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|--|------------------------------|---------------------------------|---------------|
| <b>1. Project Data:</b>  |                              | <b>Date Posted :</b> 08/07/2001 |               |
| <b>PROJ ID:</b> P070517  |                              | <b>Appraisal</b>                | <b>Actual</b> |
| <b>Project Name:</b> Dili Community Employment Generation Project  | <b>Project Costs (US\$M)</b> | .5                              | .5            |
| <b>Country:</b> East Timor   | <b>Loan/Credit (US\$M)</b>   | .5                              | .5            |
| <b>Sector(s):</b> Board: UD - Other social services (60%), Solid waste management (37%), Sub-national government administration (3%)   | <b>Cofinancing (US\$M)</b>   |                                 |               |
| <b>L/C Number:</b>   |                              |                                 |               |
|  | <b>Board Approval (FY)</b>   |                                 | 00            |
| <b>Partners involved :</b>   | <b>Closing Date</b>          | 09/30/2000                      | 12/31/2000    |
| <b>Prepared by :</b>   | <b>Reviewed by :</b>         | <b>Group Manager :</b>          | <b>Group:</b> |
| Robert C. Varley   | Ronald S. Parker             | Alain A. Barbu                  | OEDST         |
| <b>2. Project Objectives and Components</b>  |                              |                                 |               |
| <b>a. Objectives</b>   |                              |                                 |               |
| <p>This was a low cost project of a short-term emergency nature, which reflected the priorities of the Bank's Transitional Support Strategy for Timor. Following Indonesian withdrawal in 1999 virtually the entire pre-independence governance structure had disappeared, and the loss of physical infrastructure was pervasive, reaching as high as 100% in major towns, including Dili. The objective was to <b>generate short-term employment</b> and <b>alleviate poverty by raising urban incomes</b> . A secondary objective was to <b>build social capital</b> through community-managed environmental clear-up.</p>   |                              |                                 |               |
| <b>b. Components</b>   |                              |                                 |               |
| <p>There was one component - for labour intensive activities of debris collection and solid waste management . During preparation the Bank clarified that the project was focused on labour intensive employment creation, not waste management, which would require much more extensive technical inputs .</p>  |                              |                                 |               |
| <b>c. Comments on Project Cost, Financing and Dates</b>  |                              |                                 |               |
| <p>The project costs were financed by an IDA grant and comprised 61% for wages and 32% for goods (primarily for tools, equipment and materials to supplement manual labour.) The implementing agency UNDP (on behalf of UNTAET, the UN Transitional Administration in East Timor) charged a \$20,000 administration fee, which later proved to be inadequate for the management inputs required .</p>  |                              |                                 |               |
| <b>3. Achievement of Relevant Objectives:</b>  |                              |                                 |               |
| <p>1. <b>Generate Employment</b> - a total of 12 work-teams, rotating workers on a monthly basis, were employed totalling 4500-4600 unskilled laborers employed in Dili (the capital of East Timor.) This compared to a target of 600 workers.</p> <p>2. <b>Income Creation</b> - 61% of the budget was used for payment of wages (c.f. an SAR target of 50%.)</p> <p>3. <b>Building of social capital</b> : (a) One out of three community sites/worker groups reported being consulted to some degree and informed about project structures, selection for recruitment and payment mechanisms; and (b) The ICR assessment mission concluded that communication between the local Dili District Administration (DDA) and the communities had been improved and could be cited as an achievement .</p> |                              |                                 |               |
| <b>4. Significant Outcomes/Impacts:</b>  |                              |                                 |               |
| <p>1. The rotation of workers was a creative solution to the problem created by considerable excess demand for the available jobs. These jobs were offered at a wage below unskilled market rates and were supposed to result in self-selection of approximately 600 workers. Instead demand was many times as great and included those who were not traditional unskilled labourers - 25% of those employed subsequently took white collar jobs after project completion.</p> <p>2. The government and implementing agency's preference for reallocating funds to increased spending on wages</p>   |                              |                                 |               |

- showed the project's commitment to the poverty alleviation objective .
- The DDA took on much of the task of community liaison and future civil servants learned the importance of democratic processes and consultation throughout implementation .

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

- Because of the time pressure there was no lengthy pilot phase and subsequently less time for community consultation. Tensions arose between different neighbourhood teams who had a history of community rivalry and required several mediated discussions between community team leaders for resolution .
- Communication and transparency were important elements of the design but were not satisfied by the implementing agency, which should have posted information such as recruitment procedures and wages paid .
- There was no exit strategy and the opportunity to establish a sustainable waste management program was lost due to lack of coordination both between donors and within government . Thus there were no waste management services for two months after the project's closing .
- Contrary to project design, supervision was often conducted by DDA instead of the implementing agency, which was better equipped to implement effective anti-corruption measures and other quality assurance processes . As a result the government ended up being overburdened .
- Inappropriate equipment was procured and there was a shortage of handcarts, slowing rubble collection . This contributed to delays and to the extension of the project from 6 to 9 months. Not all of the factors causing the procurement problems were within the implementing agency's control .

| 6. Ratings :                | ICR          | OED Review   | Reason for Disagreement /Comments  |
|-----------------------------|--------------|--------------|--|
| <b>Outcome :</b>            | Satisfactory | Satisfactory |  |
| <b>Institutional Dev .:</b> | Modest       | Modest       |  |
| <b>Sustainability :</b>     | Likely       | Likely       | In the sense that the government and implementing agency have improved their ability to mount a similar operation, and there was a beneficial impact on community-government linkages. |
| <b>Bank Performance :</b>   | Satisfactory | Satisfactory |  |
| <b>Borrower Perf .:</b>     | Satisfactory | Satisfactory |  |
| <b>Quality of ICR :</b>     |              | Satisfactory |  |

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

The project generated important lessons for future safety -net projects in a post-conflict context, and insights into important aspects of implementation, amongst which are :

- Spot-checks and other supervisory mechanisms, and transparency in and communication of recruitment procedures and wages, are critical to controlling corruption risks .
- Transition to regular operations requires attention to the development of a longer -term waste management plan.
- In future projects which have as a secondary objective a positive impact on social capital, urban beautification and vocational training for youth could be added, and should be considered provided they do not reduce the total budget spent on wages .
- At the outset of implementation, clear team management structures and responsibilities are required : (a) within implementing agencies; (b) between municipal government, implementing agency, donors and community leadership; (c) across government departments; and (d) between government and parallel community leadership/counterparts.
- Simple procurement procedures, such as national/international shopping for the purchase of immediate and necessary equipment and supplies, are crucial to ensuring speedy emergency project delivery .

**8. Assessment Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

Satisfactory.