of which helped reshape the ITA to reflect the broader needs of the Ministry, not just those related specifically to project management. The manner in which capacity was built also evolved. Initially, all assistance was provided through specialists who were required to provide on the job training to counterparts, assist with improvements in systems and processes and develop tools to support MOIs capacity. From 2009, the program also implemented scholarships and technical training programs. Further lessons on capacity building are in Section 3.

2.8 Case Studies

2.8.1 Directorate of Roads, Bridges and Flood Control

While the draft ACR provides detailed lists of specialists, tools, scholarships, technical training, on the job training and conference/workshop attendance the ICR was unable to establish (in the time

available) the exact scope of assistance to the Roads Division of the Directorate of Roads, Bridges and Flood Control (DRBFC). It is noted that DRBFC staff accessed scholarships and a wide range of technical programs including the project management program.

The Directorate was resourced with a full time Procurement Specialist and Project Management Engineer for most of the four years. The specialists interviewed by the ICR confirmed that they were actively involved in doing the work throughout their placements. They also worked with a small number of counterparts to build capacity. They advised that while the DRBFC could probably continue without assistance as a result of the capacity that had been developed, the gains were very fragile and would be lost with the departure of any key counterparts.

Tools developed by the specialists were being used to varying degrees and their ongoing use was contingent on a small number of counterparts. Staff needs to continue to develop their technical knowledge and gain further practical experience. The specialists advised that there are not enough people to do the amount of work that is needed and that language presents a problem. English is the language of international procurement and contract management but most personnel are not confident in its use.

Feedback from MOI staff who worked with specialists confirmed that specialist capacity was variable. They talked about the early years when the specialists 'kept to themselves and didn't do anything'. However, while some did not integrate well with staff others were very successful at building relationships. They have appreciated the technical training program and see value in the scholarships. They did stress, however, that training needed to cover new areas rather than repeat things that they had already done. The staff confirmed that there had been some improvements in capacity in some areas but ongoing assistance was needed.

The Director confirmed the view that the early stages of the ITA were not particularly useful. Specialists became more effective in 2010 when they started working with the lower levels, not just senior staff. The Director raised concerns about the length of appointments proposing that long terms are needed to give specialists time to develop relationships and build capacity. He outlined several examples where specialists spent a lot of time developing a tool (for example, a unit cost database and a manual) but then did not have time to train staff in its use³⁴. The Director supported scholarships as an effective strategy to build sustainable capacity. He advised that he needed extensions of the specialists to assist with an increased workload and to maintain productivity.

2.8.2 Directorate of Civil Aviation

Support provided to the Directorate of Civil Aviation (DCA) offers a good example of how the ITA moved far beyond its primary scope to provide support to an area within the MOI that had no links

³⁴ This was a common story across MOI and suggests that training is seen as something done at the end rather than a continuous process .

to the expenditure of the capital budget. It also shows how useful and important the work has been in an area that is of critical importance to Timor-Leste's development.

Under the ITA, two personnel were awarded scholarships and the DCA received assistance from two specialists. The short term specialists supported the DCA to prepare for a safety audit by the International Civil Aviation Organisation, carried out in 2011. The current specialist is assisting the DCA to implement the recommendations of the audit. Both specialists have worked closely with the Director and his staff, building capacity on a day to day basis through on the job training. Both specialists have also done a great deal of the actual work needed to meet Timor-Leste's international, civil aviation obligations.

Discussions indicate that there have been significant improvements at the senior level within the DCA and that junior staff have also benefitted from the resources provided by the ITA. However, it appears unlikely that the capacity exists to implement all of the audit recommendations without ongoing external assistance.

While there is no question that this assistance has been essential, the question remains as to whether or not it should have been provided through the ITA or through some other mechanism designed to provide broader support (such as AusAID's Public Sector Capacity Development Program). An alternate mechanism may have been able to offer a longer term commitment.

2.8.3 Directorate of Research and Development

The Directorate of Research and Development (DRD) has approximately twenty eight technical staff and six administrative positions. Its role is to carry out materials testing to support infrastructure projects. This example shows how a critical mass of capacity can be developed by utilising a range of capacity building processes.

The Directorate has been assisted by a short term Materials Engineer. While language offered some challenges the specialist was able to establish a good working relationship with staff and developed two manuals that have been of considerable use, particularly once they were translated into Bahasa.

Two DRC personnel were awarded scholarships to study in Indonesia and six have participated in specialist technical courses in Indonesia. A large number have participated in a materials testing training program delivered in Dili. Feedback for all programs is very positive indicating that they have, collectively, resulted in noticeable improvements in the way staff work. For example, officers now think more broadly about what they are doing and have a much better understanding about testing and how to do it. It is the Director's view that this has resulted in better quality roads.

3 Evaluation Questions Findings

This section of the report responds to AusAID's specific evaluation questions. Every effort has been made to minimise duplication of content covered in Section 2.

3.1 Relationships

How did the ITA's approach promote MOI commitment and ownership?

The level of commitment of the MOI was very high once the program had been redesigned to respond to the Minister's need for a capacity building focus and scholarships. This is reflected in the high level of interest the Minister and his advisers paid to the planning, selection and monitoring of specialists and to the selection of appropriate candidates for the scholarships and technical upgrade programs. It is also reflected in the positive feedback from the Minister, directors and staff of MOI. The experience of the ITA shows just how important it is to ensure congruence between a program and the needs of the beneficiaries. It also demonstrates that no design should be static, rather a program should evolve over time to reflect changing needs and priorities³⁵. The ITA also shows that responsiveness can lead to a lack of focus that may impact on a program's final results.

How did the ITA's approach promote quality relationships between technical specialists and government counterparts?

The process for building relationships in the workplace appropriately sat with each specialist, under the direction of the Team Leader. Terms of Reference specified what was required and the monthly reporting process allowed both MOI and the Contractor to monitor the day to day work of the advisers. Successful specialists built good working relationships with their counterparts based on mutual respect. In the case of the ITA this was most likely to occur when the adviser and counterpart spoke the same language. It also occurred when the adviser was responsive to the needs of the work area even when it involved doing the work rather than capacity building (often in conflict with their TORs). Relationship building is a skill that not all advisers own. Advisers should be selected as much for their ability to develop relationships as for their technical skills and knowledge when capacity building is their primary purpose.

How can future programs ensure that use of technical advisers in Timor-Leste is better managed, more effective and has better ownership by the government?

The management of the program by the Contractor was reasonable once the third team leader commenced and agreement had been reached between MOI and ADB about the focus of the program. From that point on there was greater clarity for all concerned about what needed to be done. This allowed the Contractor to focus on ensuring its own systems and processes were as efficient as possible given the requirements of both the MOI and ADB to closely monitor (micro manage?) all aspects of the program. At a more strategic management level, the ITA suffered from the lack of an oversight mechanism to provide high level direction.

Based on the feedback from MOI personnel and the joint supervision mission reports, the ICR found that the quality and performance of specialists was variable. Some specialists, particularly in the early years, did not have the interpersonal and communication skills required to establish an effective relationship with their counterparts that could lead to successful on the job capacity building. This is

³⁵ This process is integral to AusAID's program model that specifies the first year of deliverables but then moves to annual planning to shape assistance.

not unexpected as the earlier specialists were recruited to do the work rather than build capacity so technical expertise was the primary factor in selection. The Contractor responded to the change to capacity building by reviewing the performance of specialists with MOI and identifying those that needed to be replaced. Job descriptions and selection criteria were changed to ensure they reflected both technical and interpersonal requirements.

Discussions suggest there have been some excellent specialists with both technical and capacity building skills who appear to have had a significant impact in the workplace. Most have 'done the work' as well as built capacity but the extent of this is not clear (although the ICR suspects the focus has been on getting the work done). This lack of clarity is most likely to do with the conflict between the TORs (that focused on capacity building) and the reality of the situation in the workplace where work had to be done due to the lack of local resources and capacity. There has been a good mix of specialists, with many sourced from Asia. Language skills in Tetum and Bahasa have been particularly valued.

The ICR notes the Contractor's view that it is very difficult to recruit specialists who have both technical and capacity building skills. While it does present a challenge, it is possible to find people who are both capable in their chosen profession and have the ability to establish rapport with counterparts. On the job training and coaching are both skills that can be acquired if these foundations are in place and if the Contractor is willing to make the investment.

From 2009, strategies employed by the ITA to build commitment and ensure effectiveness were sound:

- MOI identified the short term specialists it required based on its own plan and priorities
- TORs were developed in full consultation with MOI
- The selection process involved MOI (future activities could build on this approach by including GoTL personnel in the interview and referee check processes if resources are available)
- MOI were part of the six monthly review process

The involvement of MOI, along with ADBs approval processes, resulted in long lead times for specialist selection and mobilisation. A joint process, rather than a two step process, would have been more efficient but this may not have been possible under ADB guidelines. It is possible under AusAID guidelines.

MOI stakeholders expressed strong views about the need for long term rather than short term advisers. This was on the premise that a long period of time was needed to build the capacity of the Timorese staff. What was evident to the ICR was that few understood the differing role of short and long term specialists with short termers usually used for a specific, time bound purpose. It is possible that as MOI took control of the planning of the short term specialists under the ITA this differentiation became less clear and that expectations of short termers differentiated little from those of long term specialists.

A concern of the ICR is the likely dilution of the distribution of advisers and scholarships by expanding access to all parts of the MOI, not just those involved directly in project management. This occurred at the request of the Minister and with agreement from the May 2009 Mission. While this provided

the Minister and his director's with the flexibility to draw on much needed, short term expertise and award scholarships anywhere in the Ministry it redirected resources away from the primary focus of the ITA. The lessons that emerge from this experience that should inform AusAID's future programs are outlined in Section 3.6.

3.2 Products

To what extent are various ITA products (for example, the unit cost databases for roads and buildings, standards for roads and bridges, and the Project Monitoring and Control System) being utilised and of value to MOI?

The use of products developed under the ITA is variable. As expected, the process used to develop and implement a product or tool had an impact on its ongoing use. For example, manuals and standards developed by specialists in isolation from MOI are less likely to be in use after the specialist departs. However, even where reasonable processes were adopted some manuals and tools have not been incorporated into day to day practice even when specified as a need by the MOI. Possible reasons include: lack of direction from senior managers to use the product; lack of confidence by staff to use the product; lack of personnel to use the tool; limited understanding of how the tools works; and lack of appreciation of the value it brings to the organization. To gauge the usefulness of specific ITA outputs, discussions were held with staff concerning the unit cost databases for roads and buildings as well as the Project Management and Coordination System (PMCS).

The road unit cost database was considered as being very useful by road sector and procurement staff. It is used frequently to estimate the cost of projects as well as identify whether tenderers bills of quantities conform to the right magnitude of cost. The database will need to be updated on a quarterly basis and while this is currently being undertaken by MOI staff, there are risks that this might not be the case in the future, if there is staff turnover. Current staff indicated that they have sufficient knowledge to update the unit costs.

The unit cost database for buildings is also well used by urban staff for planning, forecasting, budgeting and procurement tasks. As with the road database, staff indicated that they are familiar with its unit cost composition and they have adequate knowledge to update it from time to time. However, there are also risks that these skills might not be readily available in the future and these risks could be mitigated by sharing the knowledge with other staff.

The PMCS is not currently used. The development of the system was undertaken at the request of the Minister and details of the system were discussed at length with MOI stakeholders. Considerable awareness and user training was provided. While it is not clear why the system is not being used by the Ministry a major factor is likely to be that the Minister and Directors are not insisting that the tool be used for reporting project progress and as a result the MOI has yet to adopt it as a management tool.

Programs should not underestimate the importance of the process that is used to develop a tool, manual or set of standards (products). The product must respond to, and reflect, local needs and the potential capacity available to use the product. It should not set unattainable standards – it should

be 'fit for purpose'. Products also have to be integral to the work of the organization, demonstrate a clear benefit in its use and be grounded within the workplace rather than separate from it. Importantly, time is needed to ensure all stakeholders know how to use the product.

3.3 Staged Capacity Building Approach

Was the staged capacity building approach implemented effectively, and if so, was it the most appropriate approach in developing capacity?

In 2006, AusAID developed a tool - *A Staged Approach to Assess, Plan and Monitor Capacity Building* - that outlined a relatively simple process for planning and monitoring capacity building using descriptors that rated the current state of capacity at four levels.

Dependent: The adviser controls the particular work function and may do most of the work, takes the decisions or is highly influential in the decision-making process. This is typically the case when an adviser is appointed to an in-line position, or where capacity for particular functions is very low.

Guided: The adviser still has a high level of control, but counterparts can undertake the straightforward elements of the function under supervision or guidance. Staff may not be fully aware of the full function – they 'may not know what they don't know' – and may not be aware of the need to follow through and take responsibility for ensuring the process or function is fully completed.

Assisted: Counterparts are now taking prime responsibility for the function, can handle most of the complex aspects and know when they need to ask for assistance. The adviser's role is more one of support, with occasional reminders and prompts to follow through, and occasional higher levels of support for new situations or for infrequent events (such as preparing an annual budget).

Independent: Counterparts are now fully competent to do the whole function. They may still use an external adviser for highly technical work that occurs only once a year or on an ad hoc basis. This is similar to bringing in external consultants as needed, a common practice in developed countries if it is more cost-effective to 'buy in' the capacity rather than develop it in-house.

The tool had its origins with the Timor-Leste Ministry of Finance and Planning Program which had grappled with the challenge of measuring capacity building in a meaningful way.

The design for the ITA proposed that the Staged Capacity Building Approach (SCBA) be adopted. The first Capacity Building and Training Specialist (CBTS) took the AusAID tool and developed it further, incorporating a competency based approach to ensure that existing capacity was identified³⁶ and adding numerics (1 to 4) so that change could be quantified. Conceptually, the approach was very sound particularly as it was supported by an organisational assessment of each directorate within the new MOI. However, the model was not well accepted by specialists who found it too time

³⁶ The method selected was a modified version of the International Labour Organisation Regional Model of Competency Standards. Competency standards are industry specific descriptions of individual work tasks and the underpinning knowledge and skills required to perform those tasks to a nominated standard in the workplace. According to the CBTS, previous experience in Timor-Leste showed clear and accurate job descriptions allowed a project to track the implementation of assistance, to monitor current effective skills and hence commence from a positive assessment of existing skills and move towards targeted, monitored, evidence based skill development. The competency standard approach dovetailed with the AusAID Staged Capacity Building Model (2006).

consuming. The ICR suspects it was too sophisticated a model for use by specialists who were employed for their technical skills rather than their capacity building skills. It is also possible that it was simply too complex to use.

In 2009, the May supervision Mission directed a new CBTS to prepare a capacity building plan that incorporated scholarships and a technical upgrade program as well as a staged approach to capacity building for on the job learning. *At this point the original model appears to have been lost.*

The *Capacity Building Program 2010-11* proposed a new approach to capacity building based on an *8C model*³⁷. The plan proposed three subprograms to support the development of project management capacity, namely (i) academic training (ii) a technical upgrade program and (iii) staged capacity building plans (for on the job training). A Staged Capacity Building Plan template was developed for use by specialists to identify inputs, outputs, recipients, direction and dates and risks against the 8C parameters. The Plan, prepared in late 2009, set the baseline for project management capacity in MOI at 2.61 based on a survey and interviews. The draft ACR reports progress showing project management capacity had risen to 3.5 in 2010 and to 3.58 in 2011. The methodology and method of reporting were very sound.

More broadly, the ICR found that every person they spoke with had a different understanding of the term *staged capacity building approach* although all understood that capacity building was a progressive process. It is the ICR's view that the SCBM would have worked if it had been developed with the MOI and kept as a simple, function based tool. It is likely that the 8C model worked because it was relatively straight forward and understandable by its users.

As R4D is also adopting this approach with DRBFC, what lessons learnt should be passed on to ensure that it is utilised effectively and to maximise sustainability?

The lesson for AusAID is clear – ensure that any model used is simple and easy to use and consistently applied and that all stakeholders understand how it is to be applied:

- a) ***It is essential that a program establish a model for planning and monitoring capacity building at commencement.*** This should be used to set a baseline and then to track progress over the course of the program. Unfortunately, the change mid program meant that the second model's base line data is only from 2009 when the program had been in operation for two years.
- b) ***There are many different models and processes that can be used. Choose one that is simple to use.*** The challenge is to establish a process that has meaning for those who are to implement it and that is not too onerous for advisers, counterparts and those whose role it is to gather and analyse the data.

³⁷ The 8C model identifies the following organisational development parameters: competency, culture, champions, consolidation, communication, collaboration and coordination, coaching and mentoring and continuous improvement.

- c) ***Develop a common language so that everyone is talking about the same thing.*** For AusAID, the term *staged capacity building approach* refers to the 2006 model and tool. A new term should be used for new models so that their approaches are differentiated.

No model can ensure sustainability. Rather it is the way a model is applied and consistency of application that can contribute to sustainability. Any model should be developed with partner government personnel so that it meets their needs and understanding. This will also ensure that the 'language' used by all is consistent. Sustainability is discussed further in Section 3.5.

3.4 Ongoing Capacity Building Needs in DRBFC

What are the specific capacity issues in DRBFC revealed by this program that AusAID and the ILO will need to continue to address and consider as they work to implement R4D?

As discussed in Section 2.8.1, the capacity developed under the program is fragile. Discussions suggest that DRBFC will struggle to do its work without the ITA advisers who continue to carry out work tasks as well as build capacity. There is a small number of technical staff who can carry out most tasks but the workload is too large for the number of staff available. Lack of staff is most likely due to MOI's budget envelope but could also be partly attributed to absences for participation in donor funded training and scholarship programs, particularly ITA. Some positions are vacant. This is due to the lack of skilled personnel to fill positions and/or the lack of MOI capacity to carry out recruitment in a timely manner.

A recent proposal of MOI is to create a new Department of Rural Roads. Experience from the ITA indicates that a stable institutional framework is needed to support a productive work program. In this respect AusAID and the R4D team leader should encourage MOI to quickly establish the new Department and ensure that it is adequately staffed to carry out its intended functions. Without the organizational structure in place to support R4D the program's ability to generate sustainable capacity development will be compromised. Staffing positions should have job descriptions for all required positions as they provide a starting point for capacity needs assessment processes. If possible, the creation of the new department should be enshrined in any MOAs made with MOI about R4D.

To ensure this occurs AusAID should actively lobby MOI to put the department in place. Facilitation of the new Department will provide a focal point for the R4D project and enable project processes and local management to be engaged from the early stages of the project. This will help to promote smooth working relationships and build a team to implement rural roads. In addition, the R4D program should ensure that all its advisers are able to communicate with MOI staff and management involved in the new program (the ICR understands most staff are likely to speak Tetum).

Some tools developed by the ITA (such as the Roads and Bridge manuals and the unit cost databases) need ongoing work to ensure they are used effectively, particularly if they have any impact on the work of R4D.

3.5 Sustainability

How likely is it that the outcome of improved budget execution will be sustained? What factors increased or reduced the sustainability of this program, and how?

Sustainability is weak. Almost everyone interviewed identified the need for ongoing support (without prompting from the team). While some of this is likely to be based on lack of confidence rather than lack of capacity the reality is that ITA specialists have played an important, productive role in the day to day operations of the Ministry. Lack of sustainability is also evident in the mixed use of tools developed by the ITA.

During project preparation it was recognized that building capacity in the infrastructure Ministries would take a lengthy period of time. The original design concept envisaged a two-tranche approach each of five years in length. With the reduction in the scope of work to one tranche of four years the risks that sustainability will not be attained are high. Capacity building simply takes a long time.

One aspect that was highlighted during the discussions with staff is the absence of an adequate knowledge management system to document and store project (and MOI) outputs. With the relatively high turnover of staff either through promotion, transfers or moves to the private sector, project outputs can easily be forgotten in a rapidly changing work environment. A document system needs to be institutionalized to mainstream the use and retention of outputs.

The program has resulted in some ongoing benefits for GoTL (described in detail in Section 2). As a result of the ITA the capital works budget is being spent as planned although the quality of the work performed is still developing. Capacity has been developed in project management and in other key areas of the Ministry but there is some way to go before MOI will be fully functional. The MOI has developed a procurement system that is functional and supported by staff who can implement the government's procurement policy in the infrastructure sectors. It also has staff who have a better knowledge of their sectors and their job skills. While these skills will need to be continually developed they are better able to perform their job functions and assist the government to deliver infrastructure services.

The institutional framework will benefit from the laws and regulations developed with ITA assistance and the manuals and reports should provide documentary support for future infrastructure development. The added skills and knowledge from the scholarship and technical upgrading program will also be available over the long term. Lastly, the ITA program has provided lessons for future capacity building programs and should provide guidance for designing future programs and assistance to the infrastructure sectors.

How effective was the ADB's and AusAID's management of the program?

As discussed in Section 2, the management of the program by the Contractor was reasonable once the third team leader commenced and agreement had been reached between MOI and ADB about the focus of the program. From that point on there was greater clarity for all concerned about what needed to be done. This allowed the Contractor to focus on ensuring its own systems and processes were as efficient as possible given the requirements of both the MOI and ADB to closely monitor

(micro manage?) all aspects of the program. At a more strategic management level, the ITA suffered from the lack of an oversight mechanism to provide high level direction.

The early replacement of the first TA team leader, differences of opinion between ADB and MOI on the scope of the TA, and the absence of an oversight mechanism suggests that ADB as the lead donor could have taken a more proactive role in resolving the differences at an early stage. However, the joint Missions from late 2008 onwards did bring the program back on track by providing a mechanism that allowed all three key stakeholders to raise and resolve issues.

AusAID was actively involved at all stages of the ITA. AusAID participated in the design, the design was subject to an AusAID peer review process, AusAID participated in all four Missions and was part of the MTR. This is far greater involvement than would usually be the case with a partner led design.

The relationship between AusAID and ADB appears to have been variable based on the individuals involved. It was also affected by the differing views of the two agencies about the types of assistance that should be considered 'technical assistance'. While there was a Memorandum of Understanding (MOU) between AusAID and ADB it did not provide much in the way of guidance to AusAID about the management of the relationship, particularly the degree of influence AusAID could expect over major decisions or the degree of direct access AusAID could/should have to the Contractor and specialists. A partnering agreement could have helped clarify these issues. A partnering agreement documents the nature of a partnership, the agreed outcomes and how the parties will work together. In the case of the ITA, an agreement could have described the degree of involvement of AusAID on a day to day basis and the process for resolving the issues that arose in the relationship.

ADB carried most of the workload associated with the program's day to day oversight with AusAID only becoming involved at key points. It is likely that AusAID would have experienced many of the problems outlined in this report even if it had directly contracted SKM to deliver the program. ADB TAs are generally used for consulting services and not for scholarships or other training which may have been why there was an apparent reluctance by ADB to agree to change the original scope. The advantage that AusAID has is that its guidelines are more flexible than those of the ADB so it might have been in a better position to respond to MOI's request for a range of alternate approaches to capacity building. Both ADB and AusAID brought a very high level of infrastructure expertise to the program.

4 Conclusion and Recommendations

4.1 Conclusions

The ICR concludes the following:

- The ITA has contributed to improvements in the execution of MOI's capital budget through the provision of technical specialists. It has also helped develop capacity in MOI at the individual and organisational levels through training by specialists, via scholarships and through the technical upgrade program.

- The design and delivery mode was appropriate for the time. However the context changed significantly prior to mobilization and the design should have been reviewed with the new Ministry/Minister prior to commencement to ensure it was aligned with MOI priorities and expectations.
- M&E was weak. The ITA would have benefited from a strategic governance mechanism (such as a PSC) to provide a regular, formal process to address the concerns of MOI, ADB, AusAID and the Contractor in a timely manner. The DMF should have been amended progressively as changes occurred to the design.
- Risk management was also weak, particularly during the first fifteen months. The program would have benefitted from more [rigorous risk management, a responsibility of both the Contractor and the PSC](#).
- Capacity building planning, monitoring and approaches were reasonable. Scholarships, technical training and on the job training were all useful in building the capacity of the MOI. Other options, such as work placements, would have added even more value.
- The quality of specialists and the relationship between technical specialists and government counterparts were variable. Long term advisers were preferred over short term advisers for capacity building.
- Some products developed by the ITA are being used; others are not. Likely reasons include: lack of direction from senior managers to use the product; lack of confidence by staff to use the product; lack of personnel to use the tool; or limited understanding of how the tools works and the value it brings to the organization.

In terms of AusAID's involvement with the program, it is the ICR's view that AusAID's involvement was optimal given their secondary role. However, AusAID could have been more forceful in requesting ADB to sort out the management problems with the ITA. Problems that arose in the ADB and AusAID relationship most likely relate to changes in personnel and differing expectations about the role of the secondary donor in a partner led design process.

4.2 Recommendations

The following section provides recommendations relating to the overarching evaluation questionnaire i.e. ***What technical assistance lessons emerge from the ITA that should be applied to future AusAID funded infrastructure programs in Timor Leste?***

4.2.1 Review the design when significant change occurs

The design of any program (particularly its principles and intent) should be reviewed with new stakeholders whenever there are significant changes in the political and/or organisational environment. While a full redesign should not be an outcome, particularly for programs that have been underway for some time, it is important to ensure that there is a commitment from new stakeholders and an agreement to proceed. A worst case scenario would be that a program requires

significant redesign, however, this is a better outcome than proceeding with a program that does not meet the need and does not have the commitment of the stakeholders.

4.2.2 Ensure a mechanism is in place to provide strategic direction and oversight

Programs need a mechanism/forum that provides strategic direction and a mechanism for addressing issues and risks. If a Project Steering Committee is not considered a successful mechanism in Timor-Leste due to cultural mores, then AusAID needs to ensure its program have some alternative process in place to meet this need. This could be AusAID attendance at the Ministry's executive/management meetings (if they have them) with the program as a standing agenda item. Another option would be for AusAID to meet regularly with the key stakeholder to discuss program matters³⁸.

4.2.3 Actively manage the risks associated with the program

A key role of any PSC is to manage the risks of a program, informed by the Contractor. The PSC should focus on the strategic risks; the Contractor on those related to the management of the program. For future programs a more rigorous risk assessment should be carried out and then utilised during implementation by both the PSC (or equivalent) and the Contractor.

4.2.4 Maintain a focus on the key outcomes of the program

AusAID needs to be flexible in its approach to program management and respond to changing and emerging issues of Government. At the same time, care needs to be taken to ensure that programs do not lose their focus as this will undermine sustainability. It is likely that the impact of the ITA would have been far greater if it had retained its focus on procurement and contract management

4.2.5 Establish a model for planning and monitoring capacity and use it consistently

The experience of the ITA with the staged capacity building approach highlights the importance of consistency in developing an approach to planning and monitoring of technical assistance, particularly that relating to capacity building. Notwithstanding this, any approach must be open and responsive to changes in the enabling environment and the needs of the beneficiaries.

4.2.6 Use a variety of approaches to build capacity

While advisers have a role to play in capacity substitution in Timor-Leste it is more critical that attention be paid to building capacity at the individual, team and organisational levels. The combination of on the job support and guidance from advisers, the development of support tools and processes and the delivery of education and training programs can have a significant impact. Academic studies offer a long term approach with a short term cost as good people are absent from

³⁸ It is the ICRs view that this approach would not work if there were more than two key organisations involved. For example, with the ITA it is the ICRs view that it was essential that ADB, AusAID and MOI meet to address issues – all parties need to be part of the process to ensure ownership.

the workplace for several years. Work placements would offer practical capacity building that builds on the knowledge and skills acquired through structured learning programs.

4.2.7 A stable and clearly defined institutional framework is important to deliver successful capacity building

To function effectively, technical areas such as the building of roads and bridges need to be supported by a reasonably effective organisation. At a minimum there is a need for clear direction, a plan and an operational structure. In fragile situations, such as Timor-Leste in 2007, government organizations struggle to meet their mandates. This was certainly the case with the MOI and as a consequence the ITA was designed to deliver direct assistance. The intent was, rightly, to focus on capacity building only after the initial efforts had resulted in infrastructure development. While the Minister sort to redirect the program to capacity building earlier (most likely too early), the reality was that the specialists continued to do the work (surreptitiously) to maintain the respect of their workplaces. In addition, the lack of a structure for the new organization was a barrier to capacity building at all levels as many staff had no idea who they should report to, what their jobs were etc. This was rectified through the organic law. Given this, it is important program designs ensure an appropriate balance between doing the work and progressing capacity building and provide support for the basic elements that are needed to help build a functional organisation.

4.2.8 Practical work experience is essential

Practical work experience does not appear to be valued in Timor-Leste. This is unfortunate as there is evidence to suggest that Timorese would benefit enormously from work experience as opposed to formal training. The tendency to prefer formal education and the high value placed on educational qualifications is misplaced as a high proportion of capability and expertise is gained from work experience. Future infrastructure capacity building programs should include work placements with design and construction supervision teams to learn practical on-the-job skills. These skills are necessary to perform supervisory engineering tasks in MOI.

Leadership and management capacity is essential for a well functioning Ministry and can only be partly developed through academic and training programs. On the job experience, coaching and mentoring must also play a role.

4.2.9 Select advisers who have both technical and interpersonal skills

It is not always easy to source specialists who have both technical and capacity building expertise no matter how widely the roles are advertised however it can be done and when it is the impact is considerable. At a minimum, technical experts need good interpersonal and communication skills that allow them to develop relationships with stakeholders. Capacity building skills, including coaching and on-the-job instruction, can be developed if the foundations are in place. It would not be unreasonable to task the Contractor to provide training in capacity building for advisers along the

lines of AusAID's *Making a Difference* program³⁹, an approach that has had good success in Papua New Guinea and the Solomon Islands.

4.2.10 Ensure all are clear about the role and scope of adviser positions

There may be place for both short and long term advisers in a program. When short term advisers are used, expectations of what they can, and should, be expected to achieve must be very clear for all concerned particularly with the counterparts at the workplace.

4.2.11 Language is a challenge that should not be ignored

Four languages are used in Timor-Leste (Portuguese, English, Tetum, Bahasa Indonesian). Most people speak at least two of these languages but not all. Portuguese is the language of all legislation and policy. English is the language of procurement. Tetum and Bahasa are the most widely used day to day languages. In the main, the more successful specialists were able to communicate with their counterparts in their own language. All designs should examine the languages needed to deliver the program and outline how they will be provided. Some of the languages are not suitable for use in technical or legal documents as they do not have a detailed lexicon. Options include: make a particular language an essential selection criteria; provide language classes for adviser; and/or provide language classes for counterparts. While interpreters are useful direct communication is preferred where capacity building is a required outcome.

4.2.12 Findings from this ICR are congruent with the recommendations of AusAID's recent adviser review

In 2010 AusAID conducted a review of the use of the advisers it funds in Timor-Leste. That review made recommendations in relation to adviser effectiveness, namely: (a) Clearly define and agree the mix of functions in an adviser position (b) Clearly define and track progress towards expected outcomes (c) Stop using the adviser-counterpart model for capacity development (d) Improve adviser management practices (e) Jointly and more meaningfully explore alternative approaches to adviser positions⁴⁰. The ICR findings documented in this report are congruent with all of these recommendations.

4.2.13 Develop partnering agreements to help manage the relationships

Whenever AusAID is involved with others in the design and delivery of a program, a *Partnering Agreement* should be developed to discuss and document the 'soft' issues not covered in the formal MOU. These include: exactly where and how each partner will be involved; what is to happen if a

³⁹ The *Making a Difference* program is a practical, learner based program about individual, team and organisational capacity building targeted at advisers and their counterparts. The program provides skills development in coaching and the management of organisational change.

⁴⁰ AusAID (2010) *Timor-Leste Country Program Report: Joint Review Of Adviser Positions Funded By The Australian Aid Program*. Section 3.3.

partner is not happy with events; and how handovers will occur as those involved in the program depart to ensure the informal agreements are passed on to the new players.

4.2.14 AusAID explore the option of having the same capacity building planning and monitoring process in place across all AusAID programs.

The benefits of having a common process that could be adapted by each program to meet its specific capacity building needs and approach include: it would establish a common understanding and common language around the M&E of capacity building; it would reduce the amount of resources that currently go into developing new models for every program; it would allow AusAID to compare and contrast progress in capacity building across programs and sectors that should help identify what works better in Timor-Leste; and it would ensure continuity in spite of changing advisers and AusAID officers. The main disadvantage to this approach is that a common model might inhibit the development of M&E tools best suited to a particular program. One option is to trial the development of a common model with the R4D and BESIK programs and test its application over a two year period.

Attachment A: Evaluation Plan

Evaluation Plan Summary

The independent review of the Timor Leste Infrastructure Technical Assistance (ITA) program will inform AusAID's ongoing support for technical assistance in the Ministry of Infrastructure (Mol), and its support for a staged approach to capacity development in its new infrastructure programs. While a broad base of stakeholders will be interviewed to gather general data, the review will use a case study approach with one section of the Ministry to gather detailed information about how the staged capacity building approach was used and its effectiveness in developing capacity. Data will be gathered through one on one and group interviews with key stakeholders within, and external to, the Mol and through a review of available quantitative data relating to the procurement and implementation of infrastructure projects.

Background

The purpose of this document is to detail the approach to be taken to prepare the Independent Completion Report (ICR) for the Timor Leste Infrastructure Technical Assistance (ITA) program. The ITA is a joint program, managed by the Asian Development Bank (ADB)⁴¹, and co-financed by Australia. It was approved by ADB in June 2007 and was originally scheduled to finish in June 2011. The program is, to some degree ongoing: the primary contractor was extended to 31 March 2012; one adviser will remain until the end of 2012; priority project management support will be provided for a short period following completion of the main contract; and the scholarship program (which commenced in January 2010) will run until June 2013 to allow students to finish their studies.

The program design document (PDD)⁴² identified a range of issues facing the GoTL in 2007 (not long after the civil unrest of 2006). While there were functional planning and budgeting processes in place, capital budgets were significantly under-spent so infrastructure and poverty reduction strategies were at risk. Roads and river crossings were impassable, neighbourhoods were unhealthy and unsafe and there were compromised safety and service standards at the national airport. Communication services were patchy, electricity supply variable and water supplies unreliable in towns and villages. Poor infrastructure was impeding private sector development and reducing access to basic social services.

Some actions had been undertaken to address the barriers to effective infrastructure development including increasing the maximum line ministries could procure from \$10,000 to \$100,000, putting pressure on ministries to spend by limiting the carryover of unspent budget into the 2008 financial year and establishing a technical commission for budget execution to help the Council of Ministers scrutinize budget execution performance.

⁴¹ ADB. 2007. Timor-Leste Infrastructure Project Management. Project Number 39151. Manila (May)..

⁴² Proposed Technical Assistance to Timor-Leste for Infrastructure Project Management. (Cofinanced by the Govt of Australia). 4 June 2007. Paragraphs 2-10.

The original program was designed to provide support to the three Government of Timor Leste (GoTL) infrastructure departments – Ministry of Public Works (MoPW), Ministry of Transport and Communications (MoTC) and Ministry of Natural Resources, Minerals and Energy (MoNRME). While those ministries could cope with routine operations and maintenance and modest capital projects they lacked the capacity to manage the procurement and outsourcing of large, complex or specialized capital works programs. All three had little expertise in managing environmental and social safeguards for projects and little capacity in relation to gender and development, conflict management and mitigation, HIV/AIDS, involuntary resettlement and compensation and indigenous persons and vulnerable groups.

The expected impact of the proposed technical assistance (TA) was to enhance opportunities for economic participation and improve access to basic social services for all East Timorese⁴³. The expected outcome was that infrastructure assets would be created and upgraded in line with the GoTL's medium term targets, including transport, communications, urban development, power and water supply and sanitation. The design had two components. Under *Component One: Implementing Capital Development Programs* the program was to provide technical advisers (short and long term) to do the work - preparing contracts and procuring goods and managing the implementation of contracts. Under *Component Two: Building Project Management Capacity* the program was to build the capacity of the three ministries using a staged capacity building approach.

The total cost of the program was estimated to be \$18million: ADB grants of \$3million; AusAID grants of \$12million; and a GoTL of \$3million in kind to cover office accommodation and remuneration of counterpart staff.

The ITA was aimed at enabling Mol to create and upgrade infrastructure assets in accordance with the medium term national development plan and annual targets. It supported a range of directorates and secretariats within Mol. The ITA provided long-term experts in procurement, project management, capacity development, institutional improvement, and monitoring and evaluation to assist Mol with implementation of infrastructure development projects in transport, information and communication, water and power sectors. In the process the Mol staff received on the job training to develop and enhance their capacity to improve their performance. In addition, the ITA provided short-term experts to respond to the specific needs of Mol in implementation of the annual capital development plans, and supported a scholarship program for Ministry staff.

Prior to the implementation of the ITA in 2007, the three ministries were amalgamated into a single Ministry of Infrastructure (Mol) and some functions, such as natural resources and minerals, were transferred to other ministries. Mol became the Executing Agency for the TA.

In November 2007, the Asian Development Bank (ADB) engaged the consulting services of Sinclair Knight Merz (SKM) to undertake the TA. SKM worked in association with GRM International Pty.

⁴³ As above. Para12.

Ltd. (GRM) of Australia and Archtimor Engineering Consultants of Timor-Leste. The SKM team mobilized in late 2007/early 2008.

In the April 2008 inception report SKM identified three priorities for the following eighteen months: Priority 1 - implementing the 2008 and 2009 works programs and the backlog of projects from previous years (with associated on-the-job training for MOI staff); Priority 2 – producing draft procurement and contract administration manuals, the review and drafting of decree laws and regulations and, assistance with urban plans; and, Priority 3 – the development of a staged capacity building program, the development of the monitoring and evaluation system and, the preparation and conduct of formal training and formal capacity building⁴⁴.

The change of executing agency prior to commencement introduced a challenge for the cooperation and coordination of ITA consultants and MOI staff that resulted in a low degree of engagement of consultants with MOI's capital development program, which caused concerns to MOI, ADB and AusAID. An ADB-AusAID joint mission was fielded in November 2008 to identify implementation issues, and to start the discussion with MOI on actions to resolve the issues of coordination and communication. Implementation was improved through a range of strategies. Importantly, the discussions between MOI and review mission led to (i) changes in the consultants' TORs to clarify their supporting role, (ii) allocation of more TA resources to capacity building, and (iii) a consultant recruitment process to strengthen MOI's involvement⁴⁵.

A joint ADB/AusAID mid-term review was conducted in December 2010. The review found⁴⁶ that progress had been made against indicators in the design and monitoring framework (DMF) ... 'MOI expenditure had significantly improved both in percentage and total amount. In FY2009, the capital budget execution rate was 87.0%, \$101.5 million out of \$116.7 million. In FY2010, the total capital development budget of MOI was \$159.5 million. The overall budget execution as of November 2010 was 46%. It is expected that the payments for pending invoices and advance payments may significantly increase the budget execution rate by the end of 2010'⁴⁷.

Other findings from the mid-term review were: some parts of ITA support were not well utilized and less efficient, particularly Project Management Engineers (PME); strengthening the institutional capacity in the business process and policy instrument was required to improve the effectiveness and efficiency of MOI operation and to maximize the utilization of TA resource; direct support for project implementation remained necessary; capacity development at institutional and individual levels required more attention and efforts; and both the MOI and the ITA team were still working under an enabling environment that constrained the performance of MOI's capital development program⁴⁸ (although work was underway to address many of the

⁴⁴ TA No. 4942-TIM, Infrastructure Project Management, DRAFT Inception Report, April 2008

⁴⁵ As above. Para 8.

⁴⁶ As above. Para 10.

⁴⁷ Mid term Review. Paras 11 and 12

⁴⁸ The major binding constraints are (i) sector development plans and corresponding annual capital development plans are needed, (ii) an institutional development strategy in MOI, including an organizational structure with legal basis and business processes to support work

challenges). The Mission concluded that the support provided by the ITA remained relevant and important to the operation of MOI and its capital development program.

The Mission recommended the remainder of the ITA focus on capacity development of MOI to achieve its goals and objectives, while the assistance for project implementation should continue as required for specific projects. The development of institutional capacity was to be based on the recently approved MOI organic law and individual competencies improvement should be aligned with institutional capacity requirements. In line with the main areas of focus, the DMF was refined to reflect the expected outcome and outputs of the ITA by completion and the availability of data. The revised DMF is at Attachment A. It is included in this document as it provides one basis for the evaluation.

Policy and context for Australia's involvement in infrastructure

Australia's support in infrastructure in Timor-Leste is consistent with the *Australia Timor-Leste Country Strategy 2009-2014* objective of 'increasing employment by improving infrastructure, including through labour intensive initiatives.' The recently signed *Timor-Leste Australia Strategic Planning Agreement for Development* aligns Australia's support to Timor-Leste's Strategic Development Plan 2011-2030. Primary support to the SDP's infrastructure objectives are in the areas of roads and water and sanitation⁴⁹. These documents did not exist when the ITA was designed.

Australia's current engagement in the infrastructure sector is centred on two major initiatives in the rural water supply and rural road sectors. Roads for Development (R4D), which builds upon the recently completed multi-donor TIM-Works program, is a \$30 million rural roads program that began implementation in March 2012. R4D is being implemented through the Directorate for Roads, Bridges and Flood Control (DRBFC) in the Ministry of Infrastructure with technical assistance from the International Labour Organization (ILO) and aims to support GoTL to effectively plan, budget and manage rural road works using labour based methods, as appropriate⁵⁰. R4D's main thrust is to develop and institutionalize adequate capacities and instruments in the public sector – in particular within the Directorate of Roads, Bridges and Flood Control of the Secretariat of State for Public Works under the Ministry of Infrastructure. Capacity building will be fully integrated within the institutional structure of DRBFC and ILO R4D specialists will work in-line with DRBFC staff. Capacity development will follow AusAID's staged approach and will take place on the back of substantial AusAID and GoTL capital investments for rural road works⁵¹.

The other major initiative is the Rural Water Supply and Sanitation Project (RWSSP or BESIK), a \$40 million program working with the National Directorate of Water Supply and Sanitation of MoI. The

programs is needed, (iii) the procurement arrangement of government needs to be strengthened, (iv) the project implementation capacity of MOI staff needs to be improved, and (v) a monitoring and evaluation mechanism needs to be established

⁴⁹ Terms of Reference. Page 3.

⁵⁰ Terms of Reference. Page 3.

⁵¹ Terms of Reference. Page 3.

program is also assisting the Ministry of Health, particularly to promote improved sanitation and hygiene. The program assists the government to plan, budget, design, procure and supervise the construction and rehabilitation of rural water systems, as well as assist communities with operation and maintenance. The program is about to enter a second phase in the latter half of the year⁵².

In line with the broader objective of consolidating support in fewer and larger initiatives, Australia's ongoing support in infrastructure will be centred on these two initiatives as stipulated in the Strategic Partnership Agreement. No further support to the ADB is envisaged at this stage, but it is important to gather lessons learnt from this program to inform AusAID's continued engagement with the MoI particularly with DRBFC⁵³.

Purpose of the ICR

AusAID has two reasons for commissioning the ICR. First, AusAID wants to ensure that the lessons that can be drawn from the ITA are applied in their new programs – R4D and BESIK. R4D in particular, shares many similarities with the ITA, particularly in relation to capacity development. Second, AusAID currently requires that an independent completion report be completed for all programs over \$3 million in value.

Users of the evaluation

The primary users of the AusAID report will be AusAID's Timor-Leste infrastructure team in Dili and Canberra. Secondary users of the report include the broader AusAID Timor-Leste program teams in Dili and Canberra, the ADB, MoI, the ILO team implementing R4D and AusAID's Infrastructure Thematic Group.

The ICR will provide analysis and recommendations that will inform the following management decisions that are to be made by the AusAID Timor-Leste management team:

- a) Does AusAID need to take any actions or make any changes in its approach to technical assistance in the Ministry of Infrastructure?
- b) Does AusAID need to take any actions to shape and influence the implementation of capacity development in R4D or BESIK at an operational level (eg through the Program Steering Committee) as a result of findings from this review?

Evaluation questions

The key evaluation question for this study is: ***What technical assistance lessons emerge from the ITA that should be applied to future AusAID funded infrastructure programs in Timor Leste?*** This question is shaped by the following.

⁵² Terms of Reference. Page 3.

⁵³ Terms of Reference. Page 3.

AusAID has provided key evaluation questions for the ICR⁵⁴:

- a) How did the ITA's approach promote quality relationships between technical specialists and government counterparts and how did it promote MOI commitment and ownership? How can future programs ensure that use of technical advisers in Timor-Leste is better managed, more effective and has better ownership by the government?
- b) To what extent are various ITA products (for example, the unit cost databases for roads and buildings, standards for roads and bridges, and the Project Monitoring and Control System) being utilised and of value to MoI?
- c) Was the staged capacity building approach implemented effectively, and if so, was it the most appropriate approach in developing capacity? As R4D is also adopting this approach with DRBFC, what lessons learnt should be passed on to ensure that it is utilised effectively and to maximise sustainability?
- d) What are the specific capacity issues in DRBFC revealed by this program that AusAID and the ILO will need to continue to address and consider as they work to implement R4D?
- e) How likely is it that the outcome of improved budget execution will be sustained? What factors increased or reduced the sustainability of this program, and how? How effective was the ADB's and AusAID's management of the program?

The ICR will also comment *where appropriate* on AusAID's eight evaluation criteria of relevance, effectiveness, efficiency, impact, sustainability, monitoring and evaluation, gender equality, analysis and learning. This follows the new approach prescribed by the Indonesia and East Timor M&E standards. *All questions and sources of data are detailed in the matrix at Attachment B. Priority questions are those in the TORs column.*

Methodology

The methodology will involve a review of relevant documentation (an annotated list of documents provided by AusAID is at Attachment C), interviews or focus groups with key stakeholders (a list of possible meetings/focus groups is at Attachment D) and a visit to some works carried out with support from the ITA.

In addition, a detailed review of the effectiveness and outcomes of the staged capacity development approach at the workplace will be made. A detailed case study will be conducted within the Roads, Bridges and Flood Control Directorate, with a focus on the Roads Section. This Directorate was chosen as it received the highest value in technical assistance under the ITA and the work of Roads is aligned with AusAID's R4D. The case study will involve: a review of relevant documentation (job descriptions, staged capacity building documentation, review reports, performance management reports (if available) etc), one on one meetings with key senior

⁵⁴ TORs. Page .

managers and counterparts and meetings with staff from the Roads section within the DRBFC. It will specifically target the following elements of the evaluation questions:

- 1.1 How did the ITA's approach promote quality relationships between technical specialists and government counterparts? commitment and ownership?
- 1.2 To what extent are various ITA products being utilised and of value to MoI?
- 1.3 How was the staged capacity building approach implemented? Lessons?
- 1.4 What are the specific capacity issues in DRBFC revealed by this program that AusAID and the ILO will need to continue to address and consider as they work to implement R4D?
- 1.5 How likely is it that the outcome of improved budget execution will be sustained? What factors increased or reduced the sustainability of this program, and how?

Limitations and constraints of the evaluation

ITA provided assistance to eleven Directorates/Secretariat of the MoI so it is not possible to conduct a detailed evaluation in all with the time and resources allotted to the ICR. However, by focusing on the Directorate that received the most assistance, and the section within that directorate that is most closely aligned with AusAID's new roads program, it is likely that the evaluation will identify the most relevant learnings from the ITA. The views of all sections of MoI will still be gathered through interviews with their most senior managers and other stakeholders, from the Activity Completion Report and from the ADB review missions (including the mid term review).

The DMF acknowledges that the impact of the program is unlikely to be evident for some time – the high level impact statement in the DMF is for 2020. The ICR will seek to identify any likely impacts but that will be within this context.

The DMF provides quantitative indicators that may, or may not, be accessible to the ICR team. Every effort will be made to ensure that the ICR reports against the DMF to the degree possible.

Ethical considerations

The ICR team will take a strengths based approach that seeks to identify the things that have worked well with the ITA, in particular those parts of the program where the MoI and the ITA have worked well together to achieve positive results. Where issues and challenges are identified they will be explored in terms of the lessons learned and their likely application to ongoing programs of support.

Utilisation of findings

The team will provide its initial findings through an aide memoire and feedback sessions on the final business day of the in-country component. The first draft of the aide memoire will be

provided to AusAID for review (to ensure it is suitable for distribution) prior to the conduct of a joint meeting with the ADB on Friday 22 June 2012.

A feedback session will be held with the MoI. The draft aide memoire will be distributed at that meeting and MoI invited to submit their feedback in writing to AusAID by Friday 29 June. That feedback will be passed on to the ICR team immediately so that MoI views on the initial findings are taken into account when preparing the draft ICR report.

If appropriate, the ICR team could meet with the R4D and BESIK teams for informal discussions on the lessons on Friday at a mutually acceptable time.

The ICR team understands that the AusAID team will develop and implement a communication plan to share the lessons learned from the ICR within AusAID. The final report will be placed on AusAID's external website.

Attachment B: Reference Documents

Author	Date	Title
ADB	2006	Back to Office Report of Fact Finding Mission
ADB	2006	Memorandum of Understanding for the Timor-Leste: Infrastructure Project Management Technical Assistance Fact Finding and Design Mission.
ADB	2007	Infrastructure Technical Assistance Design Document
ADB	2008	Memorandum of Understanding for the Timor-Leste: Infrastructure Project Management Technical Assistance Supervision Mission
ADB	2009 (May)	Memorandum of Understanding for the Timor-Leste: Infrastructure Project Management Technical Assistance Supervision Mission
ADB	2009 (August)	Memorandum of Understanding for the Timor-Leste: Infrastructure Project Management Technical Assistance Supervision Mission
ADB	2009 (October)	Memorandum of Understanding for the Timor-Leste: Infrastructure Project Management Technical Assistance Supervision Mission
ADB	2011	Mid Term Review
ADB	2011	Closing Capacity Gaps in East Timor (Draft)
ADB	2011	Timor-Leste Country Partnership Strategy 2011 – 2015
ADB	2012	ADB comments on SKM's draft final report
AusAID	2006	A Staged Approach to Assess, Plan and Monitor Capacity Building
AusAID	2006	Australian Aid: Promoting Growth and Stability
AusAID	2007	Budget Paper. Scope of Initiative: Infrastructure for Growth Initiative.
AusAID	2007	Budget Paper. Scope of Initiative: Infrastructure for Growth Initiative
AusAID	2007	Australian Aid: Promoting Growth and Stability.
AusAID	2009	Australia Timor-Leste Country Strategy 2009-2014
AusAID	2010	Timor-Leste Country Program Report: Joint Review Of Adviser Positions Funded By The Australian Aid Program
AusAID	2011	Roads for Development (R4D) Design Summary and Implementation Document
AusAID	2011	BESIK 2012-2020 Design Document

Author	Date	Title
AusAID	2012	AusAID Indonesia and East Timor (IET) Monitoring and Evaluation Standards
AusAID/ GoTL	2011	Timor-Leste – Australia Strategic Planning Agreement for Development
GoA/GoTL	2011	Strategic Planning Agreement for Development Between the Government of Timor-Leste and the Government of Australia
SKM	2008	ITA Inception Report
SKM	2008	ITA Annual Report
SKM	2009	ITA Annual Report
SKM	2011	Semi Annual Report January to June 2011
SKM	2012	(Draft) Final Report
SKM	2012	Lessons learned workshop outputs
SKM	various	Various TORs, capacity building plans etc.

Attachment C: People/Agencies Consulted

Name	Agency	Position	M	F
Pedro Lay Da Silva	MOI	Minister	1	
Odete da Costa	MOI	Minister's Adviser		1
Fernando da Cruz	MOI	Director General, Transport, Equipment and Communication	1	
Virgilio Guterres	MOI	Director General, Electricity, Water and Urbanisation	1	
Jose Mestre	MOI	Director General, Corporate Services	1	
Milton Monteiro	MOI	Director, Roads, Bridges and Flood Control	1	
Isabel Guterres	MOI	Chief, Procurement, Public Works/Contract Engineer		1
Joao Pedizo Amaral	MOI	Chief Operations Engineer/Regional Engineer, Dili Region	1	
Jose Augusto	MOI	Chief Operations Engineer, Design	1	
Celso Oliveira	MOI	HR Coordinator, Corporate Services	1	
Sabino Henriques	MOI	Chief, Air Traffic Controller	1	
Romaldo Soares	MOI	Director, Civil Aviation	1	
Saturnino Gomez	MOI	Director, Research and Development	1	
Rosa Vong	MOI	Director, Housing and Urban Planning		1
Craig Sugden	ADB	Resident Representative	1	
Richard Phelps	ADB	Senior Infrastructure Specialist	1	
Vincent Ashcroft	AusAID	Country Head AusAID Timor-Leste	1	
Jeff Prime	AusAID	Acting Director, Infrastructure & Rural Development	1	
Gerard Cheong	AusAID	Assistant Director, Infrastructure and Rural Development	1	
Mark Barrett	AusAID	Senior Infrastructure Adviser	1	
Darrell Hawkins	AusAID	Timor Leste Desk	1	

Name	Agency	Position	M	F
Keryn Clark	BESIK	Team Leader		1
Bas Athmer	ILO	Chief Technical Adviser	1	
Philip Balman	Bonifica	Project Manager/Team Leader	1	
Hossam Elgohary	Renadet	Project Manager/Team Leader	1	
Domingo de Quintos	Renadet	Assistant Resident Engineer	1	
Sonya Sampson	SKM	Team Leader		1
Angus Barnes	SKM	Client Manager – International Development	1	
Sally Bannah	SKM	Ex Team Leader		1
Robert Ugalino	SKM	Project Management Engineer - Bridges	1	
Ramon Mananggitt	SKM	(ex) Senior Quantity Cost Engineer	1	
Muhammad Usman	SKM	ICT Network Engineer	1	
Ophelia Tongco	SKM	Capacity Building and Training Specialist		1
Jacinto Dos Santos	SKM	National Training Specialist	1	
Emil Domankusic	SKM	Civil Aviations Operations Specialist	1	
Andrew Patching	Ex SKM	(ex) Capacity Building and Training Specialist	1	
Totals			29	7

Attachment D: Revised Design and Monitoring Framework

(revised on 10 December 2011)

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
Impact Improved opportunities for economic participation, and improved access to basic social services for a East Timorese	By 2020 Uninterrupted, all-weather road connectivity between all urban centers, district and subdistrict towns, and <i>suco</i> villages. At least daily flights available from Dili to Darwin, Kupang, and Denpasar. Safe and comfortable thrice-weekly sea ferry services from Dili to Kupang/Oecussi, and to Atauro Island 24-hour power supply to all urban areas and to 50% of potential rural consumers (baseline: 18 hours/day (h/d) in Dili, 24 h/d in Baucau, 6–8 h/d in other centers, rural 20% coverage) 24-hour piped water supply to 80% of urban areas and safe/ convenient water supply to 75% of rural households (baseline: 30% urban 24-h service, 55% rural access)	National statistical office reports MOF reports and annual national budget paper IMF Article IV Mission reports WB Doing Business Survey Report IFC reports ADB's annual country economic assessment Mission WB country performance reports	Assumptions Conducive security conditions for private sector investment prevail Legal and other institutional arrangements for private sector investment improve Infrastructure assets are properly managed and maintained
Outcome MOI is strengthened in the development of roads, bridges, ICT, power, and water supply and sanitation infrastructure assets	By 2012 MOI achieves its annual capital development targets on roads and bridges. MOI achieves its annual capital development targets on power, water and sanitation sectors. MOI achieves its annual capital development targets on ICT.	Annual national budget paper MOI annual capital development program MOI Project Monitoring Control System	Assumptions MOI budget subMissions are substantially incorporated into the annual national budget MOF and the banking and payments authority make approved payments in a timely manner Risk Other responsible government agencies cannot complement the procurement

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
			timely.
<p>Outputs</p> <p>MOI has improved its performance on annually programmed procurement of consulting services, goods, and works contracts for the capital development of roads, bridges, ICT, power, and water supply and sanitation.</p>	<p>By 2012</p> <p>At least 60% of procurement for the capital development of roads, bridges, ICT, power, and water supply and sanitation are consistent with the annual budget approval</p> <p>At least 90% of Tendering Documents for the capital development of roads, bridges, ICT, power, and water supply and sanitation are submitted to the responsible government agency on time</p> <p>At least 80% of Procurement for the capital development of roads, bridges, ICT, power, and water supply and sanitation within the authority of MOI is achieved on time</p>	MOI Project Monitoring & Control System	<p>Assumptions</p> <p>Decree Law 14/2005 providing for decentralization of procurement to line Ministries is effective for MOI</p> <p>Local, national, and national/international joint venture Contractors are able to respond to tenders</p> <p>Risk</p> <p>Procurement may be disrupted by issues such as inefficient operation of procurement office or governance problems</p>
<p>MOI has improved its performance on administering annually programmed consulting services, goods, and works contracts for the capital development of roads, bridges, ICT, power, and water supply and sanitation.</p>	<p>By 2012</p> <p>At least 50% of capital development projects of roads, bridges, and ICT in MOI are implemented on time.</p> <p>No more than 20% of capital development projects of roads, bridges, and ICT in MOI are implemented with major delays.</p> <p>All capital development projects roads, bridges, and ICT have supervision arrangements.</p> <p>70% of invoices under the capital development projects of roads, bridges,</p>	MOI Project Monitoring & Control System	<p>Assumption</p> <p>Local, national, and national/international joint venture Contractors have the technical and managerial ability to meet international quality/certification standards</p> <p>Risk</p> <p>Project implementation may be disrupted by</p>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	<p>and ICT are processed by MOI within the time specified in the contract/agreement</p> <p>DGEWS implements its capital development program according to the established business plans</p>		governance issues
<p>MOI's Infrastructure project management processes, monitoring system, regulation and policy framework, and the competencies of MOI staff are improved.</p>	<p>By 2013</p> <p>80% of procurement follows the MOI procurement process</p> <p>MOI regulates its organization structure according to the organic law.</p> <p>MOI operates its business according to the approved decree laws about roads, bridges, building and Contractors.</p> <p>All MOI project data are recorded and updated in the PMCS</p> <p>DGEWS complies with the business process.</p> <p>80% of MOI staff under scholarship program complete their academic program timely and return to MOI</p> <p>The average level of project management competence of MOI staff under technical upgrading program and staged capacity development program are increased from 2.61 (awareness only) to 4 (basic competence).</p>	<p>MOI Project Monitoring & Control System</p> <p>Scholarship monitoring reports</p> <p>Assessment of MOI staff competence on project management.</p>	<p>Assumption</p> <p>MOI retains technical staff for project implementation and monitoring</p> <p>Risks</p> <p>Very few East Timorese graduate as engineers (degree level) and very few are recruited by MOI</p>
<p>Activities with Milestones</p> <p>MOI has improved its performance on annually programmed procurement of consulting services, goods, and works contracts for the capital development of roads, bridges, ICT, power, and water supply and sanitation.</p> <p>Assess skill levels of all key MOI procurement staff in procurement of goods, works, and services annually</p> <p>Review Government procurement processes for capital development projects in general, and in infrastructure Ministries in particular by month 4</p> <p>Develop and improve procurement processes in MOI, including preparation of terms of</p>			<p>Inputs</p> <p>ADB and AusAID</p> <p>Consulting services -- \$12.104 million</p> <p>Equipment -- \$0.538 million</p> <p>Training -- \$0.150 million</p> <p>Admin. & Office</p>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>reference, request for proposals, specifications, and evaluation and award of contracts for goods, works, and services by month 5</p> <p>Provide procurement support to achieve annual targets through to TA completion</p> <p>Provide on-the-job training in procurement to key MOI procurement staff through to TA completion</p> <p>MOI has improved its performance on administering annually programmed consulting services, goods, and works contracts for the capital development of roads, bridges, ICT, power, and water supply and sanitation.</p> <p>Assess skill levels of all key personnel in MOI in project implementation, including project/contract management, supervision, and financial management annually</p> <p>Review Government project/contract management, supervision, and financial management processes for capital development projects in general and in infrastructure Ministries in particular by month 12</p> <p>Develop or improve project/contract management, supervision, and financial management processes in infrastructure Ministries, including scope and time management, cost and payment management, quality management and risk management for goods, works, and services contracts by month 10</p> <p>Provide contract management support as necessary to achieve execution targets through to TA completion</p> <p>Provide on-the-job training in project/contract management, supervision, and financial management to key MOI personnel through to TA completion</p> <p>MOI's Infrastructure project management processes, monitoring system, regulation and policy framework, and the competencies of MOI staff are improved.</p> <p>Carry out project management needs and capacity analysis in MOI, covering project preparation, project/contract procurement, and scope, time, cost, payment, quality, communications, and risk management annually.</p> <p>Prepare a capacity development program, including formal academic program, short-term technical upgrading training, and staged on-the-job capacity development, for MOI by June 2010.</p> <p>Implement, and monitor and evaluate the capacity development program through to TA completion.</p> <p>Assess the needs of MOI for its legal, regulation, and policy framework by March 2011.</p> <p>Prepare legal, regulatory, and policy documents according the finding of needs assessment through to TA completion.</p> <p>Provide on-the-job training and workshops to build MOI's capacity of enforcing the legal requirement, and implementing the regulations, and policies through to TA completion.</p>			<p>Support -- \$0.310 million</p> <p>Representatives for contract negotiation - \$0.008 million</p> <p>Contingencies -- \$1.890 million</p> <p>Government Office accommodation -- \$2.000 million</p> <p>Counterpart staff -- \$1.000 million</p>

ADB = Asian Development Bank; AusAID = Australian Agency for International Development; DGEWS = Directorate General of Electricity, Water and Sanitation; GDP = gross domestic product; HRM = human resource management; ICT = Information and Communication Technology; IFC = International Finance Corporation; IMF = International Monetary Fund; MOI = Ministry of Infrastructure; MOF = Ministry of Finance; PSD = private sector development; TA = technical assistance; WB = World Bank.