



Project Update

LOCAL GOVERNANCE SUPPORT PROGRAMME (LGSP) SECOND QUARTERLY REPORT

April to June 2008



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Timor-Leste Local Governance Support Programme

Programme Name:	Timor-Leste Local Governance Support Programme (LGSP)		
Project Number UNCDF:	00054392 & 00054393		
Project Number UNDP:	00053898		
Start date:	January 2007		
Duration:	5 Years		
Total Budget:	US\$ 7,750,000 million		
Secured Funding:	US\$ 7,338,409 million		
Sources of Funding:	Government of TL	3,470,000 US\$	
	Irish Aid	2,341,667 US\$ ¹	
	UNCDF	665,255 US\$	
	UNDP	742,159 US\$	
	Government of Norway	119,328 US\$	
Government Counterpart:	Ministry of State Administration and Territorial Management		
Programme modality:	Joint Programme		
Administrative Agent:	United Nations Development Programme		
Participating Agencies:	United Nations Capital Development Fund United Nations Development Programme		
Direct Beneficiaries:	1) Population in Pilot Districts, including <ul style="list-style-type: none"> • Bobonaro District Population: 82,385 • Lautem District Population: 57,453 • Aileu District Population: 36,889 • Manatuto District Population: 38,580 • Ainaro District Population: 53,269 • Manufahi District: Population: 44,235 • Baucau District: Population: 104,571 • Covalima District Population: 55,941 <p style="text-align: center;">Total population: 473,323² or 51 percent of the total population</p> 2) Suco Council representatives in the Local Assemblies; 3) Ministry Staff of MSATM and other line ministries		

¹ Exchange rate € 1 = US\$ 1.36 (1st instalment); = US\$ 1.56 (2nd instalment)

² The total population of Timor-Leste is 924,642 and that the total coverage of the programme is 51 percent.

I. Programme overview

LGSP is the successor programme to two separate, but inter-related projects; the Local Development Programme (LDP) 2004-6 and the Local Government Options Study (LGOS) 2003-6. As such, LGSP will:

- continue to pilot local governance and local development procedures and processes in order to generate further policy-relevant lessons that will be of practical value in formulating and implementing decentralisation policy;
- provide the government with technical and other support in the fine-tuning and finalisation of its policy on decentralisation and local government;
- assist the government in actually establishing a functioning local government system.

The Timor-Leste LGSP is institutionally housed in the National Directorate for Territorial Administration (DNAT) as an integral part of the Ministry of State Administration and Territorial Ordinance (MSATO). The LGSP's PMU will effectively constitute the core technical personnel of the Decentralisation Secretariat in DNAT.

The programme is a joint programme funded by GoTL, Irish Aid, Government of Norway, UNDP and UNCDF and will be implemented over a 5-year period, beginning in January 2007.

Objectives and Outputs

The over-arching goal of LGSP is to contribute towards poverty reduction in Timor-Leste. The programme's purpose (or objective) is to support the establishment of accountable and effective local government. Decentralisation, by endowing accountable local government bodies with greater responsibilities for planning, budgeting, and implementation of infrastructure and service delivery, would result in an improved focus on the rural poor, greater allocation efficiency, better implementation arrangements, and enhanced responsiveness.

To achieve its purpose, LGSP will deliver three key outputs:

Output 1: Procedures, processes and systems for effective local-level infrastructure and service delivery (ISD) and public expenditure and public financial management (PEM/PFM) are piloted in selected Districts, Sub-Districts and Municipalities.

This output is clearly a follow-on from the former LDP in that it will provide opportunities for the continued piloting of procedures and systems linked to local-level infrastructure and service delivery and local PEM/PFM. Under this output, piloting activities will initially take place under the same arrangements as applied to the LDP – with Local Assemblies operating on the basis of Ministerial Decree No. 8/2005, issued by the Ministry of State Administration. Pilot activities will be initially undertaken in four Districts³, but will be expanded to more Districts depending on how rapidly local government is phased in⁴. As and when the pilot Districts are “municipalised”, piloting will continue – with LGSP operating intensively in those ex-Districts (and new Municipalities) to further pilot and fine-tune local government systems and procedures.

³ Bobonaro, Lautem, Manatuto and Aileu.

⁴ In 2008, the pilot activities were expanded to 8 districts. New four districts are Ainaro, Baucau, Covalima and Manufahi.

Output 2: Support is provided to GoTL for the establishment of an appropriate and comprehensive institutional, legal, and regulatory framework for local government

The delivery of this output⁵, which is very much a continuation of the work already done by LGOS, will be an essential prelude to the establishment of a fully-fledged system of local government in Timor-Leste. Ultimately a series of legal instruments will need to be drafted, discussed and, in the case of laws, submitted to the National Assembly for review, possible amendment, and approval.

Output 3: Support is provided to GoTL for the implementation of local government reforms.

The third LGSP output⁶ that will be delivered by LGSP concerns the actual putting into place of Municipalities and the institutional/legal framework that will have been established with programme support (as specified under output 2). How LGSP will provide the government with support for implementation of local government reforms will very much depend on final decisions about the phasing of this process.

⁵ Clarification on the description of the Output: while LGSP can provide various kinds of support, clearly the actual decisions in regard to establishing the framework are the sole domain of GoTL and the National Parliament.

⁶ Clarification on the description of the Output: while LGSP can provide various kinds of support to implementation, the decisions and the responsibility regarding implementation are the sole domain of GoTL authorities.

II. Achievements and Challenges during the reporting period

This second quarter has been a very hectic period with many important activities running at the same time. The establishment of the new National Directorate for Local Development and Territorial Management (DN-DLOT) is a very positive development which re-enforce the commitment and ownership by the Ministry to this process. DLOT is now in charge of the LDP and the Local Development department has five full-time staff responsible for implementation of the LDP. The expansion to 8 out of 13 Districts has been challenging and has significantly increased the workload on the national programme staff. The initial planning process in the new four districts and revision of investment plans in the four old pilot districts were completed on time. Implementation is expected to commence in July.

The work on policy and legislation is also moving towards conclusion in terms of technical input and drafting. Several technical missions were successfully completed during this quarter and provided a good base for the next phase which intends to finalise the draft legislation by the end of August. Ten Ministerial Technical Working Groups (MTWGs) were established as planned and good discussions have finally taken place at the technical level across the Government. Although the quality of the reports varies considerably, it is still a very good start and provides a basis for further discussion. Considering the original objective with establishing the MTWGs, the process has been successful in the sense that it has informed the Ministries of the decentralization process and that initial discussions on how they will deal with the reform process has started. Unfortunately there are still some challenges faced by certain Ministries in terms of the support to the decentralization initiative and it is expected that only a few Ministries will be able to commit to the reform in its early phase.

The communication strategy is receiving very good feedback and has significantly increased the visibility of the decentralization process and LGSP. To continue this work is therefore essential in terms of involving people in the process instead of becoming only recipients of a new government system.

Output 1: Pilot component

1.1 Local Assemblies:

The four “new” pilot districts⁷ completed their planning process during this period and final budget and plans were submitted to the Ministry by the end of June. The analysis of these plans and budgets are not completed by the time of submission of this quarterly report, however this will be reported on during the next quarter. From the documentation received the planning process seems to have been followed, however more details from the field is needed to which extent this has been successful. It is expected that the annual Minimum Condition check will be done during the first two weeks of July and the MC teams will collect data from this initial process which will answer some of these questions.

The four “old” districts⁸ had to prepare a budget revision since their new 2008 budgets were basically doubled in the 2008 national budget compared to the original plan and expenditure limits provided to them early 2007. All Annual plans and budget were submitted by the end of June with the exception of the Sub-District Assemblies in Lautem whose delays caused by internal reorganization and moving of local staff during this period. It is clear that this Ministerial re-organization has caused problems for implementation of the LDP since many of the trained staff are no longer in their previous position. In particular this situation affected the finance system which basically depended on three signatures for each Finance Team and where one or two local staff members were moved from their positions

⁷ Baucau, Covalima, Ainaro and Manufahi

⁸ Bobonaro, Lautem, Aileu and Manatuto

without replacements. Measures have been taken by the Ministry to compensate for this and the programme hope that the situation normalizing during the next quarter.

1.2 LA Budget execution:

Transfers of recurrent and capital budgets to the district bank accounts have gone much smoother this year than last year. The procedures are now understood by all parties and dedicated LGSP and government staff are now working on only LDP finances. In total, 83 percent of the recurrent budgets transferred to the 8 LAs were spent during the first quarter. Since the deadline for submitting quarterly reports is the 15th of the month after the closing of each quarter we do not have the figures for the second quarter. However, capital budgets for the four old pilot districts were transferred during quarter 2 in anticipation that the procurement process would commence. This has not occurred and the total expenditure figures based on funds transferred will therefore be much lower for the second quarter. It is expected that this will align itself during third quarter.

1.3 Training of new LAs:

General training to 770 members of the LAs in new roles and responsibilities in regards to local level planning (LLP) and the procedures of the LA was held during the period in February to March. During this reporting period training in local level procurement and finance management were provided to the District Administration Treasury staff, LA finance teams and new national staff in the Ministry. In total 23 Government officials participated in the finance training and 25 participated in the procurement training.

1.4 Quarterly meeting with DDOs and DFOs:

The first DDO and DFO quarterly meeting was held on the 17 April at the national level. All 16 staff members (two from each district) participated in the meeting. The objective of these meetings is to ensure good coordination and to keep execution of activities on-track according to the approved plan and timeframe. With the increase to eight pilot districts it has been difficult with the present staff level to ensure sufficient support to all districts at all times and these meetings ensure good coordination. In addition, quarterly meetings will ensure that key district staff can meet regularly and therefore discuss their challenges and learn from each other on a cross district basis.

1.5 Procurement:

A procurement plan for the whole year was submitted to UNDP procurement in January. A large part of the assets to be procured by LGSP this year will support the Government to enable them to implement and support the various activities. The following items have been procured and transferred to the Districts to support the pilot LAs:

No	Item	Quantity	Objective	Destination
1	Motorbikes	10	LA Technical staff to facilitate local planning, design & costing, and technical oversight of project implementation	Aileu = 1, Manatuto = 1, Baucau = 2, Covalima = 2, Ainaro = 2, Manufahi = 2
2	Computers and printers	16	PIC, technical staff and finance officers to facilitate administrative requirements	Aileu = 1, Manatuto = 1, Bobonaro = 1, Manatuto = 1, Baucau = 3, Covalima = 3, Ainaro = 3, Manufahi = 3
3	Office furniture package	8	Support to new finance officer in 8 districts	One set for all pilot districts

1.6 Recruitment of TA for DAT finance database:

The District Administration Treasury system has now been tested out over a period of 2 years and been revised once. The system has been taken on by MSATM and it is now time to move from the excel sheet based system to a proper finance database which will facilitate and ease the work of the finance staff. The TOR for a DAT finance database consultant was completed and a consultant has been identified. However, the final steps were postponed since there is some uncertainty in regard to which local finance system will be used for the local level.

1.7 Planned activities for the next quarter:

- **Continued support to LAs:** The PMU will continue to provide technical assistance and support to all pilot districts in particular in all steps of their procurement process. In addition, the PMU will continue its support to the PICs in the old districts as in previous years.
- **Technical training in AUTOCAD for technical staff:** This has been a planned activity for the past two quarter, however, it has been difficult to find a supplier for this training. It has been the same problem in regard to preparing a design and costing training manual.
- **Quarterly meeting with DDOs and DFOs:** Will be held according to the plan. The outputs from the last meeting showed that this is a very useful meeting and will be a regular activity at the national level from now on.
- **Recruit TA for DAT finance database:** New discussions on this topic is expected during the next quarter and a final decision will need to be made.
- **National Women Dialog:** LGSP and the Ministry facilitated dialog meetings in four districts last year between national women parliamentarians, SEPI and the local women LA members. The idea is to continue this dialog in a national workshop. This activity was planned for quarter two, but has been postponed since other activities got priority this quarter. However, it is still expected that this national dialog will be held at some point in time during this year.

Output 2: Policy and legislation

2.1 Establishment of Ministerial Technical Working Groups (MTWG)

The tight time schedule of the Government is still on-track although there have been some minor delays in the process of establishing the MTWG and submission of their reports. In total all planned MTWG (10) were established although the work and commitment of the MTWG has varied significantly. LGSP and DLOT assisted eight MTWGs with their initial workshop and with identifying the basic information needed to make their recommendations from the Ministry. A methodology for this functional analysis was established and discussed with each individual Ministry. In addition, separate meeting were held with MSATM and MoF which also were provided with external TA to assist them in preparing their Ministerial report in accordance with the TOR approved by the CoM (see sections below for more details).

This exercise was never meant to answer all questions and provide an extensive analysis of which functional assignment to be decentralized, since this could not be expected to be produced by each Ministry. However, the intention was to commence a discussion within each Ministry since this had been lacking on a technical level until now. Reviewing the reports submitted to date it is clear that there is a lot of more detailed work to be done with each Ministry. A recommendation from LGSP will

be to recruit TA for each sector Ministry (or at least for the Ministries that has an intention to commence the decentralization process) to provide more detail analysis and implementation plans after the LG legislation is passed. At the time of writing the status of submissions is as following:

Ministry	TWG established	Report submitted	Status
Agriculture	Yes		in progress
State Administration	Yes	Draft	to be finalized/approved
Education	Yes		in progress
Social Solidarity	Yes	Yes	to be translated
Infrastructure	Yes	Yes	to be translated
Justice	Yes	Yes	to be translated
Finance	Yes	Draft	to be approved
Economy & Dev	Yes		in progress
Tourism, Comm, Indu	Yes	Yes	to be translated
Health	Yes	Draft	to be finalized/approved

The original deadline for submission was 15 June, however none of the TWG had submitted any final reports at that stage. By the end of the month of June five TWG had submitted their reports in addition to three Ministries which provided a draft report. A national workshop was planned for the 1 of July for each MTWG to report back to the CoM, however the date has until now not been confirmed by the PM and the workshops has therefore been postponed.

2.2 Technical Support mission to MoF TWG

During the month of May a fiscal decentralization technical support mission was field by LGSP and WB to support MoF in reviewing possible options for a fiscal framework. Special attention has been given to support the work of the MoF MTWG since this is seen as a very complicated area and that technical capacity within the Ministry was not available. Two TAs provided input to members of the MTWG and their recommendations have been provided in a technical mission report. The report has unfortunately not yet been approved by the Ministry of Finance and has therefore not been circulated as requested by the Minister of Finance. However, some of the main recommendations were as following (please note that these recommendations are presented by the consultants and is not necessary the view of the MoF:

- Elections to be held before municipal budget are transferred – accountability issue
- Provide Specific transfers during the first year (assigning LDP an district recurrent budgets)
- Introduce fees and user charges during second and third year while taxes should not be introduced until year five
- Introduce performance conditions/measures for Municipalities to access block grant allocations
- A separate Municipal finance/treasury office accountable to municipal assembly
- Minimum conditions to be in place before reform can be in place from a finance point of view:
 - Assignment of functions national vs. local
 - Assignment of local revenue functions
 - Municipal administration (planning, budgeting)
 - Municipal assembly (budget review, approval)
 - Funds channeling arrangements
 - Auditing arrangements
 - Supporting laws and regulations
 - Implementation strategy (sequencing)
 - Accounting regulations

The same TAs will return in August to assist with preparing the section on municipal finances in the law on local government.

2.3 Technical Support mission to MSATM TWG

As with MoF, MSATM TWG received a specific TOR for their work and has since February been working on issues related to Municipal structures, electoral issues, re-organization of MSATM at the central level, special status of Oecusse and Autauro, etc. A technical support mission was field in May/June to assist the Ministry in finalizing its report. A one day workshop was held where all these issues were discussed and reviewed. However, the finalization of the report has taken some time since there have been some disagreements in terms of specific issues such as:

- Phasing in of municipal reform – all or phased elections and selection of first batch districts if phased elections
- Number of seats in the Municipal Assemblies
- Part-time or full-time councillors
- Sub-District area standing committees – Suco representation in the new system
- Status of Oecusse and Autauro

A final draft has now been prepared and is pending the approval by the Council of Directors and the Minister himself.

2.4 Legislative proposal for Territorial and Administrative Division

A technical support mission was field in June to work with the Ministry on preparing a legislative proposal on Territorial and Administrative Division based on the approved policy. During the mission the Ministry requested the consultants to prepare a draft law proposal instead considering the timeframe for approval. The mission submitted a draft proposal and a mission report which are currently being revised by the consultants based on comments received by the Ministry and LGSP. It is expected that the draft law proposal will be finalized during the month of July.

One issue that came out of this mission is the need to prepare a new “Territorial Demarcation” programme within MSATM or as an extension component of LGSP. The law itself is not sufficient in the long term to conclude the work in regards to internal boarder issues in Timor-Leste and there is a need to finally draw and agree on borders between Sucos, Sub-Districts and Districts. This should be done in close coordination with MoJ, however if the law on Territorial and Administrative Division is approved it will be the mandate of MSATM to lead the technical work on this issue.

2.5 Establishment of National Directorate for Local Development and Territorial Management (DN-DLOT):

In April the long awaited National Directorate of Local Development and Territorial Management (DN-DLOT) was established within the Ministry. The LGSP is now housed within this directorate and has merged with the Government official. The new directorate has one director, Mr. Miguel Carvalho, in addition to five staff at level four or above. This is a great development and it is safe to say that the LGSP and the Government LDP pilot are now fully integrated within the Ministry.

2.6 Planned activities for the next quarter:

- **Preparing legislative proposals and draft law proposals:** The final steps in this process is planned for quarter three when a large technical mission is scheduled to arrive to assist in drafting the legislative proposal or draft law on Local Government.
- **Socialization of new Government policy:** This is an activity that has been postponed due to a busy Government schedule. It has now been agreed that this initial socialization to occur

during the next quarter. It is also expected that a new socialization round will be realized when the new law on LG is approved. If this is finalized in quarter three then this will be an additional activity.

- **National Workshop:** A national workshop was planned for 1 July to ensure that all the 10 MTWG could have the opportunity to report back to CoM. Unfortunately this activity was postponed as a result of the PM's schedule and the programme is still waiting for a confirmation of the date from his office.⁹

Output 3: Support is provided to GoTL for the implementation of local government reforms

3.1 Production of Social Communication Material

The LGSP Communications team has continued providing public information about LGSP and the decentralization process. The MSATM Minister approved the overall communications strategy for the decentralization process on 6 June 2008. This strategy will now guide the communication initiatives for the Ministry and the LGSP and ensure that communication across all sectors remains consistent.

Media coverage of decentralization events was facilitated for Ministry events relating to the decentralization process, including a meeting with the NGO Forum of 7 April and the Interministerial Technical Working Group of 18 June. In addition, communications staff has accompanied the LDP activities, especially in the new districts, with coverage of Sub-District Development Committee activities in Baucau from April 1-4, District Assembly and PIC Meeting Coverage in Covalima from May 25-30, and the Tender Board meeting in Aileu on 19 June.

The communications unit has continued the production and distribution of the new monthly bulletin on local governance, with the fourth and fifth editions produced and distributed, and the sixth edition nearly completed. Public information on the decentralization process was also provided through the continued production, in conjunction with RTL, of two episodes of the bimonthly radio civic education program 'Developing with Decentralization' in April and June. An agreement was signed with Radio Rakambia in June for the distribution and broadcasting of the civic education program on 11 community radio stations across the country, and the first two episodes have already been distributed for broadcasting. In preparation for the production of a television program, an agreement has been reached with TVTL for the production of the initial TV program, with editing, mixing and other post-production completed by TVTL with the initial editing and drafting of the script completed by MSATM. The tender process for the procurement of DVD reproduction services has been nearly completed, however, due to technical difficulties in transferring the raw video footage, the production of the television program has been delayed, but the first edition should be completed within Quarter 3.

Other informational materials have been produced as part of the overall strategy for increasing public information on the decentralization process, including an LDP informational booklet produced in Tetun and English describing the local planning and implementation of community-led development initiatives in LDP. An informational pamphlet on the LGSP program has been approved and is now in the process of being printed. Branded promotional materials – folders and notebooks of two sizes – are being printed by a local company named Grafica Nasional with the decentralization logo and a brief summary of the decentralization process. The branded materials are aimed at raising the profile of the decentralization process as well as familiarity with the decentralization brand.

⁹ During the preparation of this report, the National Workshop on Decentralisation has been rescheduled on 31 July.

A website designer, Mr. Toby Gibson, was selected through a UNCDF recruitment process and has begun working remotely from Bangkok on 11 June until 12 August. The website designer will be responsible for setting up the initial design and layout of the website for the Ministry of State Administration and Territorial Management. An initial planning meeting was held within DN-DLOT and LGSP to set up the basic framework and planning for the website. An IT Officer is being recruited through LGSP in order to assist the website designer locally, as well as build the capacity of the Ministry's IT Official so that the Ministry can take over the administration of the website by the end of the year. The design of the website and its launch should be completed within Quarter 3.

3.2 Develop Communication Capacities

Communications training for local assemblies was held in the four original LDP pilot districts of Lautem, Manatuto, Aileu and Bobonaro from the 12-16 May. The training was a basic introduction to methods of communication to the Assembly's constituency as well as techniques for promoting the Assembly work within the community and through the media. Specific training was provided on handling interviews with the media, as most local community representatives have little experience with media relations. The training will be expanded and continued in the four new LDP pilot districts during the third quarter.

The procurement process has started for the nine remaining districts that do not yet have information boards installed at the local level, to augment the 160 Suco information boards that were procured in 2007. The new procurement processes has begun with the tender and RFQ completed, and bids opened. Though the total cost of the tender will be higher than originally budgeted, due to increased fuel and construction material prices, the procurement process is continuing and expected to be completed before the end of Quarter 3.

A Civic Education TA, Ms. Michelle Whalen, has been recruited to begin working on a civic education module and coordinate with NGOs and the UN to create local planning guidelines. The TA will begin working on the first module of civic education materials on general representation and good governance issues from 2-15 July, and is expected to continue with the production of the second module of civic education materials specifically related to the decentralization and local governance laws in October, depending on the schedule for the approval of these laws.

3.3 Planned activities for the next quarter

- **Continued production of public information material:** It is important to continue to raise awareness of the decentralization process and provide accurate information about the process. The following information material will be produced during the next period:
 - Production of the fourth and fifth editions of the decentralization civic education radio program with RTL
 - Continued production of three monthly editions of the local governance bulletin
 - Production of decentralization branded notebooks and folders
- **Production of TV documentaries for civic education purposes:** Production activities will continue in order to finalize the first episode of a television program on the planning process of LDP and general issues of decentralization in conjunction with National Archives and TVTL.
- **Continued Communications Training for Local Assemblies in the new LDP pilot districts:** The Communications training already delivered in four LDP pilot districts will be replicated in the four new LDP pilot districts.

- **Suco information boards procurement completed and implementation begun:** The implementation begun for the second round of information boards to be installed at the Suco offices in the nine remaining districts.
- **Completion of website:** Following the completion of the website design by the end of August the website will be officially launched by and capacity building for government staff on website management beginning in the third quarter
- **First Civic Education Module Completed:** The first capacity building module on representation and good governance will be completed, and coordination for the implementation of this CB module begun.
- **Media Training Workshop:** With the continuing drafting of legislative proposals on local governance and administrative division, the media should be fully briefed on the issue of decentralization in order to be able to report accurately on the process as decentralization reforms begin.
- **Public Relations Training for MSATM Officials:** As decentralization becomes a higher profile issue with the media there will an increased demand for interviews and media interaction. Public relations training can facilitate this process and help improve the dissemination of public information on the decentralization issue.
- **Continued production of branded materials:** Following the first round of branded materials with notebooks and folders, a second round of branded materials to raise the profile of the decentralization campaign, which could include t-shirts, stickers, and other promotional items.

Output 4: Programme Support

4.1 PMU:

The Project management Unit (PMU) has continues provided support to ongoing activities. Regular PMU meeting has been conducted every two weeks and related issues on project achievement, plan activities and obstacles have been shared in the meeting. The meetings have been important in order to establish a regular channel for communication and coordination between the Government and LGSP. However, regular documentation and report mechanism from the meetings should be improved and the management is working out new procedures for sharing of information.

4.2 Monitoring and Evaluation:

Due to the expansion of the LDP programme, the LGSP felt a need to recruit an M&E officer to be in a better position to follow up on data collection and M&E activities. A new staff for this position was recruited in May and will have the responsibility of preparing an M&E manual for the Government and LGSP.

4.3 Recruitment of new staff:

Due to the expansion of the LDP programme, the LGSP felt a need to recruit more staff. A monitoring and Evaluation Officer has been recruited by middle of May. Mr. Carlito Alves has been selected for the position and he has been developing a Monitoring & Evaluation guideline. Mr. Nidio Luma was recruited as LGSP Finance Clerk to better facilitate finance reporting and accountability.

In order to support LDP activities in 8 districts and Technical Assistance missions on policy and legislation development, the LGSP has become a need to procure more transportation. Therefore, two additional cars and the recruitment process for additional drivers has been conducted. Following the establishment of the National Directory for the Local Development and new recruitment of LGSP's staff, the LGSP has also procured additional computers, furniture and others related items.

The national communication officer position had to be re-advertised when the former colleague submitted his resignation as a result of his health condition.

4.4 Planned activities for the next quarter:

- **Finalize recruitment of new staff**
- **M&E framework:** The recruitment process for the new M&E was completed and the new staff member is presently working on establishing a detailed M&E framework for the project and the Ministry considering the expansion. The objective is to expand and localize this in a programme M&E manual and commence identifying a system for the Ministry. This activity will be done during the period of next two quarters.
- **Monitoring of infrastructure projects:** It is planned that a detailed evaluation and assessment of infrastructure projects is done during the third quarter by the new M&E officer as part of the "partial review" planned for August.
- **Evaluation and planning mission:** A consultant has been recruited to facilitate an external review of the LDP/LGSP activities to date and in identifying new activities and costs for LGSP to be able to fully support the implementation of LG reform process expected to commence in 2009.

III. COMMENTS TO AWP 2008: PROGRESS COMPARED TO ANNUAL WORKPLAN

This summary is a narrative description to the 6 monthly AWP report for January to June 2008.

OUTPUT/ACTIVITIES	STATUS	PROGRESS REMARKS
Output 1: PILOT (ex LDP)		
Procedures, processes and systems for effective local-level infrastructure and service delivery (ISD) and public expenditure and public financial management (PEM/PFM) are piloted in selected Districts, Sub-Districts and Municipalities.		
1.1 Pilot and support for local level ISD by Local Assemblies in selected Districts		
1.1.1 Continue support local assemblies in pilot sub-national units (PIC, Finance Teams, DAT, Tender Boards)	Ongoing	Ongoing support to 29 District and sub-district Assemblies and 21 SDDCs. All LAs have completed their planning process and revisions of budgets for 2008. Finance and procurement training of all DAT, Finance Teams and local tender boards is completed. The support will continue during next quarter. Technical support to hire 22 technical staff was provided.
1.1.2 Provide IT equipment to LA secretariat	Ongoing	In total 16 computers and printers are in process of being procured.
1.1.3 Provide furniture/equipment to LA secretariat	Completed	In total 10 motorbikes and 8 office equipment packages have been procured and delivered to the district offices.
1.1.4 Provide meeting allowances for DA and SDA members and operational budgets to LAs	Ongoing	Quarter 1 and 2 budgets were transferred to the local bank accounts.
1.1.5 Study tour to national parliament and/or exchange between LA from different pilot districts	Scheduled	Scheduled for quarter 4
1.1.6 Announce LDF allocations for D and SD for FY 2008 & 2009	Completed	Allocations were announced in January 2008.
1.1.7 Evaluation of D and SD performance against the defined Minimum Conditions, and announcement of the D and SD MC results.	Ongoing	MC methodology prepared and the 4 new districts will be evaluated during the month of July
1.1.8 Allocate D and SD funds in accordance with defined LDF financial mechanisms	Ongoing	LDF budgets for 4 (old) districts were transferred based on their revised budgets for 2008. The remaining 4 LDF allocations will be transferred in quarter 3
1.1.9 Revision of procurement and finance training materials	Completed	Revision of both manuals took place in February.
1.2 Establish robust and transparent PFM systems (including auditing procedures) at the local level;		
1.2.1 Establish internal LDP audit procedures and modalities	Scheduled	Scheduled for quarter 4
1.2.2 Provide training to national and local stakeholders in new audit	Scheduled	Scheduled for quarter 4

procedures		
1.2.3 Establish internal M&E system for MSA & LAs	Scheduled	Scheduled for quarter 4 – with some initiation in quarter 2
1.2.4 Provide training to national and local stakeholders in new M&E procedures	Scheduled	Scheduled for quarter 4
1.3 Introduce specific capacity building activities targeted at female members of Local/Municipal Assemblies		
1.3.1 Establish a CB programme aimed at improving gender awareness in LA	Re-scheduled	Scheduled for quarter 3 and beyond – this activity had to be re-scheduled as a result of ongoing workload during quarter 2
1.3.2 Implement CB programme	Re-scheduled	Same as above
1.4 Introduce measures to improve the levels/quality of participation in Local/Municipal Assemblies and Suco Councils (Standing Committees, training, etc.);		
1.4.1 Training for local stakeholders in planning and budgeting regulations modules in new districts	Completed	770 participants in 4 districts completed this one week training sessions
1.4.2 Training for local stakeholders in Finance and Procurement modules in new districts	Completed	Training completed and 58 staff was trained over a period of eight days. On the job training will be done to follow up with all the finance teams and the local tender boards.
1.4.3 Refresher training for local stakeholders in planning, budgeting, finance, procurement and O&M modules in old districts	Re-scheduled	Scheduled for quarter 3 [need more information about this]
1.4.4 Preparations design and costing module and training seminar for PIC members	Re-scheduled	Scheduled for quarter 3 [need more information about this]
1.5 Implement and refine PM and MC assessment processes		
1.5.1 Implement and refine PM and MC assessment processes	N/A	Not planned for 2008
1.6 Develop appropriate mechanisms for demand-driven capacity building of Local/Municipal Assemblies		
1.7.1 Assessment of CB needs and strategy as part of DSF 2 for LG reform	Scheduled	Scheduled for quarter 4
Output 2: POLICY AND LEGISLATION Support is provided to GoTL for the establishment of an appropriate and comprehensive institutional, legal, and regulatory framework for local government		
2.1 Assist in the drafting of a Decentralisation Road Map Part 2 (DRM)	Partly completed	DSF 1 has been revised and approved by CoM, DSF 2 will be finalized mid-year
2.2 Socialization/consultation of policy/legislation on decentralization at local and national levels	Ongoing	Planned schedule prepared and agreed with the Government. The socialization of the new policy will occur during the first two weeks in July. Additional socialization is planned for quarter 3

2.3 Support to MTWG at national level (consultation on LG functions, finances etc.)	Ongoing	10 MTWG has been established and are currently completing their report. 5 Ministries had submitted their report by the end of June. Half-day workshops were held in all ministries during quarter 2.
2.4 Factor in the lessons learned from the LDP and Output 1 of LGSP into the policy process	Partly completed	LGSP input to design of new pilot and new policy definition. More lessons to be provided during the course of the year.
2.5 Support any reviews of existing legal frameworks and assessments of the need to adapt them in the light of decentralisation	Scheduled	Scheduled for quarter 4
2.6 Provide technical support for preparing the content of draft legislation or detailed policy documents	Ongoing	<ul style="list-style-type: none"> • Fiscal decentralization mission to support MoF TWG – May 2008 • TA to support to MSATM TWG in report preparations – May/June 2008 • TA to support draft law on Territorial and Administrative division June/July 2008 • Additional mission scheduled for quarter 3
2.7 Provide legal assistance for preparation of the Law on Local Government, Adm & Ter Division and other legal instruments on the basis of detailed policy documents	Ongoing	No special TA mission will be field since there are two legal advisors in the Ministry and it has been requested that we use the available legal advisors and that legislation is drafted in Portuguese. The legal advisor is therefore providing ongoing support – Scheduled for quarter 3
2.8 Assist MSA in adapting to its new role and in restructuring/ implementation of reform	Scheduled	Scheduled for quarter 3
2.9 Provide technical assistance for defining appropriate fiscal frameworks, financing arrangements, and local public financial management systems (or costing of the reform)	Ongoing	The fiscal mission (as mentioned above) was successfully completed and the work on appropriate fiscal frameworks has commenced. However, this will not be completed until later this year – in general in the LG law and more in detailed after the LG law has passed (subsidiary legislation).
Output 3: IMPLEMENTATION OF GOVERNMENT REFORM Support is provided to GoTL for the implementation of local government reforms		
3.1 Production of social communication material		
3.1.1 Bi-monthly radio programme	Ongoing	Two radio programme has been produced and aired on RTL, procurement of supplies to local community radio stations was completed and Radio Rakambia is now responsible to distribute to 11 local community radio stations (Dili is covered by RTL and there is no radio station in Covalima. Both programmes have been distributed for broadcasting
3.1.2 Monthly decentralization bulletin	Ongoing	6 issues for the six first months prepared and issued in Tetum and English language

3.1.3 Fact sheets	Ongoing	A two page fact sheet has been produced and more are scheduled for quarter 3 & 4
3.1.4 Annual Calendar 2009	Scheduled	Scheduled for quarter 4
3.1.5 Lesson learned booklet on LDP/LGSP	Ongoing	LDP booklet “Raise your hands for Development” has been produced in English and Tetum. The LGSP booklet has been approved and is now being produced.
3.1.6 Establish and design MSAOT website	Ongoing	Web designer procured and work in progress. A national Web/IT specialist being recruited for 6 months
3.1.7 Production of information DVDs	Ongoing	Procurement process almost completed on the production of the first information DVD – the second is scheduled for quarter 4
3.1.8 Production of decentralization branded materials	Ongoing	Folders and 2 size notebooks have been designed and being printed.
3.2 Develop communication capacities for central & local level		
3.2.1 Production of Suco Information boards	Ongoing	Tender for additional Suco information boards have gone out and will be finalized in quarter 3.
3.2.2 Communication training for LAs at District level	Ongoing	Training for all levels (including Suco) for Bobonaro District has been completed – however a change in responsibilities between the ministry and CoM has made us postponed the remaining planned training
3.2.3 Public relations training for MSAOT & LGSP staff	Re-scheduled	Scheduled for quarter 3 or 4
3.2.4 Media training workshop on decentralization process	Re-scheduled	Scheduled for quarter 3 or 4
3.2.5 Monitoring	Ongoing	Regular district visits
3.3 Civic Education		
3.3.1 Prepare training module for civic education on decentralization and local government	Ongoing	A TA has been recruited and will commence work on 2 July
3.3.2 Implement CB module	Scheduled	Scheduled for quarter 3 & 4
3.3.3 Capacity building/training for Government staff in preparation for LG reform	Scheduled	Scheduled for quarter 4
3.4 Formulate and implement communications strategy		
3.4.1 Formulate and implement communications strategy	Ongoing	Communication strategy drafted