



FIRST QUARTERLY REPORT

Local Governance Support Programme Timor Leste (LGSP-TL)

UNDP Code: 00053898
UNCDF Code: 00054392/00054393

From: January – March 2009

Report Date: April 2009

COUNTRY-LEVEL JOINT PROGRAMME FIRST QUARTER NARRATIVE PROGRESS REPORT

REPORT COVER PAGE

Participating UN Organizations: UNCDF UNDP	Area/Theme: Local Development/Decentralization Poverty Reduction												
Joint Programme No. UNDP-BU: 45604 (Award ID), 53898 (Project ID) UNCDF-BU (Irish): 45923 (Award ID), 54392 (Project ID) UNCDF-BU (UNCDF core): 45924 (Award ID), 54393 (Project ID) Joint Programme Title: Local Governance Support Programme (LGSP) ATLAS No: (assigned by MDTF Office) 00055656 (Award ID) 00067656 (Project ID)	Total JP Budget (in US\$): US\$ 7,750,000 million <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>Pass-through funding</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>Government of TL:</td> <td style="text-align: right;">\$3,470,000</td> <td>No</td> </tr> <tr> <td>Irish Aid:</td> <td style="text-align: right;">€1,450,000</td> <td>Yes</td> </tr> <tr> <td>Government of Norway:</td> <td style="text-align: right;">119,328</td> <td>Yes</td> </tr> </tbody> </table>		<u>Pass-through funding</u>		Government of TL:	\$3,470,000	No	Irish Aid:	€1,450,000	Yes	Government of Norway:	119,328	Yes
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Report Number: Reporting Period: Jan-March 2009	Joint Programme Budget by Participating UN Organization <i>(for pass-through funding only):</i> UNCDF: US\$ 665,255 UNDP: US\$ 742,159												
List Partners: <ul style="list-style-type: none"> • <i>World Bank</i> 	Programme Coverage/Scope: 1) Total population in 8 out of 13 districts : 473,3231 or 51 % of the total population 2) Suco Council representatives in the Local Assemblies; 3) Ministry Staff of MSATM and other line ministries												
Abbreviations and acronyms: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">CoM</td> <td>Council of Ministers</td> </tr> <tr> <td>DA</td> <td>District Assembly</td> </tr> <tr> <td>DN-</td> <td>National Directorate for Local</td> </tr> <tr> <td>DLOT</td> <td>Development and Territorial Management</td> </tr> <tr> <td>DSF</td> <td>Decentralisation Strategic Framework</td> </tr> </table>	CoM	Council of Ministers	DA	District Assembly	DN-	National Directorate for Local	DLOT	Development and Territorial Management	DSF	Decentralisation Strategic Framework	Programme/Project Timeline/Duration <u>Overall Duration</u> 2007 - 2011 <u>Original Duration</u> 2007 - 2011 <u>Programme/ Project Extensions</u> N/A		
CoM	Council of Ministers												
DA	District Assembly												
DN-	National Directorate for Local												
DLOT	Development and Territorial Management												
DSF	Decentralisation Strategic Framework												

¹ The total population of Timor-Leste is 924,642 and that the total coverage of the programme is 51 percent.

GoTL	Government of Timor-Leste	
ISD	Infrastructure and Service Delivery	
LA	Local Assembly	
LDF	Local Development Fund	
LDP	Local Development Programme	
LGOS	Local Government Options Study	
LGSP	Local Governance Support Programme	
MoF	Ministry of Finance	
MSATM	Ministry of State Administration and Territorial Management	
MTWGs	Ministerial Technical Working Groups	
NP	National Parliament	
PEM	Public Expenditure Management	
PFM	Public Financial Management	
PSC	Programme Steering Committee	
SDA	Sub-District Assembly	
SDDC	Sub-District Development Committees	
UNCDF	United Nations Capital Development Fund	
UNDP	United Nations Development Programme	

I. ACTIVITIES, ACHIEVEMENTS AND CHALLENGES DURING THE REPORTING PERIOD

As stated in the Programme Document, there are three specific outputs for the LGSP and this report is organised accordingly by focussing on activities and progress of the programme during the period between January and March 2009. This is a narrative report and is intended to summarise the main achievements and challenges encountered during the first quarter of implementation.

The main achievements of the LGSP activities during the first quarter reporting can be summarised as follows:

Output 1 (Piloting Local Development Programme): A minimum condition (MC) evaluation for Local Assemblies was conducted on transparency, accountability and local contribution. Based on the results of MC evaluation, the Government announced the 2009 LDF fund allocation, and the Local Assemblies completed investment plan. A three-day refresher training on finance and local procurement guidelines was also concluded.

Output 2 (Policy and Legislation): LGSP brought technical support mission to support Ministerial Technical Working Groups (MTWGs) on functional assignments and finance in March 2009.

Output 3: (Local Government Reform / Communication): To promote decentralisation process, the Project produced communication materials such as monthly bulletins, and project fact sheet. In addition, the Project also produced 600 copies of DVD for civic education activities which will be distributed to local leaders and civic education organizations across the country.

OUTPUT 1: LOCAL DEVELOPMENT PROGRAMME PILOT

Establish 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 Supports to Local Assemblies

1.1.1 Minimum Condition Evaluation

In order to finalise Local Development Fund (LDF) budget allocation for 2009 fiscal year, a minimum condition (MC) evaluation was conducted by a joint team (LGSP and DN-DLOT staff) for 29 Local Assemblies performance on accountability, transparency and local contribution. As a result of MC, 27 Local Assemblies were complied with the minimum condition; Local Assemblies in Lolotoe and Laclubar Sub-District did not comply with the minimum condition. In Lolotoe Sub-District, the team discovered that there was no transparency in Assembly's activities: no minutes were recorded, the results of Assemblies discussions and decisions were not announced through local radio and information board, nor no archives were set up. Based on this result, the government decided to withdraw LDF budget allocation to LA of Lolotoe sub-district and instead allocated it to the budget of Bobonaro district. In case of

Laclubar sub-district, Administration of Sub-District and Community Development Officer did not perform their work properly as they were rarely staying in sub-district to support Assembly's work. As this was not the Local Assembly's fault, the government decided that the LDF allocation for this sub-district is still executed by LA with fully supporting by staff in district level.

Based on result of the MC Evaluation, the government has announced LDF allocations for eight districts as described as below table:

Figure 1: 2009 LDF allocations

District	Total LDF Allocation	
	Capital	Recurrent
Bobonaro	\$ 289,000.00	\$ 31,612.00
Lautem	\$ 202,000.00	\$ 23,199.70
Aileu	\$ 130,000.00	\$ 17,605.00
Manatuto	\$ 135,000.00	\$ 22,018.00
Ainaro	\$ 187,000.00	\$ 16,167.00
Baucau	\$ 366,000.00	\$ 24,821.50
Covalima	\$ 196,000.00	\$ 21,970.50
Manufahi	\$ 155,000.00	\$ 18,122.00
Total	\$ 1,660,000.00	\$ 175,515.70

In total, the government had allocated US\$ 1,835,515.70 for Local Development Programme in eight districts based on the total population. Comparing to the previous year, the government reduced this year's budget allocation from US\$ 4 per capita to US\$ 3.5 per capita due to low budget allocation to the MSATM's fiscal envelope.

1.1.2 First meeting of LA

Following the budget announcement in February, first meeting of Local Assemblies were conducted in eight (8) districts. 2009 budget revision was discussed, and as a result of this, total of 119 projects out of 132 original proposals were included in the 2009 investment plan, 13 proposals were not approved.

Figure 1: No. of projects per sector

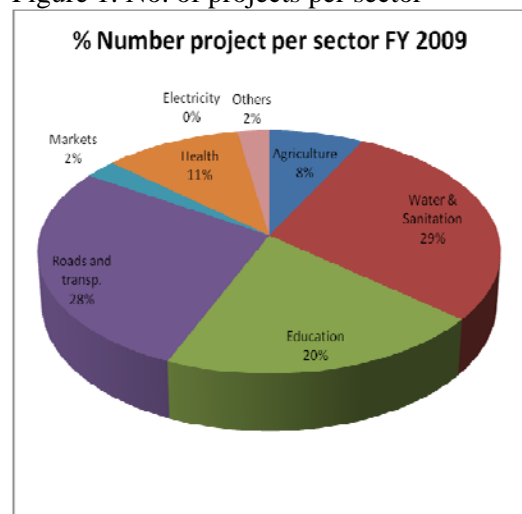


Figure 2: Investment per sector

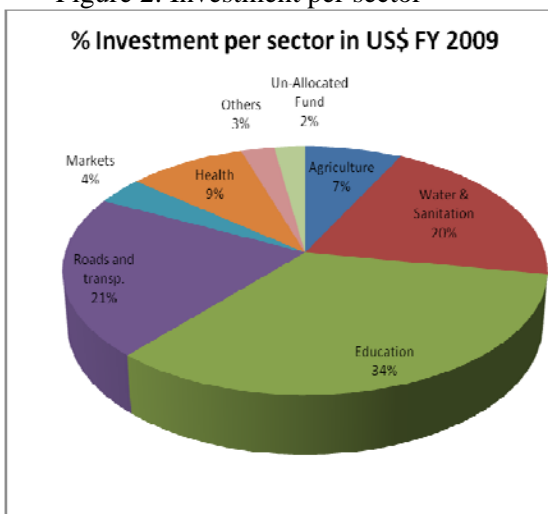


Figure 1 shows that 29% were allocated to water and sanitation, 28% to road and transportation, and 20% goes to education sectors. In terms of investment, figure 2 shows that 34% of LDF was allocated to education sector, 21% to road and transportation, and 20% to water and sanitation. This data indicates that

these three sectors were essential sectors that mostly required by local community. Project staff observed in 8 districts, and found that the majority of communities prioritise these three sectors due to lack of basic infrastructure provided in the rural area. It would therefore be necessary that the government and development partners to focus on these priorities sectors.

1.1.3 Local Procurement Process

Most of districts were now in preparation for tendering process, except for Ainaro District which has already started its bid evaluation process. 28 local contractors competed for bidding in Ainaro. Fourteen (14) proposals were submitted for bid; at the bid opening four (4) proposals were not qualified and these proposals are required for re-tendering by Planning Implementation Committee members.

1.1.4 Transfer of LDF Allocation (First Quarter)

In mid-March the government has transferred the first and second quarters' operational budget with total amount of US\$ 86,157.97 out of US\$ 175,515.70. The budget transfer was postponed from the National Treasury to the LAs accounts last year, and it has caused delay in some of LAs' operational activities as well as LDF execution. Given last year's experience, this year the Ministry decided to transfer the operational budget twice a year (every six months) instead of on quarterly bases as previous year.

The Ministry has also transferred 100% capital funds (i.e. US\$ 1,660,000) to the bank account of each Local Assembly in eight (8) pilot districts.

As it happened last year, a challenge for all LAs this quarter was the finance management and timely submission of finance reports to the national level. Therefore, intensive monitoring has to be a priority for the DN-DLOT and LDP team over the next few months.

1.2 Capacity Building for Local Assemblies

A three-day refresher training was conducted to sub-agencies finance team, Planning and Implementation Committees, Local Tender Boards and District Administration Treasuries, with regard to finance and local procurement guidelines. The trainings conducted from 9 to 19 March 2009 in Dili for new districts and Manatuto, Lospalos Bobonaro and Aileu for old districts were attended by around 154 people. The participants expressed their satisfaction for the opportunity given.

Planned activities for the next quarter:

- Continued support to LAs: The LDP team will continue to provide technical assistance and support to the LAs. Most of Local Assemblies had submitted their 2009 investment plans, except Local Assemblies in Lautem district. Therefore special attention will be given for this district in the next quarter. In addition, the LDP team will continue to support 29 LAs in completing their procurement process and Local Planning Process for 2010 fiscal year.
- In collaboration with Monitoring and Evaluation team, AutoCAD Training will be conducted for 25 technical staffs in 8 districts on 22 April until 2 May 2009. Mr. Carlito Alves, the LGSP Monitoring and Evaluation Officer, will be the trainer for this training.

- One day training on community contracting guidelines will be conducted for District Development Officers, Community Development Officers, Local Government Officers and local technical staffs in 8 pilot districts.
- Finalisation of procurement of IT equipment, furniture and motorbike to the LAs. The project will provide the above additional procurement items to support activities of the LA secretariat in 8 districts.

OUTPUT 2: POLICY & LEGISLATION

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

2.1 Continue work on decentralisation

The three pieces of law proposals, which have been discussed at Council of Ministers (CoM) since September 2008, were taken back to the Ministry of State Administration and Territorial Management (MSATM) for revision and fine-tuning. As it has been reported in the 2008 annual report, there were only some minor revisions to these law proposals, but the Ministry took them seriously for discussions. It was in the view of Ministry to have more discussions on the law proposal on Local Government for very detailed and in-depth understanding on this particular law. These three law proposals were re-submitted to the CoM in January 2009 for further discussion and endorsement.

There were two sessions of discussion at CoM: the first session was held in 11 February and approved the law proposal on Administrative and Territorial Division. The second session was held on 18 February and approved law proposal on Local Government and law proposal on Municipal Election.

The Council of Ministers then submitted these three endorsed law proposals to the National Parliament (NP) in February 2009 for discussions and final approvals. The approvals and submissions of CoM marked a new step ahead, at least to the point where preparatory work on regulatory frameworks, described in Decentralisation Strategic Framework (DSF) Part II and required for implementation, could start.

2.2 Technical Support Mission on Functional Assignments and Finance

Technical support mission for Ministerial Technical Working Groups (MTWGs) on functional assignments and finance was fielded during the month of March 2009. The mission composed of a team leader, two experts in functional assignments (one in water and sanitation and the other in other sectors) and one specialist in finance and grant.

Eight (8) Ministries were identified in the Terms of Reference for the technical mission in terms of possible functions and responsibilities to be decentralised at the local level:

Ministry of Health (MoH)
Ministry of Justice (MoJ)
Ministry of Economic and Development (MoED)

Ministry of Tourism, Commerce and Industry (MTCI)
Ministry of Infrastructure (MoI)
Ministry of Social Solidarity (MSS)
Ministry of Finance (MoF)
Ministry of State Administration and Territorial Management (MSATM)

The consultations have been held with the above Ministries during the mission. The mission together with each Ministerial Technical Working Group reviewed the work they had been doing since the TWGs were established, and discussed on possible functions to be devolved to future Municipal Government, including those that will be delegated. The mission also conducted three consecutive meetings with MoH Technical Working Group to review its works and to use as example for others, as it has been reported that this Ministry was moving far ahead among others.

Two consultants in functional assignment went on a field trip to Baucau District where they had meetings with District Administrator and staff as well as Sub-District Administrators, District Health officers, District Water and Sanitation officers and Regional officer of Public Works from the Ministry of Infrastructure. Discussion with these officers mainly focused on the functions being assigned to them by their parent ministries, numbers of staff and how they are financing these functions.

Separate but integrated meetings were also held with all MTWGs' Finance and Administration Officers to discuss costing of the functions. The historical expenditure approach was chosen to analyse cost associated with any particular function which is considered to be devolved and delegated to Municipal government. Heading towards the end of first part of technical mission a meeting was held with all MTWGs' focal point to report back the findings and to inform how next steps will be taken prior to next mission which will be field in May 2009.

2.3 Support to Ministerial Technical Working Groups

Although eight (8) MTWGs had been consulted only during the first technical mission's, it does not mean that the other two ministries, namely Ministry of Education and Ministry of Agriculture and Fisheries, will be excluded from the overall process of decentralisation. It remains as MSATM's task to approach, coordinate and finally lead their work to identifying functions to either be devolved or delegated to new Municipalities. The MSATM work to engage two ministries in the process will not only show the commitment but also confirm and honour its work on Decentralisation and Local Government.

While these two ministries may require continuous approach and extra support from the MSATM, other Ministries that had been part of initial work of the technical mission will still need to be coordinated and met on regular basis. It is important that MTWGs continue their analytical work on identifying functions to be devolved and delegated together with LGSP mission, while keeping their daily and routine activities.

2.4 Planned activities for the next quarter:

- **Follow-up Discussion with MTWGs:** As follow up of the initial technical mission in March 2009, LGSP in close partnership with MSATM will continue discussion with all MTWGs regarding their work on functional assignment and costing. This will include efforts to engage Ministry of Education and Ministry of Agriculture and Fisheries in this process and to ensure that all MTWGs will be ready for next mission.
- **Technical Mission on Functional Assignment and Finance (second phase):** The second phase of functional assignment and finance mission will be in field again in May and June 2009 to follow up work being carried out during the first mission.

- **Technical Mission on Institutional Review and Municipal Structure:** Approval of law by the National Parliament to establish Local Government will definitely shape the current institutional structure of MSATM and provide insights on how Municipal structure would look like. Therefore it is important that institutional setting of MSATM is reviewed and the future structure is determined.

OUTPUT 3: SUPPORT TO IMPLEMENTATION OF LG REFORM

“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. One major achievement of the previous quarter was the establishment and launch of the Ministry’s website. The Website and IT Officer, Romualdo Guterres, however, resigned on January 16th after receiving a scholarship to attend university in New Zealand. In the months before he left, Romualdo began training the two communications officers, Joao Santos (LGSP Communications Officer) and Duarte Xavier (the government communications officer), in basic website management. Their skill in this area, however, still needed additional capacity building, so both Duarte Xavier and Joao Santos attended two courses at Arpa Technology in Denpasar, Indonesia, on website management and graphic design from 27 January to 9 February. Upon returning, both Duarte and Joao are beginning to take responsibility for basic updates to the website – such as uploading new editions of the bulletin or posting new press releases from the Ministry. It is the hope of the communications unit that they will be able to assume full responsibility for these activities in the near future.

The communications unit has continued to promote Ministry activities on decentralization to the media through press releases. The communications unit organized a press conference on 2 February for the Minister of MSATM to announce the allocation of the 2009 Local Development Funds, and issued a press release at the same time. On 18 February, after the Council of Ministers approved the law proposals for submission to the National Parliament, the communications unit produced another press release announcing this important landmark in the decentralization process. On 23 February, an additional press release was issued to commemorate the Minister’s inauguration of an LDP project in Manufahi District.

In addition, the communications team travelled on 19-21 February to visit the Manufahi District to cover the inauguration of the Same Market by the MSATM Minister. During the visit, the team visited a number of LDP project sites and conducted seven interviews with local officials and residents for the February edition of the radio program. During the visit, the communications team also conducted interviews with local and sub-district administration officials to check on the distribution of the monthly bulletin and other communications materials sent from the national level. Based on the problems identified during these interviews, the communications unit now plans to draft an internal communications strategy that will improve document flow within the Ministry and promote better distribution and usage of communications materials. This report is scheduled for next quarter. Based on the interviews held in Manufahi, the first edition of the radio program for 2009 was drafted in the transcript and edited interview format that used to be the basis for the co-production agreement with RTL.

Three editions of Local Governance Monthly Bulletin were approved, produced and distributed during the first quarter. The communications unit has focused during these three months to ensure that the national communications officers are capable of writing and producing these bulletins independently. An article outline worksheet was produced to help the communications officers plan and prepare for their articles, and as an outline on how to best organize their writing.

A workshop to revise the existing basic messages and produce suggestions for revised messages that reflect the progress of the proposed legislation to establish municipalities was held on 4 March. The revised basic messages are currently being considered by the Ministry, however may continue to be debated until the passage of the laws and the implementation of a new, revised communications strategy to promote the new Municipal structure.

In March, the communications unit began to prepare for socialization meetings planned for April. A fact sheet on local government law proposals has been prepared and is now in the approval process with expected production in early April. Other materials planned to be produced for the meetings include stickers, posters and a leaflet booklet with all bulletins produced to-date. These materials will be used to help facilitate the community discussions at the Suco level planned by the Ministry in April and May. Other materials that have been produced in the first quarter include the 2009 calendar, which was delayed from December 2008 due to debates over the content of the calendar. A revised version was approved at the end of January and production completed in March.

3.2 Civic Education Activities

The first module of civic education on good local governance practices was finalized and approved during the first quarter of 2009. The first module includes four materials: a DVD, flipchart, participant handout and facilitator's manual. The production of the DVD had taken far longer than originally anticipated due to technical difficulties, but has now been completed and reproduced in 600 copies for distribution to local leaders and civic education organizations across the country.

Implementation of the civic education module will be done on a voluntary basis with a number of different international and local organizations; however LGSP also held a contract for the pilot implementation of the module in 2009. CONCERN won this RFP (Request for Proposals) for a pilot implementation in Lautem and Manufahi. The initial contract stipulated the implementation period to be four months starting in January, however as material production (especially the DVD) was delayed, the contract was revised in late March to have implementation begin in early April. To begin the implementation of the civic education module, a Training of the Trainers workshop is scheduled for 6-7 April with representation from Dili-based and local NGOs.

3.3 Planned activities for the next quarter

- Civic Education TOT scheduled for 6-7 April.
- Production of 'Plan for Municipalities' Fact Sheet and other materials to support Government socialization activities in the four districts: Dili, Bobonaro, Baucau and Oecusse.
- District visit to Oecusse to support Government socialization meetings, including a local community radio talk show organized to promote the meetings and discuss the government's plan to establish municipalities.
- Continued production for the first and second editions of the radio program.

- Three more editions of the decentralization monthly bulletin.
- Current IEC Advisor Sally Torbert is leaving the program at the end of April. Recruitment for her replacement started at the end of March and should be completed by April.

OUTPUT 4: Programme Support

4.1 PMU:

In the beginning of this year, the annual work plan and budget for 2009 activities were designed and approved by UNDP, UNCDF and the Ministry of State Administration and Territorial Management (MSATM). Following this approved plan, a one-day workshop was conducted on 9 January 2009 to share this year's planned activities with the government especially staff of the National Directorate for Local Development and Territorial Management (DN-DLOT). The government, especially DN-DLOT staff, showed their positive response to full integration of the project's annual work plan into their activities this year.

The Project Management Unit (PMU) has continued support to ongoing activities of each project component. An internal operational guideline was designed, and training was conducted to the staff who support project activities. Regular PMU meetings have been conducted every month to share such issues as project achievements, planned activities and obstacles. This type of meeting was very important and it facilitated in establishing a regular channel for communication and coordination between the Government counterpart and LGSP.

4.2 Monitoring and Evaluation:

Monitoring of LDP projects is ongoing process. Data collection was completed on community project implementation in 2008, and data was updated within MIS. Designed form for Local Planning and Implementation process was also completed, including weekly, monthly, quarterly and annual report forms for both LGSP and government staffs. One-day training was conducted on 6 of March 2009 to familiarise LGSP and DN-DLOT staff on the above forms. As a result, the staff are now working with these forms in collecting data and making reports. In addition, the monitoring and evaluation team has also managed to establish a file system for hard copy of data collection based on annual work plan.

4.3 Recruitment of new staff:

Due to the expansion of the LDP programme and increased workload in policy & legislation and resignation of some key staffs, there will be recruitment of some new staff in 2009.

A recruitment process completed for a Policy and Legislation Clerk, and Ms. Gina Garcia was selected for this position. Recruitment process was also conducted for Driver and Logistic Coordinator but only three candidates out of seven applicants were available for the interview and none of them was qualified for this position. Therefore, the project decided to re-advertise this position in the next quarter. As Mr. Nidio de Luma, Finance Clerk resigned in February, the recruitment process for his replacement was also being conducted. 10 candidates out of 31 applicants were shortlisted for this position. Mr. Cristovão Miranda, the LDP Coordinator resigned in March, and TORs for his replacement was designed and submitted to HR UNDP for advertisement. The interview process for these two positions will be

conducted in April.

Ms. Jill Engen has moved to Bangkok Regional Centre in March, and the recruitment of her replacement is being conducted and it is expected the new CTA will be on board around May.

The TOR for the communication adviser was revised, approved and posted through UNCDF Regional Centre. It is expected that the shortlisting and proposal processes for this position will be conducted by April before Ms. Torbert's contract is ending.

4.6 Procurement

A procurement plan for this year was submitted to procurement unit of UNDP. Procure of motorbikes, furniture, and IT equipment for Local Assemblies, communication printing material and short-term consultants to support policy and legislation activities were included in this procurement plan. Motorbikes, furniture, and IT equipment for Local Assemblies are being procuring by procurement unit, UNDP.

4.7 Audit

An external auditor funded by UNDP in March 2009 audited the LGSP. Related documents were provided and Ms. Jill Engen as CTA and Mr. Arcangelo Leite, the Minister of State Administration and Territorial were interviewed for this purpose.

4.8 Planned activities for next quarter

- **Programme Steering Committee (PSC) Meeting:**
The second PSC meeting, which was agreed by the members to be held in January 2009 was postponed and it is expected to be held in April 2009. This postponement was due to the new introduction of the JP annual reporting format, and the absence of CTA as Ms. Jill Engen has been appointed for new position in the regional office. With this staff turnover, the project finds it difficult to finalise the annual report, which is scheduled to be presented at the PSC meeting.
- **Recruitment**
Finalize recruitment of CTA, communication adviser, LDP Coordinator, policy & legislation clerk, driver coordinator, and Finance Clerk. It is expected that there is a hand over process for new CTA in the next quarter.
- **Monitoring and Evaluation:**
Four staff, two from LGSP and two from DN-DLOT will participate in training on Monitoring & Evaluation and MIS in Indonesia in May. Monitoring and Evaluation Manual will be finalised, and subsequently training will be provided to LGSP and DN-DLOT staff on how to use the manual. Updating MIS data will continue. Field monitoring visit including data collection will be conducted for the implementation of infrastructure project in 8 pilot districts.
- **Procurement**
Finalise recruitment process for motorbikes, furniture, and IT equipment for Local Assemblies. Follow up procurement process for short-term consultants and printing of communication materials.

Annex 1. COMMENTS TO AWP 2009: PROGRESS COMPARED TO ANNUAL WORKPLAN

This summary is a narrative of results against the AWP report for January to March 2009.

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	Continued support to 29 District and Sub-district Assemblies, as well as 21 SDDCs. All LAs have completed their planning process and revisions of 2009 budget, except Lautem district. Finance and procurement Refresher training of all DAT, Finance Teams and local tender boards are completed.
1.1.2 Support to Establishment of Local Oversight Committee	Ongoing	All Assemblies had been informed through a formal letter by the government on the establishment of Local Oversight Committee.
1.1.3 Finance Report Meeting	Ongoing	The individual meeting was held with Finance Officer during the finance report submission. It is expected all finance report meetings will be held next quarter.
1.1.4 Observe DA, SDA finance revision meeting including LA meeting in pilot districts	Completed	2009 budget revision were discussed in first meeting at the LAs, in total 119 projects were approved after budget revision of 2009 investment plan was done.
1.1.5 Provide IT equipment to LA secretariat	Ongoing	In total 8 computers and printers were procured by Procurement Unit. They are expected to be delivered to district offices around May or June.
1.1.6 Provide furniture/equipment to LA secretariat	Ongoing	8 motor bikes and 8 sets of furniture were procured by the Procurement Unit. They are expected to be delivered to district offices around May or June.
1.1.7 Provide meeting allowances for DA and SDA members and operational budgets to LAs	Partially Completed	Budgets for Quarter 1 and 2 were transferred to the local bank accounts. This year the government decided to transfer the budget in every 6 months (half year).
1.1.8 Study tour to national parliament and/or exchange between LA from different pilot districts	scheduled for quarter 3 & 4	
1.1.9 Announce LDF allocations for D and SD for FY - 2009	Completed	Allocations were announced in February 2009.

1.1.10 Evaluation of D and SD performance against the defined Minimum Conditions, and announcement of the D and SD MC results.		
1.1.11 Allocate D and SD funds in accordance with defined LDF financial mechanisms	Completed	LDF budgets for 8 districts were transferred based on their revised budgets for 2009. The government has transferred 100% of the total amount of the budget allocation for each LA's bank account in March. The budgeted execution will be managed by LA based on the finance regulation, including how to face the payment to local contractors.
1.1.12 Revision of procurement and finance training materials	On going	The procurement training material was reviewed. It is expected to be finalised by April. The finance guideline has minor change, so it has being finalised.
1.2 Gender Support Activities	Scheduled for quarter 3	
1.3 Establish robust and transparent PFM systems (including auditing procedures) at the local level		
1.3.1 Establish internal LDP audit procedures and modalities	Scheduled in 2010	There were quite a few uncertainties regarding the PEM system that will be implemented with the LG reform, this activity has therefore been re-scheduled to 2010.
1.3.2 Provide training to national and local stakeholders in new audit procedures	Scheduled in 2010	Same as the above
1.3.3 Establish internal M&E system for MSA & LAs	Scheduled in 2010	Same as the above
1.3.4 Provide training to national and local stakeholders in new M&E procedures	Scheduled in 2010	Same as the above
1.4 Introduce specific capacity building activities targeted at female members of Local/Municipal Assemblies		
1.4.1 Establish a CB programme aimed at improving gender awareness in LA	Scheduled for quarter 3	This activity is scheduled for quarter 3.
1.5 Introduce measures to improve the levels/quality of participation in Local/Municipal Assemblies and Suco Councils (Standing Committees, training, etc.);		
1.5.1 Training for local stakeholders in planning and budgeting regulations modules in 8 districts	Scheduled for quarter 4	This activity is scheduled for quarter 4.
1.5.2 Refresher training for local stakeholders in planning, budgeting, finance, procurement and O&M modules in 8 districts		
1.5.3 Refresher training on planning, finance and procurement regulation for LGSP and DNDLOT staff	Re-scheduled for quarter 2	Due to the very tight of first quarter scheduled, this activity was re-scheduled to next quarter.
1.5.3 Preparations design and costing module and training seminar for PIC members	Scheduled for quarter 2	It is expected to conduct AutoCad training by mid-April .
1.5.4 Training of Community Contracting	Schedule for	This activity is scheduled for quarter 3

guideline	quarter 3 and 4	and 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 Regulatory framework and guidelines for implementation		
2.1.1 Continued work on LG legislation	ongoing	LG legislation approved by CoM and being submitted to the National Parliament for discussion and final approval.
2.1.2 Draft and issue Guidelines on Rules and Procedures for Municipal Assemblies	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.1.3 Formulate and issue Decree Law on Rates of Remuneration for Mayors, Deputy-Mayors, Speakers, Standing Committees and Members of MAs	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.1.4 Formulate and issue Decree Law on Municipal Organizational Structure	Scheduled in Q2&3	Not scheduled for first quarter but TOR has been drafted the consultant is expected to carry out the assignment in May.
2.1.5 Formulate and issue Decree Law on Municipal Personnel Management	Scheduled in Q3	This activity is scheduled in Q3.
2.1.6 Formulate and issue Ministerial Decree Law on Relations between Municipal Assemblies and Suco Councils	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.1.7 Formulate and issue Decree Law on Criteria and Procedures for Creation, Modification and Dissolution of Municipalities	N/A	Not scheduled in 2009.
2.2 Regulatory framework for Municipal fiscal and financial management		
2.2.1 Assess existing software platforms for PFM (and possible design of interface software)	Re-scheduled in Q2 -	It was originally scheduled in March 2009, but due to unavailability of a consultant, this was rescheduled in Q2 onward.
2.2.2 Municipal public financial management	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.2.3 Formulate and issue Decree Law on Municipal Budgeting and Financial Management Manual	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.2.4 Draft and issue Guidelines for Municipal Planning, Budgeting and Implementation	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.2.5 Draft Municipal Procurement decree law and Manual	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.2.6 Formulate and issue decree law on municipal revenues (Fees, Charges, Fines and External Grants)	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.

2.2.7 Formulate and issue decree law on municipal finances: Block Grants	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.2.8 Formulate and issue decree law on municipal finances: Specified transfers	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.2.9 Calculation of 2010 budget envelopes and inclusion in 2010 submission	Scheduled in Q4	This activity is scheduled in Q4.
2.3 Decentralising sector service delivery functions		
2.3.1 Prepare for devolution of primary health care functions to municipalities (Sector DSF, Decree Law, amended regulations, costing)	ongoing	Initial work on functional assignments was completed and is to be continued in May and June 09.
2.3.2 Prepare for devolution of infrastructure delivery functions to municipalities (Sector DSF, Decree Law, amended regulations, costings)	ongoing	Initial work on functional assignments was completed and is to be continued in May and June 09.
2.3.3 Prepare for delegation of regulatory and registry functions to municipalities (Sector DSF, Decree Laws, amended regulations, costings)	ongoing	Initial work on functional assignments was completed and is to be continued in May and June 09.
2.3.4 Prepare for decentralisation of social assistance and social protection functions to municipalities (Sector DSF, Decree Law, amended regulations, costing)	ongoing	Initial work on functional assignments was completed and is to be continued in May and June 09.
2.3.5 Continue Ministerial TWG activities on sector decentralization and coordination	ongoing	An initial coordination meeting was held in February 09 with all MTWGs to prepare for functional assignment mission during March. The coordination will continue throughout the decentralisation processes.
2.4 Communications and consultations		
2.4.1 Undertake intensive dissemination of information and communications during run up to and after municipal elections	N/A	This activity will be conducted in the communications component.
2.5 Management of Transitional Period and establishment of Municipalities		
2.5.1. Define strategy for transitional period between holding of elections and establishment of municipalities	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.5.2 Training MSATM staff, MECs and political candidates in transitional arrangements	Scheduled in Q3&4	This activity is scheduled in Q3 and Q4.
2.5.3 Establish municipalities	Scheduled in Q3&4	This activity is scheduled in Q3 and Q4.
2.5.4 Support municipal planning and budgeting for 2010	Scheduled in Q4	This activity is scheduled in Q4.
2.6 Municipal Capacity Building		

2.6.1 Design Municipal Capacity Building Strategy (MCBS)	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.7 Demarcation of Municipal boundaries		
2.7.1 Define a methodology for demarcation of municipal boundaries	Scheduled in Q2&3	This activity is scheduled in Q2 and Q3.
2.8 Reconfigure MSATM		
2.8.1 Undertake institutional assessment of MSATM	Scheduled in Q2	This activity is scheduled in Q2.
2.8.2 Restructure MSATM	Scheduled in Q3&4	This activity is scheduled in Q3 and Q4.
2.9 Engaging development partners		
2.9.1 Establish Joint Local Governance Forum (JLGF)	Rescheduled in Q2 onward	This activity was rescheduled in Q2 onward.
2.9.2 JLGF operational	Scheduled in Q2&3&4	This activity is scheduled in Q2, Q3 and Q4.
2.10 Oversight, policy reviews and taking stock		
2.10.1 Establish Inter-Ministerial Commission on Decentralisation	Scheduled in Q2	This activity is scheduled in Q2.
2.10. 2 Oversee and review implementation of Decentralisation reforms	Scheduled in Q2&3&4	This activity is scheduled in Q2, Q3 and Q4.
2.10. 3 Carry out baseline survey of local governance	Scheduled in Q2	This activity is scheduled in Q2.
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	Re-scheduled for Q2	The drafted radio program has not been broadcasted due to a delay in signing the co-production contract with RTL
3.1.2 Monthly decentralization bulletin	In process	3 monthly issues have been completed in Q1, according to the production schedule
3.1.3 Fact sheets	In process	A fact sheet on the government plan for Municipalities has been drafted and is in production, expected to be completed in Q2
3.1.4 Material Production	In process	Production of the 2009 Calendar was completed in Q1.
3.1.5 Community Radio Talk Shows	Rescheduled for Q2	The Communication's visit to Manufahi did not include a talk show due to the radio being off-air. A talk show is scheduled in Q2 during the communication's team visit to Oecusse.
3.1.6 TVTL Talk show & theme song for decentralization	Re-scheduled for Q2 or Q3	This activity was not scheduled for Q1.

3.1.7 Production of information DVDs	In process	The first round of DVD production for the civic education video was completed in the first quarter. The second editions will be completed later in the year.
3.2 Civic Education		
3.2.1 Implement Civic Education CB module 1	In progress	A contract with CONCERN has been signed for implantation of CB Module 1 during Q2 and Q3, and a TOT for the initiation of this training scheduled for April 6-7.
3.2.2 Implement Civic Education CB module 2	Re-scheduled	CB Module 2 was drafted in 2009, but cannot be finalized before the approval of the laws on local governance.
3.2.3 Printing Material (Flipchart and Handout)	In process	The printing of the flipchart and handout has begun but has not yet been delivered. This activity should be completed by Q2.
3.2.4 Information/postal boxes District and Sub-District	Re-scheduled	This activity has been re-scheduled for Q3 or Q4.
3.2.5 Media and Communication training	Re-scheduled for Q3	Activity not planned for Q1.