



# **BRIDGING PEOPLES**

**Endline Evaluation of the Women's Livelihoods  
Project/ Credit Union (CU) BEHAFU Cooperative**

**Submitted to:**

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## Executive Summary

### Introduction

This assessment report examines the performance and impact of the Women's Livelihoods Project/CU BEHAFU, a credit union (CU) cooperative located in Railaco Kraik, Administrative-Post Railaco, Ermera Municipality, Timor-Leste, which is supported by Mary MacKillop Today (MMT). This assessment was conducted because MMT planned to finish its support to the CU BEHAFU cooperative, and is focused on preparing members to manage the cooperative in the future. Therefore, this assessment forms part of MMT's exit strategy.

The assessment uses qualitative methodology and is guided by the OECD/DAC criteria to assess the project's relevance, coherence, effectiveness, efficiency, impact and sustainability. The objective is to increase accountability for the beneficiaries and the public, as well as to promote internal learning by generating lessons that can inform the program and decision-making into the future. This assessment therefore puts greater focus on the relevance, effectiveness, impact and sustainability of the CU BEHAFU cooperative, to generate learnings about CU BEHAFU's operations and contributions to its members and the wider community.

### Relevance

#### Alignment with the Socio-economic, Political and Cultural context

The cooperative effectively aligns its work with the needs of the local community, to address key financial issues such as access to credit, savings opportunities, and financial literacy. The assessment results show that members consider cooperative work to be very relevant to their financial interests and needs.

CU BEHAFU is very relevant to the context of the communities in Railaco, and also for the broader socio-economic and political context in Timor-Leste. With its focus on improving agricultural productivity and providing financial services to rural communities, the project is well aligned with the Government of Timor-Leste's (GoTL) national development objectives on rural development and poverty reduction. This high-level alignment ensures that project activities operate within a policy framework which allows MMT to attract support for CU BEHAFU.

In addition to the strategic policy alignment, the cooperative model is well aligned with the culture of Timor-Leste, promoting collective action and shared benefits, which are important for the long-term development of the community context of Timor-Leste.

The assessment results showed that the respondents agreed that CU BEHAFU focuses on providing credit facilities and cooperative development, along with agricultural training and livelihoods, directly meeting the main economic activities and needs of the community. The activities and objectives of CU BEHAFU are well-focused on the specific needs of members and the wider community. CU BEHAFU empowers each person economically, through members's access to funds to open small kiosks, developing small businesses in the agriculture sector, making organic *tempeh*, baking bread for sale, and producing fertilizer. This allows members to invest in their children's education, buy motorcycles and vehicles, and build new houses.

## **Respond to the dynamics of Gender Power and Inclusion of Marginalized Groups**

MMT's focus on women's inclusion and empowerment as the main component of CU BEHAFU had a strong relevance to the community context, resulting in a financial empowerment approach for rural women that is very appropriate to addressing gender power dynamics. Women have shown different examples of how the cooperative is helping them. Women who are the heads of their families explained how this support helped them survive during difficult times, feed their families, and send their children to school. Members with disabilities explained that previously they only spent their money, but now with the cooperative they can deposit their money to save their basic needs, including sending children to school.

## **Ability to adapt to changing operational context**

The findings show that agricultural and productive businesses related to CU members are vulnerable to environmental change. Water management is a major concern, as floods damage crops during the rainy season, and access to water during the dry season is limited. The problem of access to water during the dry season is a major obstacle, limiting the productivity of members in agriculture, and greatly reducing people's capacity to engage in more intensive food processing such as *tempeh* production.

There are several steps that can be taken to support the community in solving this problem, including potential support from the NGO Permatil (Permaculture of Timor-Leste) and TILOFE. However, it is important that these efforts be led by the community itself, to encourage their resilience in facing future climate and economic shocks.

Regarding the resilience of CU BEHAFU, a major concern is the high level of dependence on external support from MMT. Many stakeholders said that although support for the cooperative is very important, it is also necessary to develop internal capacity, so that the cooperative can be managed independently in the future.

## **Coherence**

MMT's approach to working with Government agencies and key stakeholders has built a high level of coherence at the program level. MMT works with Government agencies at all levels - at national and municipal levels with a focus on IADE and SECOop who provide support and training to cooperatives, and with village leaders and Administrative Posts (local government) to encourage their support for the cooperative. MMT has also brokered relationships with civil society organisations, and two successful Timorese cooperatives: LANAMONA (in Maliana), and HRER (in Aileu). This collaborative approach has allowed MMT to avoid duplication, and ensure that the support provided is complementary to other initiatives in the region. In addition to avoiding duplication, this alignment has also helped MMT to use existing resources efficiently and effectively, to build technical and financial assistance after MMT has exited.

## **Effectiveness**

The CU BEHAFU project is part of MMT's informal education programme. The practical focus of the project is to support women, provide financial services, increase agricultural productivity, and improve the welfare of members and stimulate economic activity in rural areas. Evidence from interviews and observations confirmed that most of these objectives have been met.

### **Financial Inclusion**

The findings show that practical interventions are more effective than training, although both are important. As noted in the previous section, CU BEHAFU's provision of financial services to its members effectively allows members to invest in their agricultural and other businesses, including generating capital. Members have reported increased income, better access to education for their children, better living conditions, and some are now in new homes, vehicles and motorcycles. The default rate (members unable to pay off their loans) is very low, with members generally very disciplined in paying off their credit.

### **Practical Training**

The effectiveness of different training programs has been mixed. MMT has been working with Government agencies and other stakeholders to conduct many training programs for members and leaders of CU BEHAFU, with the objective of developing long-term support for CU BEHAFU to go forward independently. Respondents described the various types of training they received, including sustainable agricultural practices, food processing, household finance management, child protection, governance and accountability, numeracy and functional literacy. IADE also provides two business training programs. IADE and MMT have also provided training in 5 sucos for their vanilla project, some of which overlap with CU BEHAFU.

The evaluation results show that practical training and follow-up has been effective to help improve the productivity of its members and develop small businesses. Key to these successes is that these trainings have reflected and leveraged the agricultural skills and related skills that are already existing in the community.

### **Theoretical/conceptual training**

Results indicate that theoretical or conceptual training has not been very effective. For example, training provided on social issues such as gender equality and child protection has resulted in only very basic understanding. When asked about child protection, members responded that they had received training that they should put aside money to send their children to school, which they are doing. Although this is very positive, it is not clear whether the change is due to their increased financial capacity, or the training they receive. In terms of gender equality, only some members could provide clear answers, referring to equal rights between men and women.

## **Efficiency**

In terms of programming and implementation, the findings show that MMT activities, including training and other follow-up activities provided by MMT and other stakeholders, have generally been implemented efficiently and in a timely fashion. However, there are gaps in the project

model that reduce its efficiency. Although practical training seems to have a positive impact, the sheer amount of training that has been provided has not provided concomitant results in the cooperative.

## **Impact**

### **Changes in Knowledge, Attitude and Practice**

The findings clearly show that CU BEHAFU has made a clear and positive impact through better financial services, with members using loans to build their small businesses, resulting in more money circulating in the local economy, and improved productivity. Members have improved their financial capacity to open their own small business, send their children to school, repair or build new houses, buy motorcycles or cars, and improve their lives and living conditions. The major changes in knowledge, attitudes and practices are: (i) improving the local economy, and (ii) positive impacts on women's well-being as the majority of members and leaders are women. However, there is also a major risk that because current leadership have not shown good management, this may backfire and strengthen the attitude and perception that "women cannot be leaders."

### **Change in Gender Equality and Social Inclusion**

The findings show that while members' knowledge of formal ideas about gender equality may be limited, the practical elements of CU BEHAFU in supporting women is well-targeted. One of the most important weaknesses, however, is the low involvement of persons with disabilities. Only one woman with disabilities was noted as a member of CU BEHAFU during the team's fieldwork. The President of CU BEHAFU explained that there are several barriers that reduce the involvement of persons with disabilities.

### **Potential negative impacts**

The field team noted three negative impacts of the project. First, the conflict in CU BEHAFU, which if not resolved, has potential to cause long-term problems in the community. The second is the potential impact of the CARE savings and loan group operating in Railaco Kraik. Although it is noted that the CARE group is very small, so it does not compete with CU BEHAFU, there is a risk for community members to double-dip, potentially using one source of credit to pay back the other. The third is the high level of dependency on MMT, which can make it difficult for the cooperative to progress independently.

## **Sustainability**

### **Financial accountability**

One of the most important weaknesses of CU BEHAFU is the high dependence on external support from MMT. All respondents were concerned about what would happen when MMT exits. The majority of respondents believed that there is a great potential that the cooperative may become smaller, or remain the same, or fail totally. Respondents agreed that the most urgent and important issues to address were internal conflict and trust between members and the wider community.

## **Membership and Governance**

In addition to financial accountability concerns, respondents were concerned about the lack of active involvement of staff in the office. There is a strong perception that office bearers look more to their families' interests than the overall interests of the cooperative. The cooperative centre was often locked when the research team was in the field, showing a general lack of activity and openness to those who may wish to access the cooperative.

## **Efforts to Restructure**

There is great concern that as office-bearers have very limited formal education, they do not have the necessary skills to manage the cooperative's finances. Several respondents explained that office-bearers need to improve their financial management, and the cooperative's governance. One way is to restructure the cooperative, in order to strengthen its management and the sustainability of CU BEHAFU in the future.

## **Strategy completion**

The results of this assessment have led to some urgent issues for the MMT to consider, before leaving the project:

1. Key and urgent issues: conduct a financial audit, restructure the cooperative, and support new office bearers to carry out strategic planning together with the members. This should include improving transparency and the leadership's communication.
2. Secondary issues (on the assumption that MMT can support CU BEHAFU to resolve the main issues). Solve the community's water management problems, and potential for CU BEHAFU to develop business activities that generate internal revenue. Because CU BEHAFU has received a lot of training, these issues should not be addressed through training because they will only deepen existing levels of dependency. A new approach that focuses on structural change and facilitation is needed.