



## *Project Update*

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# LOCAL GOVERNANCE SUPPORT PROGRAMME (LGSP) THIRD QUARTERLY REPORT

July to September 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\$ <sup>1</sup>	
	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"><li>• Bobonaro District      Population: 82,385</li><li>• Lautem District      Population: 57,453</li><li>• Aileu District      Population: 36,889</li><li>• Manatuto District      Population: 38,580</li><li>• Ainaro District      Population: 53,269</li><li>• Manufahi District:      Population: 44,235</li><li>• Baucau District:      Population: 104,571</li><li>• Covalima District      Population: 55,941</li></ul> <p><b>Total population: 473,323<sup>2</sup> or 51 percent of the total population</b></p>		
	2) Suco Council representatives in the Local Assemblies;		
	3) Ministry Staff of MSATM and other line ministries		

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

<sup>2</sup> 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 Local Development and Territorial Management (DN-DLOT) as an integral part of the Ministry of State Administration and Territorial Management (MSATM). The LGSP's PMU will effectively constitute the core technical personnel of the Decentralisation Secretariat in DN-DLOT.

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: it provides 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 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 were initially undertaken in four Districts<sup>3</sup>, but expanded to 8 districts<sup>4</sup> in 2008. 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.

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<sup>3</sup> Bobonaro, Lautem, Manatuto and Aileu.

<sup>4</sup> Additional 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 output<sup>5</sup>, which is very much a continuation of the work already done by LGOS, is an essential prelude to the establishment of a fully-fledged system of local government in Timor-Leste. This output focuses on drafting, reviewing and consulting with all the stakeholders a series of legal instruments, which after all are submitted to the National Parliament for review, possible amendment, and approval.

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

The third LGSP output<sup>6</sup> 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 very much depends on final decisions about the phasing of this process.

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<sup>5</sup> 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.

<sup>6</sup> 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 third quarter has been a period of strengthening the knowledge of DN-DLOT staff as mentioned in the second quarter. During this period, there were some important activities have been completed. Minimum conditions for new four pilot districts were evaluated in order for these districts to have access to LDF 2009. The new directorate also recruited five additional staff, which makes total staff of ten (10) with full-time responsible for LDP Program. The implementation of investments and budget 2008 was conducted: some projects have completed on time but some will complete in the next quarter. Local Assemblies (LAs) in pilot districts approved their draft investment plans for 2009 except Lautem and Ainaro Districts. LAs in both districts are still in verification and appraisals process as they had problems in absorption capacity and managing the workload.

### **Output 1: Pilot component**

#### **1.1 Local Assemblies:**

##### **1.1.1 LA Compliance with Minimum Conditions**

As defined by the LDP regulations a Minimum Conditions (MC) evaluation needs to occur prior to release of the Local Development Fund (LDF). The MC compliance check for the “new” LDP pilot districts were therefore done in July this year upon completion of their annual planning for 2008. A mixed Government and LGSP team facilitated district visits to Baucau, Ainaro, Manufahi and Covalima where they reviewed documents and interviewed key stakeholders. All four districts were found to be compliant with the MCs this year. In general this is a good exercise for the Ministry in the sense that they were able to evaluate their staff performance at the local level. There have been no objections so far to continue with this practice after the Government take over the LDP activities.

##### **1.1.2 Local level procurement**

During this reporting period procurement has been the main activity for the Local Assemblies (LAs). In total, 41 district and 126 sub-district level investment projects were approved by LAs for fiscal year 2008. To date 36 District and 112 Sub-District level investments projects have been successfully procured while 19 projects yet to be contracted out. The main reason for this delay were lack of responses to the tenders (less than 3 bids per project), too high/low proposed budgets and no interest from the contractors because of lack of road access to the projects site. The process is still ongoing and a final evaluation of the process will occur by the end of the year.

There seems little difference between the “old” and “new” pilot districts in terms of issues related to the procurement process. Although there are still problems linked to absorption capacity by local contractors and qualified technical support staff, 87 percent of the planned projects have been successfully tendered out and a majority of these are expected to be completed by the end of the year. This should be seen as a good result considering that this is the first time for six out of the eight pilot districts to procure for capital investments projects at the local level.

District	Procurement update				Re-tender
	2008 Plan		Procured to date		
	District	Sub-District	District	Sub-District	
Baucau	6	14	4	11	Yes
Manufahi	4	12	4	9	Yes
Ainaro	6	14	6	14	Yes
Covalima	4	8	4	8	Yes
Lautem	6	21	5	17	Yes
Manatuto	5	17	4	13	Yes
Bobonaro	6	28	6	28	Yes
Aileu	4	12	3	12	Yes
Total	41	126	36	112	

### 1.1.3 Local level planning for 2009

Planning for next year has commenced in all districts and is expected to be completed in October/November. The pilot districts are basing their planning process on the same figures as for 2008 since there is no official information about the budget for 2009. The problem the Ministry is facing is that the budget submission for 2009 is not yet been finalized. However, the Districts will go ahead with approving 2009 investment plans and revision will occur in the beginning of next year when the final figures are released by the National Parliament.

### 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 staffs are now working on only LDP finances. However, budget execution of funds transferred is still slow and behind the schedule. In total, 91 percent of the capital budget have been transferred to 8 districts and will most likely be spent during the third and fourth quarter as most of the districts now are in the implementation stage. On the other hand, only 38 percent of the recurrent budget was transferred to the LAs were executed during the first and second quarter. There are two main problems identified; firstly, low expenditure rate (less than 75% of the advance) and secondly very slow reporting and closing of advance. These problems have resulted in delays in transferring the third quarter recurrent allocation by the national treasury. Since the deadline for submitting third quarter reports is the 15<sup>th</sup> of the month after the closing of each quarter, we do not have the figures for the third quarter expenditures.

### 1.3 LDP Procurement:

In this quarter two additional motorbikes were procured and delivered to Lautem and Bobonaro as they required more transportation to support their supervision activities during projects implementation process.

#### 1.4 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 all steps of their projects implementation and 2009 planning processes.
- **Technical training in AUTOCAD for technical staff:** This training was planned for the last quarter, however the programme has not been successful in completing the procurement process with the assistance of UNDP. A revised ToR will be designed shortly for advertisement and the training will be expected to be conducted before the end of the year.
- **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.
- **National Exchange:** District exchange visits and a national exchange workshop are planned activities for the next quarter. The objective of these exchange activities are to share or exchange the experience and lessons learnt between Local Assemblies within 8 districts particularly local planning, public finance and expenditures management process.
- **National Women Dialogue:** LGSP and the Ministry facilitated dialogue meetings in four districts last year among 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 three, but has been postponed since other priority activities emerged in this quarter. It is still expected that this national dialog will be held at sometime this year.
- **Recruit TA for DAT finance database:** Since there was no decision on which finance system the new municipalities will use, this planned activity for Q3 was postponed. It is still uncertain if it will be implemented at all this FY.
- **Refresher training in Finance Regulation:** there are still problems in accurate use of the finance forms and in how to use the budget allocated. There is therefore a need to do more training in this area to ensure improved budget execution for next year.
- **Training on Developing AAP & QRM:** this activity is to enhance capacity of the local government officers to prepare their AAP and QRM for 2009.

### Output 2: Policy and legislation

#### 2.1 Drafting of Decentralisation Strategic Framework Part 2

As a strategy for implementing all activities related to the preparation of national policy and legal instruments, the first Decentralization Strategic Framework (DSF) Part 1 was drafted and approved by the Council of Ministers (CoM). The DSF 1 was instrumental for the Ministry to work together with other sector ministries and to keep a tight time schedule on track during implementation of the identified activities. It was therefore decided that a DSF Part 2 should be prepared to ensure identification of new activities and an agreement by CoM on the new action plan. A technical mission was brought in August 2008 to assist MSATM in drafting the DSF Part 2. The second DSF has now been discussed and approved by the Council of Directors (COD) in MSATM and is ready for submission to CoM. In total, 57 separate but interlinked activities have been identified to be



implemented as part of the Local Government reform process after three proposed laws on local government establishment are approved by the National Parliament.

These activities and timelines outlined in the DSF Part 2 were identified based on the proposed laws, and were discussed at MSATM in August and September. It is expected that the framework will be submitted to CoM for endorsement in October.

## **2.2 Policy Consultation**

The Government's new Policy Orientation Guidelines on Decentralisation and Local Government was socialised during the month of July. The socialisation of information was focused at Districts level and aiming at informing community through their leaders on the changes in the new decentralization and local government policy in general, clarifying crucial issues related to the preferred level of Municipal Government (District level and not at Sub District levels as previously proposed), relationship between Municipal and Suco, and the abolishment of Sub District.

The Ministry with the support from LGSP concluded the socialisations in a total five districts while the remaining Districts socialization was held simultaneously with the visit by the Mayor of Torres Novas Municipality in Portugal. During these joint consultations, the idea of establishing Preparatory Commission (PD) was also raised by the Portuguese Mayor. It has now been decided that District will be based on PDs and one national PD will be established to support the preparations of the reform: and a TOR has been submitted to the CoM for approval. This is in line with previous decisions made by the CoM.

## **2.3 National Workshop on Decentralization**

As the culmination of the Ministerial Technical Working Groups' study and analysis of functions to be decentralised to the future local government, a national workshop was held on the 31 July and a total of about 150 participated. The objective was to provide an opportunity to each Ministry to report back to the Prime Minister on the result of their individual TWG consultations. All ten Ministries, despite some of them had never actually submitted their final report before, participated and reported on their findings during the seminar. The workshop provided useful inputs towards the drafting processes of the white paper and the Law proposal on Local Government. A final workshop report is being prepared and is expected to be completed shortly.

## **2.4 Legislative proposals and drafting of LG legislation**

Three pieces of legislation were submitted to CoM in early September. In general the first presentation received very positive feedback, however the main discussion is yet to occur and the Ministry is awaiting the second discussion in CoM. Although there are indications that the agenda for the National Parliament (NP) for 2008 is rather full, the Ministry is still positive that it will be discussed before the end of this year. The three laws have yet to be made public and only a brief summary of process is therefore provided below. The aim is still to hold municipal elections in mid-2009 in 3-5 municipalities.

### **2.4.1 Law on Territorial and Administrative division**

As reported in the Quarter 2 report, a legislative proposal for the law on Territorial and Administrative Division was prepared. This proposal has been turned into a draft law proposal during Quarter 3 with

the assistance of a legal advisor in MSATM. Based on the decision of keeping the 13 districts as future municipalities, the drafting of this law was much less controversial than originally foreseen. The key issue that is worth mentioning for future reference, and perhaps topic for discussion, is that neither Sucos nor Aldeias are mentioned as territorial units in this law. This decision was based on the assumption that if Sucos and Aldeias were included it will become a matter for the NP in the future, while keeping it outside this law indicated that this is not part of the territorial organization of TL (which is the sole mandate of NP) and therefore a matter for the Government.

#### **2.4.2 Law on Local Government**

The MSATM and in eight other TWG provided their input to the law on Local Government in July/August. The only Ministry that could not submit was the Ministry of Agriculture and Fisheries. Although the reports from each ministry vary to a large extent in terms of technical quality and required information, we believe that the exercise of the TWG has been very useful and important to ensure that decentralization is on the agenda within the Sector Ministries, and that internal discussion occurs. It is expected that each Ministry will have to continue the discussion after the LG law has been approved by NP, and many issues related to functional assignments will have to be further defined in subsidiary legislation to be incorporated at a later stage. A very successful TA mission prepared the legislative proposal in August while the legal advisor from the Ministry drafted the final law.

#### **2.4.2 Fiscal decentralization**

The first support to MoF TWG was in May 2008 and a second international technical assistance mission took place in August. The objective was to conclude the chapter on fiscal decentralization together with MoF TWG to be included in the law on LG. Various consultations on finance framework were conducted with international, national and local level finance institutions, and a report was submitted to the Ministry of Finance and the MSATM. An agreement was reached between the two Ministries and a final text regarding municipal finances was included in the LG law.

#### **2.5 Municipal Electoral law**

In parallel with the development of the Law on Local Government, STAE, together with the assistance of UN/UNDP Electoral Support Project, completed a draft Law for Municipal Elections. This law completed the fundamental framework for the Local Government Reform. It is expected that subsidiary legislation will be drafted when the law is submitted to the NP and in time for municipal elections mid-2009.

#### **2.6 Factor in lessons learned from LDP into the policy process**

Lessons learned from the LDP-pilot and practical experiences have been incorporated into the overall policy process since the very beginning of technical support to the Government. This combination of piloting and technical support has always been a strong feature of the LDP/LGSP programmes. In an attempt to capture these lessons, and with the view of looking forward, a programme review mission was field in August. In particular the mission was to do a stocktaking of LDP since its beginning until present and identify technical tools used in the pilot PEM system that could be continued, approved or perhaps not recommended to be continued at all. A report was submitted by the consultant and is still being revised for comments by various partners. The report is expected to be released in October and used as a guide for planning of new strategies under DSF Part 2.

## 2.7 Planned activities for the next quarter:

- **Follow-up on draft law proposals:** The final steps in this process are for CoM to approve the 3 draft law proposals and to submit them to the NP. Since the Government will not do a national consultation on the laws, recommendations have been made to facilitate a joint Government/NP consultation process. However, this is yet to be confirmed by either parties.
- **Finalization of the Decentralisation Strategic Framework Part 2:** The DSF Part 2 has already been discussed several times in Council of Directors and is expected to be submitted to Council of Minister for endorsement in October.
- **Commence work on implementing DSF Part 2:** Various activities in the DSF 2 have been rated as priority 1 and will therefore need urgent attention. In particular this is related to establish a Capacity Building Strategy, institutional assessment of MSATM and changes to the basic PEM/FEM framework for the new municipalities. Work on this will therefore commence during the next quarter.
- **Socialization of new legal instruments:** If the three legal instruments are approved by NP during 2008, the programme is ready to commence socialization and information campaigns about the final text and the implications for the local communication. However, this activity is very much depending on a final decision by NP and cannot commence without approval of new legislation.
- **Study Tour to Indonesia:** The Ministry has requested a study tour to Indonesia with the objective of learning lessons from the Indonesia's decentralization experience from various provinces. It is expected that the members from all the Inter-Ministerial Technical Working Groups, the Minister and TWG members of MSATM will participate in this study tour.
- **International seminar with speakers from Indonesia, the Philippines, India and Timor-Leste:** This is also a request from the Ministry in its efforts to learn lessons from other countries. It is expected that this may take place in early December before closing of the FY.

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

### 3.1 Production of Social Communication Material

The communications unit has continued to produce social communication materials and organize media coverage of LGSP and the Ministry's decentralization work. Major achievements this quarter have been the completion of a website template, support to the national workshop, and the beginning of an innovative new capacity-building activity to organize talk-shows for local assemblies working with their local community radios.

Communications was involved in the publicity and organization of the National Workshop on Decentralisation, held on 31 July. The communications contribution for the national workshop included organizing press coverage, writing and distributing a press release, preparing and printing invitations, a banner, name cards, table tents, the conference schedule and information folders for participants. The communications unit also covered the national conference and included an article in the July bulletin.

The communications unit has also continued to support LGSP and the Ministry with promoting activities in the media. In addition to organizing coverage of the National Workshop, the

communications unit prepared a year summary of decentralization activities for the local news outlet STL, upon request. This quarter, the communications unit is also revising our strategy of organizing local media coverage for Assembly work. Coordinating with all major local media outlets, a contact list for all reporters and journalists working on governance issues, local reports, and district-specific beats have been contacted and the work of the Assemblies discussed with them. A contact list of all these reporters has been assembled, and it has been agreed they will be contacted and informed about all Assembly activities and ensure continued coverage.

Beginning with the hiring of a website designer Mr. Toby Gibson, the Ministry's website has been prepared and is now in its final template form. Hosting for the website will be routed through official government servers, but located on an external, international server due to slow speeds of page loading when sites are hosted locally. Mr. Gibson has completed his work and the newly-recruited Website and IT Officer has taken over the management and completion of the website. While some difficulty has been experienced coordinating information to be put on the website from the different Directorates of the Ministry as there are no existing coordination mechanisms for public information, and thus resulted in a significant delay in the preparations for the website launch, this problem has been resolved by a letter from the Minister which established a focal point system. Having nominated a staff member from each Directorate as responsible for preparing information for the website, the communications unit met with each focal person individually to explain their responsibilities in preparing content for the website, and then organized a coordination meeting between the focal points to discuss the current website draft on 12 September. The communications unit is now finalizing the content and then socializing the drafted website within the Ministry. The public launch for the website has been tentatively scheduled, pending final approval, for 10 October.

Other materials produced in Quarter 3 include the completed production of the branded notebooks and folders, printed by a local company. These notebooks were distributed to participants at the National Workshop, and were received with great enthusiasm. Notebooks have been distributed to Ministry officials, and are currently being distributed to Assembly members. In the third quarter, three additional editions of the monthly bulletin on local governance (July, August and September, which is currently in its final production stages) have been produced. The July bulletin featured a four-page spread instead of the normal two, due to the large number of Ministry activities, and to increase publicity about the National Workshop. In this quarter, the fourth edition of the radio program, produced in conjunction with RTL was completed and distributed through Radio Rakambia to the community radio stations.

In the third quarter, unavoidable technical difficulties have resulted in the stalled production of the television program on the LDP planning process. The transferring of the video files from the camcorder to digital formatting, for editing, cause a serious degradation of the video quality, including static, realignment of video and sound, as well as other problems. In order to solve the problem of this digital transfer, the production of the video is planned to be sent to tender – where a video company can edit directly from the video tapes and would not need to transfer the footage. The communications unit cannot do this itself without the proper equipment or technical expertise. With this plan, the first television program should be in production in quarter 4.

The final social material which has been prepared by the communications unit during the third quarter is a public version of the LGSP Evaluation Report. To document this evaluations process, communications travelled with the TA Dr. Richard Slater to Bobonaro from 21-22 August, to take photos, record and document the commentary from LDP participants about the LGSP program so far. Highlights from the report will be put into a designed report template, currently in its final design stages, printed and then distributed to LGSP partners, stakeholders and Ministry officials.

### **3.2 Develop Communication Capacities**

The process of producing civic education materials has been slightly slower than expected. The Technical Assistant Michelle Whalen had her first mission from 2-15 July, working on the first civic education module on general good governance principles and well as starting the work for the community planning processes. She is expected to return in October to complete the second civic education module as well as to complete the community planning output. The first communications module has been drafted in a format of an educational video, with the basic concepts conveyed through interviews with existing strong community leaders and community members who have benefited from the development resulting from the union of active leadership and active communities. The DVD will be accompanied by a flipchart with the same basic concepts, a facilitator's manual, and a handout for meeting participants. To produce this civic education material, however, will take longer than a traditional booklet or flipchart alone, and has therefore delayed the implementation phase for the civic education. Currently, the video production has been outsourced through a tender process, and is fast tracked with the aim of completing the video by early November. The coordination and tender process necessary for the implementation phase is being done concurrently, so that when the video is completed, implementation can begin almost immediately.

To further enhance Local Assembly member's awareness of the importance of regular communication with the media, the communications unit has attended two meetings of the local assembly with the express purpose of helping them organize a talk show on the work and achievements of the local assembly. The first talk show was organized in Baucau on 18 September, and the second one has been organized in Manufahi on 25 September. The experience of these talk shows will add to the understanding of how to communicate locally within the Assemblies, as well as contribute to the design of the second round of communication training for local assembly members, postponed to next month due to scheduling conflicts. Preliminary feedback from the Assemblies after the talk shows has indicated that the activity is beneficial and may be repeated in the other districts.

Two additional capacity-building activities, which were originally scheduled for the third quarter, have been delayed. Due to a focus of Ministry officials on the drafting of local governance legislation, the workshop for the media originally scheduled for late September has been delayed until early October, and the public relations training for Ministry officials delayed until late November or early December. It is still expected, however, that these planned activities can be completed before the end of this year.

The procurement process for the second round of installation and delivery of the information boards to Sucos in nine districts is close to completion, with the Purchase Order expected to be signed before the end of September. Implementation will begin in October and finish in early December.

### **3.3 Planned activities for the next quarter**

- A second round of branded materials, which will be branded t-shirts with the decentralization logo and slogan, is currently in procurement. The t-shirts will be used by Ministry and LGSP staff while working on decentralization issues, as well as distributed to other Government officials involved in the decentralization process.
- The fifth and sixth radio programs are, according to the schedule provided by RTL expected to be prepared, recorded and broadcast by 22 October and 17 November, respectively.
- The remaining three editions (October, November and December) of the decentralization monthly bulletin will be produced in the fourth quarter

- Public launch of the website is scheduled for 10 October. Following the public launch, the communications unit will start capacity-building activities for government staff to teach them basic web management, with the aim of eventually transferring responsibility for the website entirely to the government.
- The first civic education module will be completed in the next quarter, including the video which will be recorded to DVD for general distribution, the accompanying flipchart, trainer's manual and handout. The tender process for the implementation of this module should also be completed in the next quarter, with a Training of the Trainers (TOT) held for the facilitators who will be leading meetings and holding discussions about the civic education materials. The second civic education module will be drafted in this quarter as well, but the finalization of these laws depends on the approval status of the draft laws by the National Parliament. The Community Planning Guidelines will be completed with this coming quarter as well.
- A fact sheet, with its target audience of the general community, will be prepared on the decentralization process for distribution during the civic education implementation during Quarter 4.
- Procurement process for the television program on LDP based on footage from National Archives completed and production of the television program completed.
- Continued Communications Training for Local Assemblies in the new LDP pilot districts: The Communications training already delivered in four original LDP pilot districts will be replicated in the four new LDP pilot districts.
- The LGSP Lessons Learned Booklet, compiled from the report of the LGSP Evaluation, will be produced, printed and distributed in the next quarter.
- Construction and distribution of information boards to Sucos in 9 districts completed, monitored and evaluated by the Communications Unit.
- A 2009 calendar on LGSP and Ministry decentralization activities will be produced both as a desk calendar and a poster in the next quarter.
- A media briefing on the proposed local governance laws and the status of the decentralization process will be organized with ICFJ. Public Relations training will also be held for Ministry officials.

## **Output 4: Programme Support**

The Project Management continues to provide support to all ongoing programme activities. Regular PMU meetings were conducted, but due to a very hectic schedule of the DN-DLOT and LGSP activities, it has been difficult to maintain the intended frequency of these regular meetings every two weeks. On the positive side, and with the assistance of the finance clerk, the programme's finance reporting and accountability mechanism has been improved.

### **4.1 Procurement**

In order to properly support the various activities and to execute the LGSP budget, a revised procurement plan for the third and fourth quarter was submitted to UNDP procurement unit early in Quarter 3. Based on this, LGSP procured 2 new cars, branded material, a server for internal network and 3 motor bikes. For newly-recruited staff, the project has also procured additional computers, furniture and other related items. There are still a going procurement process for DVD production, suco information board, video production, a colour printing and contract institution for AUTOCAD training and a container purchasing.

### **4.2 Recruitment of new staff:**

As a result of increased activities, two additional drivers were recruited and the programme is now fully operational. In addition, Mr. Joao dos Santos was recruited and started on 20 August to replace the former national communication officer who has resigned due to his health condition. Mr. Romualdo Guterres was also recruited as the Website and IT Officer, and started on 1 September. A ToR for policy & legislation clerk and driver & logistic coordinator has been submitted to Human Resource of UNDP for advertisement.

### **4.3 Monitoring and Evaluation:**

The Monitoring and Evaluation continues to design a detailed Monitoring and Evaluation framework for LGSP and the Ministry. A draft Monitoring and Evaluation manual, including specific forms for local development projects monitoring have been designed and is currently being reviewed and discussed. General data collection is in the process and is expected to be finalized on time to facilitate proper annual reporting for 2008. The M&E officer is also preparing data entry and up-dating LGSP MIS data from 2005 to 2008.

### **4.4 Programme Steering Committee (PSC) Meeting:**

The first PSC meeting was held in August 28, 2008 at the Ministry of State Administration and Territorial Management (MSATM). The meeting was chaired by the Minister of State Administration and all members of the steering committee participated in the meeting. Progress and plan activities of the LGSP were discussed during the meeting. It was also decided by the members of the PSC that these regular meetings should be held at least twice a year and it was agreed to conduct next meeting in January 2009 to review the 2008 annual report and to approve the annual work plan for 2009.

### **4.5 Planned activities for the next quarter:**

- Finalize recruitment of policy & legislation clerk and driver & logistic coordinator
- **Finalise procurement process of** DVD production, suco information board, video production, a colour printing, contract institution for AUTOCAD training, 2009 calendar and a container purchasing.

- **Monitoring and Evaluation:** Finalised Monitoring and Evaluation Manual and conduct training to project staff on how to use the manual. Continue updating and completing LGSP MIS. Conduct field monitoring visit including data collection for the implementation of infrastructure project in Los Palos and Bobonaro.
- **Evaluation and planning mission:** finalize and submit the final report to the Ministry and donors.



### 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
<b>Output 1: PILOT (ex LDP)</b>		
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.		
<b>1.1 Pilot and support for local level ISD by Local Assemblies in selected Districts</b>		
<b>1.1.1</b> 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, as well as 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 are completed. Local tender process completed and on going process of implementation. The support for project implementation will continue during next quarter.
<b>1.1.2</b> Provide IT equipment to LA secretariat	Completed	In total 16 computers and printers have been procured and delivered to district offices.
<b>1.1.3</b> Provide furniture/equipment to LA secretariat	Completed	In total 12 motorbikes and 8 office equipment packages have been procured and delivered to the district offices.
<b>1.1.4</b> 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. Late reporting on the second quarter has delayed the third quarter transfer.
<b>1.1.5</b> Study tour to national parliament and/or exchange between LA from different pilot districts	Scheduled	Scheduled for quarter 4
<b>1.1.6</b> Announce LDF allocations for D and SD for FY 2008 & 2009	Completed	Allocations were announced in January 2008.
<b>1.1.7</b> Evaluation of D and SD performance against the defined Minimum Conditions, and announcement of the D and SD MC results.	Completed	A Minimum Condition evaluation has conducted in 4 new districts in July.
<b>1.1.8</b> Allocate D and SD funds in accordance with defined LDF financial mechanisms	Ongoing	LDF budgets for 4 (original) districts were transferred based on their revised budgets for 2008. The remaining 4 LDF allocations will be transferred in quarter 4.
<b>1.1.9</b> Revision of procurement and finance training materials	Completed	Revision of both manuals took place in February.
<b>1.2 Establish robust and transparent PFM systems (including auditing procedures) at the local level;</b>		
<b>1.2.1</b> Establish internal LDP audit procedures and modalities	Re-scheduled 2009	There are quite a few uncertainties regarding the PEM system that will be implemented with the LG reform, this activity has therefore been re-

		scheduled to next year.
<b>1.2.2</b> Provide training to national and local stakeholders in new audit procedures	Re-scheduled 2009	Same as above
<b>1.2.3</b> Establish internal M&E system for MSA & LAs	Ongoing	Scheduled for quarter 4 – with some initiation in quarter 2
<b>1.2.4</b> Provide training to national and local stakeholders in new M&E procedures	Scheduled	Scheduled for quarter 4
<b>1.3</b> Introduce specific capacity building activities targeted at female members of Local/Municipal Assemblies		
<b>1.3.1</b> Establish a CB programme aimed at improving gender awareness in LA	Re-scheduled 2009	This activity will not be able to carry out as a result of ongoing workload during quarter 3 and 4
<b>1.3.2</b> Implement CB programme	Re-scheduled 2009	Same as above
<b>1.4</b> Introduce measures to improve the levels/quality of participation in Local/Municipal Assemblies and Suco Councils (Standing Committees, training, etc.);		
<b>1.4.1</b> Training for local stakeholders in planning and budgeting regulations modules in new districts	Completed	770 participants in 4 districts completed this during the one week training sessions
<b>1.4.2</b> Training for local stakeholders in Finance and Procurement modules in new districts	Completed	58 staff completed this training in 4 new districts
<b>1.4.3</b> Refresher training for local stakeholders in planning, budgeting, finance, procurement and O&M modules in old districts	Re-scheduled	Planned for quarter 4
<b>1.4.4</b> Preparations design and costing module and training seminar for PIC members	Re-scheduled	Scheduled for quarter 4 as it is ongoing process in procurement unit
<b>1.5</b> Implement and refine PM and MC assessment processes		
<b>1.5.1</b> Implement and refine PM and MC assessment processes	Scheduled in 2009	Not planned for 2008
<b>1.6</b> Develop appropriate mechanisms for demand-driven capacity building of Local/Municipal Assemblies		
<b>1.7.1</b> Assessment of CB needs and strategy as part of DSF 2 for LG reform	Scheduled	Scheduled for quarter 4
<b>Output 2: POLICY AND LEGISLATION</b> Support is provided to GoTL for the establishment of an appropriate and comprehensive institutional, legal, and regulatory framework for local government		
<b>2.1</b> Assist in the drafting of a Decentralisation Road Map Part 2 (DRM)	Ongoing	DSF 2 has been prepared and is presently being discussed by CoD. Expected submission to CoM in October

<b>2.2</b> Socialization/consultation of policy/legislation on decentralization at local and national levels	Completed	The socialization of the new policy was conducted in July.
<b>2.3</b> Support to MTWG at national level (consultation on LG functions, finances etc.)	Completed	10 MTWG has been established and 9 submitted their report (except for Ministry of Agriculture and Fisheries). However, all 10 Ministries reported back to the Prime Minister and CoM at the National Workshop held on 31 July 2008 with approximately 150 participants.
<b>2.4</b> Factor in the lessons learned from the LDP and Output 1 of LGSP into the policy process	Completed	LGSP input to design of new pilot and new policy definition. A programme review mission has been completed and recommendations have been made in terms of how to move forward from the LDP to a new PEM system for municipalities.
<b>2.5</b> 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
<b>2.6</b> Provide technical support for preparing the content of draft legislation or detailed policy documents	Completed	TA to support MSATM in drafting administrative & territorial division and local government law. The law was submitted to the Council of Ministers for discussion in August 2008.
<b>2.7</b> 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	Completed	No special TA mission was field since there are two legal advisors in the Ministry and we were requested to use the available legal advisors for the legal drafting in Portuguese.
<b>2.8</b> Assist MSA in adapting to its new role and in restructuring/ implementation of reform	Re-scheduled 2009	This activity is impossible to commence without the new legal framework. It has therefore been re-scheduled for 2009.
<b>2.9</b> Provide technical assistance for defining appropriate fiscal frameworks, financing arrangements, and local public financial management systems (or costing of the reform)	Completed	Two fiscal missions have successfully been completed and technical advice has been provided to MoF and MSATM. However additional work will need to be done during 2009 in terms of drafting appropriate subsidiary legislation after the Law on LG has been passed by NP.
<b>Output 3: IMPLEMENTATION OF GOVERNMENT REFORM</b> Support is provided to GoTL for the implementation of local government reforms		
<b>3.1 Production of social communication material</b>		
<b>3.1.1</b> Bi-monthly radio programme	Ongoing	4 radio programs have been produced, aired on national and community radios
<b>3.1.2</b> Monthly decentralization bulletin	Ongoing	9 issues for the nine first months prepared and issued in Tetum and English languages
<b>3.1.3</b> Fact sheets	Ongoing	A two page fact sheet on the decentralization policy, a brochure on LGSP activities in 2008 and a booklet on LDP booklet titled, "Raise your hands for Development" were produced in

		English and Tetum. The final fact sheet is scheduled for quarter 4.
<b>3.1.4</b> Annual Calendar 2009	Scheduled	Scheduled for quarter 4
<b>3.1.5</b> Lesson learned booklet on LDP/LGSP	Ongoing	An initial visit with the LGSP Evaluation TA to Bobonaro has started the drafting process for a colour booklet highlighting lessons learned by the LGSP Booklet, which is scheduled to be completed in quarter 4.
<b>3.1.6</b> Establish and design MSAOT website	Ongoing	The design of the website has been completed. Content is currently being added to the website through coordination with different Ministry Directorates and will be launched in October.
<b>3.1.7</b> Production of information DVDs	Ongoing	Procurement process almost completed on the production of the first information DVD – the second DVD is scheduled for quarter 4.
<b>3.1.8</b> Production of decentralization branded materials	Ongoing	Folders and 2 sizes of notebooks have been designed and have been printed. In quarter 4, an additional procurement of t-shirts will be completed.
<b>3.2 Develop communication capacities for central &amp; local level</b>		
<b>3.2.1</b> Production of Suco Information boards	Ongoing	Tender for additional Suco information boards has been finalized, and the implementation completed in quarter 4.
<b>3.2.2</b> Communication training for LAs at District level	Ongoing	Training for all district assembly members in four districts has been completed, with the remaining four districts scheduled to have training in quarter 4
<b>3.2.3</b> Public relations training for MSAOT & LGSP staff	Re-scheduled	Rescheduled for quarter 4
<b>3.2.4</b> Media training workshop on decentralization process	Re-scheduled	Rescheduled for quarter 4
<b>3.2.5</b> Monitoring	Ongoing	Regular district visits
<b>3.3 Civic Education</b>		
<b>3.3.1</b> Prepare training module for civic education on decentralization and local government	Ongoing	A TA has been recruited and held the first mission from 2-15 July. The second mission, which will conclude the civic education modules and community planning guidelines, will be in October.
<b>3.3.2</b> Implement CB module	Scheduled	Scheduled for quarter 4
<b>3.3.3</b> Capacity building/training for Government staff in preparation for LG reform	Scheduled	Scheduled for quarter 4
<b>3.4 Formulate and implement communications strategy</b>		
<b>3.4.1</b> Formulate and implement	Ongoing	Communication strategy was approved by the

communications strategy		Minister on 6 June 2008
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