



The January-March 2013 Quarterly Report, Local Governance Support Programme (LGSP)

Reporting period: 1 January – 31 March 2013

Reporting Date: 31 April 2013

Local Governance Support Programme (LGSP)
First Quarterly Report 2013
Reporting Period: 1 January – 31 March 2013

Programme Title and Number	Country, Locality (s), Thematic Area (s)
Programme Title: Local Governance Support Programme (LGSP) UNDP-BU: 45604 (Award ID), 53898 (Project ID) UNCDF-BU: 45923 (Award ID), 54392 (Project ID) 45924 (Award ID), 54393 (Project ID) MDTF Office: 55656 (Award ID)	Country: Timor-Leste Thematic Area (s): - Local Governance and Decentralization - Poverty Reduction
Participating Organization (s)	Implementing Partners
UNDP and UNCDF	Ministry of State Administration
Programme/ Project Cost (US\$)	Program Duration
Participating Agency Contribution 2007 - 2011 UNDP US\$ 1,060,000.00 UNCDF US\$ 650,000.00 2012 - 2013 UNDP US\$ 200,000.00 UNCDF US\$ 200,000.00	Overall duration: 7 years Start date: 01/2007 End date/ Revised end date: 12/2013
Government Contribution 2007 - 2011 US\$ 9,768,515.00 2012 - 2013 US\$ 12,600,000.00	Operational closure date: N/A
Other Contribution (Donors) 2007 – 2013 (as of 30 April 2013) Irish Aid: US\$ 2,422,123.00 (Pass-through funding) Norwegian Government: US\$ \$519,597.00 (Pass-through funding) Irish Aid: US\$ 838,795.00 (Cost-sharing) Norwegian Government: US\$ 119,327.00 (Cost-sharing)	Expected financial closure date: Project extension agreed by the Project Steering Committee (PSC)
Total US\$	
Programme Assessment/ Mid-term evaluation	Submitted by:
Assessment completed: Two consultation missions regarding a two-year project extension (2012-2013) were carried out respectively in May and June 2011	Name: Alessandro Righetti, Chief Technical Advisor Participating Organization (Lead): UNCDF Email: alessandro.righetti@uncdf.org
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¹ Priority Area for the Peace building Fund: Sector for the UNDG ITF.

² The start date is the date of the first transfer of the funds from the MDTF Office as Administrative Agent. Transfer date is available on the MDTF Office GATEWAY (<http://mdtf.undp.org>).

³ All activities for which a Participating Organization is responsible under an approved MDTF program have been completed. Agencies to advise the MDTF Office

LIST OF ABBREVIATIONS AND ACRONYM

DA	District Assembly
KDD	District Development Committee
DNDLOT	National Directorate for Local Development and Territorial Management
DSF	Decentralization Strategic Framework
GoTL	Government of Timor-Leste
EVAS	Equipa Verifikasaun, Avaliasaun no Supervisaun
ISD	Infrastructure and Service Delivery
KDD	Komisaun Dezenvolvimento Distritu
KDSD	Komisaun Dezenvolvimento Sub-Distritu
LDF	Local Development Fund
LDP	Local Development Program
LG	Local Governance
LGOS	Local Government Options Study
LGSP	Local Governance Support Program
LoA	Letter of Agreement
MC	Minimum Condition
MoF	Ministry of Finance
MSA	Ministry of State Administration
MTWGs	Ministerial Technical Working Groups
NGO	Non-Governmental Organization
NIM	National Implementation Modality
PBGS	Performance Base Grant System
PDD/DDP	Decentralized Development Programme
PDID	District Integrated Development Planning
PEM	Public Expenditure Management
PFM	Public Financial Management
PM	Performance Measures
SKDD	Sub-District Development Committees
SDP	Suco Development Plan (also acronym for Strategic Development Plan 2011-2030)
SKDD	Sorumotu Koordenaun Dezenvolvimento Distritu
TWG	Technical Working Group
SKDN	Sorumotu Koordenaun Dezenvolvimento Nacional
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program

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I. Programme Overview

The Local Governance Support Programme (LGSP) is a joint programme funded by the Government of Timor-Leste (GoTL), The Government of Ireland through Irish Aid, the Government of Norway, UNDP and UNCDF. It is being implemented over a 7-year period (2007-2013). The current LGSP II (2012-2013) is an extension of LGSP I (2007-2011). The overarching goal of the LGSP is to contribute towards poverty reduction in Timor-Leste. The objective of the programme is to support the establishment of accountable and effective local government and decentralization, by endowing accountable local government bodies with greater responsibilities for planning, budgeting, and implementation of infrastructure and service delivery. To achieve its purpose, LGSP II will deliver three key outputs:

Output 1: Improved capacity for local service delivery (ISD) by sub-national bodies with increased citizens participation

This output builds on the former Local Development Programme (LDP), which started as a national pilot programme in 2004 with the objective of testing different models for decentralization and local governance. The LDP supports capacity development at the local level through the provision of block grants to local assemblies, which are responsible for allocating and managing a small capital budget for local infrastructure programs, called the Local Development Fund (LDF). The first pilots started in 2005. In 2010 the LDP was up-scaled to all 13 districts, making it a nation-wide local development program. Once municipalities will be created in the context of decentralization, LGSP plans to support the establishment of local government systems and procedures in the new municipalities, and the continued strengthening of local capacities for public service provision.

Output 2: Improved institutional, legal, and regulatory framework established in support of effective local governance

Through this output, which continues the work started by the Local Governance Options Study (LGOS) in 2003, the programme supports the development of a policy framework for the establishment of a full-fledged local government system in Timor-Leste. This output includes the provision of technical support to the drafting, internal discussion and eventually external consultation of policy and legal instruments that are necessary to establish an effective and accountable local government in Timor-Leste.

Output 3: Project Management Support

This output refers to the support provided for the management aspect of the project, which comprises operations management, resource mobilization, fund management, human resource management and communication and civic educations activities for local governance and decentralization.

The project aims at supporting the governance/institutional strengthening strategic sector of the priorities under the Development Policy Coordination Mechanism (DPCM) established by the Government of Timor-Leste with particular focus on ‘promoting decentralization and local government reforms processes’. The Joint Programme is linked to the UN Development Assistance Framework (UNDAF) 2009-2013 (extended to 2014) as below:

Outcome 1.1: State organs and institutions are more efficient, transparent, accountable, equitable, and gender responsive in planning and delivery of services.

Output 1.1.3: The Government has a clear legal framework for decentralization

Output 1.1.4: The established local government institutions have the core capacities to fulfill their mandates.

II. Implementation and Monitoring Arrangements

The programme is developed and implemented as an integrated part of the Ministry of State Administration (MSA) (Ministry of State Administration and Territorial Management (MSATM) in the 4th Constitutional Government of RDTL). Until mid-2010, LGSP worked directly with and was embedded in the National Directorate for Local Development and Territorial Management (DNDLOT), which was created in 2008 to oversee the LDP pilot and the decentralization reform process.

Following a request by the Minister in mid-2010, LGSP adjusted its structure to work with a broader counterpart structure, including the Director General and five key directorates within MSA, depending on the subject concerned. The five directorates are: Directorate for Local Development (regarding the LDP), Directorate for Local Administration (regarding decentralization policy issues) Directorate of Finance, Directorate of Sucos (Villages), and Institute for Public Administration Reform for capacity development issues. In addition, policy issues are closely coordinated with the Minister of State Administration.

As part of the Joint Programme of cooperation with the Government of Timor-Leste as fully described in the “Joint Programme Document” dated 30 January 2012, it was agreed to establish a coordination mechanism through a Steering Committee chaired by the Minister of State Administration with membership of UNDP, UNCDF, and the donors: Irish Aid and the Norwegian Government, to facilitate effective and efficient collaboration between the Participating UN Organizations and the host Government for the implementation of the Joint Programme (JP). The Project Steering Committee (PSC) provides programme oversight and guidance on the implementation of the programme. The PSC meets twice a year to discuss LGSP progress and endorse programme orientation with the main agenda for endorsing the annual work plan, the annual progress reports, and adjustments required.

The programme follows UNDP/UNCDF procedures and manages all procurement processes through the UNDP Country Office in Timor-Leste or UNCDF Regional Center in Bangkok.

LGSP operates a Monitoring Information System to manage data on project progress in a systematic manner. LGSP team meetings are held on a regular basis and there are daily management meetings to discuss the progress, planned activities and any challenges as well as follow-up actions to address any area lagging behind. These meetings have proved to be essential for establishing a regular channel for communication and coordination within the LGSP team. The programme reports on a quarterly basis on the progress against assigned

outputs and activities, challenges and issues in the consolidated report. Annual reports are prepared and shared with the MSA as well as donors. It reports on the achievements made and challenges encountered during the year.

The UN Participating Organizations have appointed the UNDP Multi Partner Trust Fund (MPTF) Office to serve as their Administrative Agent (AA) for this Joint Programme. The AA is responsible for a range of fund management services, including: (a) receipt, administration and management of donor contributions; (b) transfer of funds approved by this Joint Programme to Participating Organisations; (c) Consolidate statements and reports, based on submissions provided to the AA by each UN Participating Organisation; (d) synthesis and consolidation of the individual annual narrative and financial progress reports submitted by each Participating Organization for submission to donors through the Steering Committee.

III. Recent Policy Developments

Approval of State Budget 2013

The State Budget 2013 was approved by the National Parliament in mid-February. During the parliamentary plenary session, an additional US\$ 3 million were added to PDID budget, which further increased the total PDID budget from US\$68.2 million to US\$71.3 million. The Ministry of Finance (MoF) is expected to release official figures of PDID 2013 budget allocated to each district in April.

Approval of the MSA Organic Law

On 19 March the Council of Ministers approved the organic law defining the structure and the functioning of MSA. It envisages the establishment of three directorates general within MSA with some eleven directorates and two secretariats. The secretariats were established to be responsible for the National Program for Suco Development (PNDS) and the Municipal Installation Committee (CIM).

District consultations on the decentralization process

The SEDA and SEDL of MSA are carrying out the first round of a consultation process with districts led by the Prime Minister (PM) with District Administrators, community leaders, veterans, youth groups, Civil Society organizations (CSOs), and local contractors. The objective of this first round consultations is for government to share as well as to understand local stakeholders opinion about the establishment of Municipalities and to provoke reflection and discussion to make the decentralization process actively driven bottom-up. Some of the questions being asked are: what is their understanding about decentralization; what are the advantages and disadvantages; what will be the potential impacts; what are the requirements for a district to become a municipality; etc.

The Government's Five Year Programme aims to introduce 3-5 municipalities by 2017. The PM-led consultations will continue during this year to discuss technical and structural issues, including the draft law for decentralization. The pace and scale of implementation of decentralization will depend on preparedness of districts. Municipality Installation Committees are being established this year to assist with the preparation. UNDP has been requested to assist with the administrative training as part of the preparations for municipalities.

IV. Activities and Achievements during the Reporting Period

Output 1: Local Development Programme

Improved capacity for local infrastructure and service delivery (ISD) by sub-national bodies with increased citizen participation

Key Results for 2013:

- Application of new project implementation procedures following the approval of the PDID Procurement Decree Law by the Council of Minister

Key achievements in the first quarter:

- The first KDD (Local Organs of Local Development) meetings were successfully conducted in 13 districts

1.1. Continued Revision of PDID 2013 Projects Design and Bill of Quantity (BoQ)

The planning process that was started last year with the presentation of project proposals by sucos and sectors and their prioritization at the sub-district and district levels, culminated in September. Following this, the approved projects were screened by the Budget Review Committee which made some modifications by excluding some projects and including some new ones, and eventually submitted for their inclusion in the Budget bill. The Parliament itself, during the discussion of the bill in February this year, added about 3 million as described in a previous section of this report. At the same time, ADN has been revising project designs and BoQ and requesting modifications. This process is still continuing, as not all projects have yet been cleared by ADN. In this context, LGSP has been providing assistance to MAE in the revision of these documents and their re-submission to ADN. It also assisted in designing new projects and BoQ for the additional PDID budget of about US\$3 million approved by the National Parliament. It is now urgent to conclude these revisions in order not to further delay the implementation of PDID 2013 projects.

1.2. Implementation of the PDID 2013 Project Cycle

Following MSA Dispatch No.75/GM/III/2013, on 18 March the Minister of State Administration announced PDID 2013 budget allocated to the districts. The MSA only announced the total budget of US\$ 71.34 million (Law No.2/2013 on State Budget 2013). Budget details for each district were not announced as the final figures are still being revised by the Ministry of Finance (MoF).

Implementation of PDID 2013 projects has not started due to the late approval of the PDID Procurement Decree Law and delays in the technical revision of project design and BoQ.

The following tables and figures summarize the PDID 2013 budget as it appeared in State Budget Book 3, prior to National Parliament approval. Final figures reflecting the budget allocation of US\$ 71.34 million as approved by the National Parliament are not yet available and will be reported in the second quarter.

Table 1: PDID 2013 Budget Allocation by District (\$0'000)

District	Number of Project	Budget Allocated
Aileu	31	3.55
Ainaro	35	4.79
Baucau	41	8.35
Bobonaro	39	5.65
Covalima	34	4.44
Dili	50	9.97
Ermera	38	4.78
Lautem	31	3.33
Liquica	34	5.45
Manatuto	28	5.05
Manufahi	29	3.16
Oecussi	36	4.77
Viqueque	31	4.91
Total	457	68.19

Figure 1: Percentage of PDID 2013 Budget Allocation by District

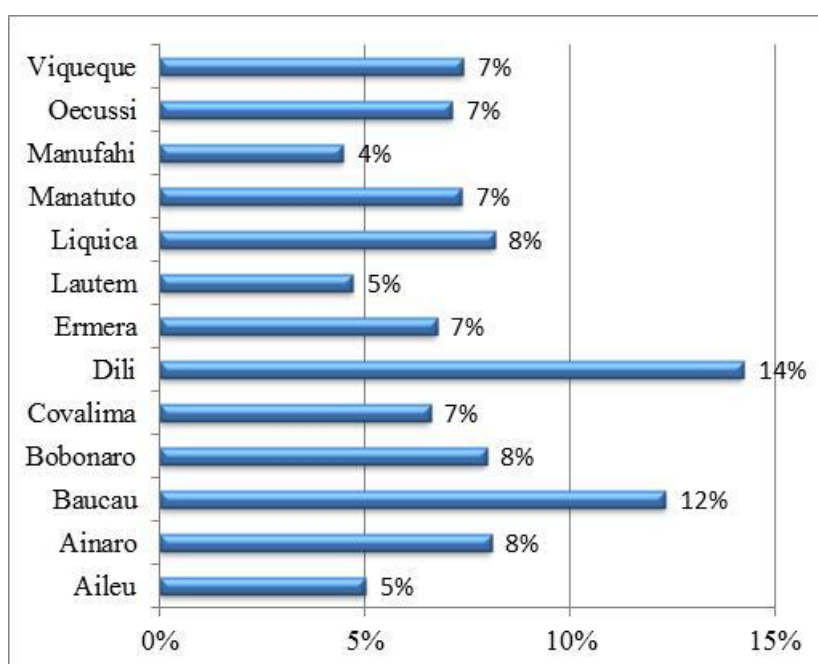
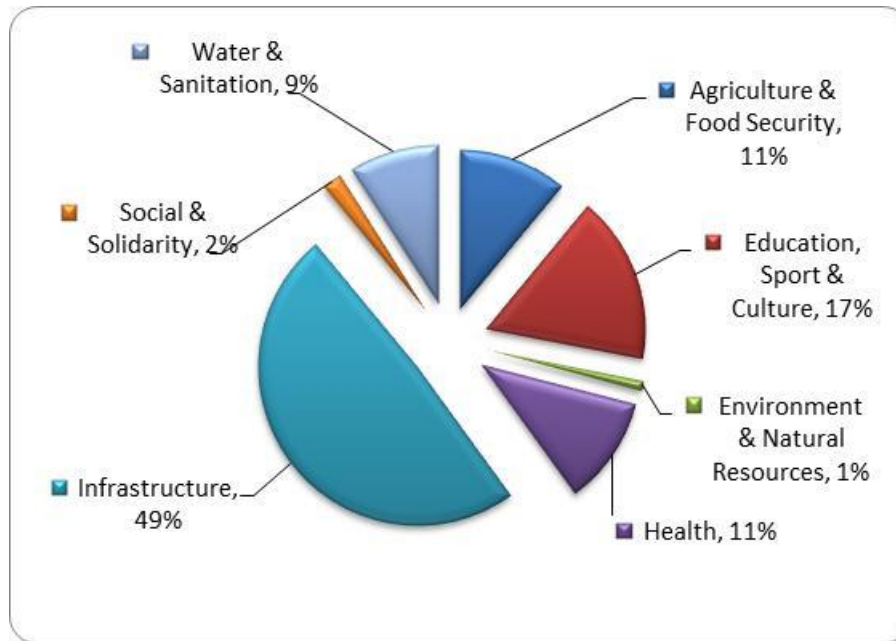


Table 2: PDID 2013 Budget Allocation (\$0'000)

Sector	PDID Budget 2013	
	Number of Project	Budget Allocated
Agriculture & Food Security	55	7.50
Education, Sport & Culture	73	11.59
Environment & Natural Resources	5	0.68
Health	55	7.50
Infrastructure ¹	211	33.41
Social & Solidarity	9	1.36
Water & Sanitation	50	6.14
Total	457	68.19

¹ Categorized as infrastructures includes construction and/or rehabilitation of community centers, rural roads and bridges, protection walls against floods and landslide, monuments, recreational facilities and local office buildings.

Figure 2: Percentage of PDID 2013 Budget Allocation per Sector



1.3. Planning Process for PDID 2014 Project Cycle

The announcement of the PDID 2013 budget also set an indicative agenda for the 2014 PDID planning process. The planning process for the 2014 project cycle has already started. The PDID 2013 budget will be used as the reference (plus 10%) to develop District Investment Plans (DIP) for the 2014 project cycle.

1.3.1. The First KDD Meeting

The 1st KDD meetings to start the PDID 2014 planning process were successfully conducted in 13 districts, from 20 March to 27 March. The meetings aimed at:

- Informing KDD members about the PDID procedures and the revision;
- Approving the composition of the KDDs;
- Presenting the 2013 District Investment Plan (DIP) and the annual budget that was approved by National Parliament;
- Approving the Planning and Implementation calendar;
- Presenting the budget narrative including the recurrent costs;
- Nominating KDD members to the EVAS and District Procurement Committees (DPC).

The presentation on DIP and District Annual Budget could not be made during the KDD meeting, as the Ministry of Finance (MoF) has not released the final budget figures approved by the National Parliament. Below are the dates of first KDD meetings in the districts.

Table 3: The Date of First KDD Meetings at the District

Date	District
20 March	Dili, Liquica
21 March	Aileu, Baucau
22 March	Ainaro, Bobonaro, Lautem, Manatuto
25 March	Ermera, Manufahi, Oecussi, Viqueque
27 March	Covalima

1.4. Implementation of LDP projects (2012 project cycle)

As reported last year, the total number of LDP projects for 2012 was 215. As of 31 March, 202 projects were completed and 13 projects are still ongoing. About US\$ 5.8 million, out of a total capital budget of USD 6.3 million, has already been paid for the completed projects and as advances made for ongoing projects. The remaining 13 projects are smaller projects that financed through saving from the tendered processes. Delays in their implementation were due to late signature of contracts for re-tendered projects and late advance payment made to community contracts. Some of these contracts were only signed in November and December last year. The following two tables summarize the progress of project implementation as of 31 March 2013.

Table 4: Physical Progress of LDP Project Implementation

District	Physical Progress				Total
	Not yet started	50%	50% -95%	100%	
Aileu	0	0	1	10	11
Ainaro	0	0	3	12	15
Baucau	0	0	1	15	16
Bobonaro	0	0	1	17	18
Covalima	0	1	1	15	17
Dili	0	0	1	14	15
Ermera	0	0	0	27	27
Lautem	0	0	1	14	15
Liquica	0	0	0	12	12
Manatuto	0	0	1	13	14
Manufahi	0	0	0	21	21
Oecussi	0	0	0	21	21
Viqueque	0	0	2	11	13
Total	0	1	12	202	215

Table 5: Ongoing Projects as of 31 March 2013

District	Number of Project	Total Budget
Aileu	1	34,760.65
Ainaro	3	42,000.00
Baucau	1	86,300.73
Bobonaro	1	38,300.73
Covalima	2	143,327.63
Dili	1	38,288.66
Ermera	0	0
Lautem	1	30,000.00
Liquica	0	0
Manatuto	1	24,000.00
Manufahi	0	0
Oecusse	0	0
Viqueque	2	20,000.00
Total	13	456,978.34

1.4. Recruitment of District Technical Staff

The LoA signed on 12 August 2011 between MSA and UNDP, under the LGSP framework, allows MSA to recruit two Engineers and 13 district level Technical Staff with UNDP funding to support KDD activities. As of 31 March 2013, 10 district technical staff and two national engineers have been recruited. The two national engineers are expected to start work in the second quarter. While, the remaining three district technical staff for Manatuto, Manufahi and Viqueque are expected to be recruited within the next quarter. Please see Annex 1-1 (table 15) for details of technical staff recruited under LoA

Expenditures made by MSA against the LoA advance as of 31 March is US\$ 13,519.50. The expenditure detail is summarized in the following table.

Table 6: LoA Expenditure as of 31 March 2013 (Amount in US Dollar)

Budget Category	Authorized Amount	Actual Expenditure	Balance
Staff salary	5,814.00	13,039.00	(7,225.00)
Travel	2,640.00	480.50	2,159.50
IT Equipment	5,400.00	-	5,400.00
Total	13,854.00	13,519.50	334.50

The complete reports of expenditures were submitted by MSA to UNDP on 8 April 2013, jointly with the request for the next advance payment for the amount of US\$ 11,666.45. The requested amount will be used to cover staff salary and travel cost for the period of first quarter of the year.

Output 2: Policy and Legislation

Improved institutional, legal, and regulatory framework established in support of effective local governance

- Key Results for 2013: Approval of PDID Procurement Decree Law by the Council of Ministers

Key achievements during this quarter:

- Approval by MSA of a revised planning manual;
- Approval of amended Ministerial Decree on the elaboration of the District Investment Plan;
- Approval of PDID 2013 budget narrative by MSA, and planning process for PDID 2014;
- Drafting of the Ministerial Decree regulating the PDID Procurement

2.1. Development of subsidiary legislation to support local level PEM/PFM systems and procedures

During this quarter, LGSP supported MSA in the drafting and revision of the following ministerial decrees:

2.1.1. Approval of PDID Procurement Decree Law

The PDID procurement regime, which was initially planned to be a Ministerial Diploma to be jointly approved by Ministry of State Administration (MSA) and Ministry of Finance (MoF), has been instead approved as a Decree Law on 26 March 2013. This is significant as it gives to this new piece of legislation the strength that comes from a formal approval by the CoM.

The procurement regime determines two important steps: i) prequalification process to determine the eligibility of the companies before tendering; ii) competitive bidding process before awarding a contract.

The decree law also regulates the establishment of District Procurement Commissions as a sub-structure of the KDD that is responsible for carrying out prequalification and tendering processes at the district level. The commissions will be composed of five KDD members, plus the participation of a member of the National Agency for Development (ADN) without voting right. The MSA will have supervision and oversight roles on local procurement

processes.

The legal provisions of the ministerial decree take into consideration many of the lessons learned from the LGSP local government pilot programme and were inspired by the national procurement regime, but they also took into account some lessons learned from the PDD procurement regulations.

2.1.2. Drafting of Ministerial Decree regulating the PDID Procurement Regime

The LGSP supported MSA in the drafting of the Ministerial Decree regulating the PDID procurement regime. This ministerial decree, which has yet to be approved, will regulate in detail the procurement principles, methods and procedures as well as the objective and requirement of the pre-qualification process. Besides, it will define the composition and competencies of the District Procurement Commission (DPC) and will regulate its functioning, its obligations for confidentiality and the resolution of conflict of interests associated with the commission.

The decree will then define the evaluation processes for awarding contracts for competitive bidding process as well as the exceptional use of the single source method. Furthermore, it will also define sanctions for contractors and complain mechanism. The approval of the decree will need to wait for the previous publication of the procurement decree law which, although approved in March, has yet to be promulgated and published in the official gazette.

2.1.3. Approval of Ministerial Diploma on PDID Budget Narrative, Recurrent Expenditure, and Planning Process for 2014 Project Cycle

When the Decentralized Development Program (PDD) was implemented, there were no budget narratives to regulate recurrent expenditures. After the implementation of the PDID, the LGSP has provided support to MSA in the preparation of a budget narrative for PDID recurrent expenses for 2013. The budget narratives describe in detail line items and the amount allocated for each activity such as meeting, travel, sitting allowance and verification and supervision of project implementation.

2.1.4. Amendment of Ministerial Decree on the Elaboration of District Investment Plan (Ministerial Decree No. 9/MAEOT/2012)

The decree-law on PDID determines that the nine steps of the planning process conducted by the organs of the PDID should use pre-determined tools for prioritising project proposals and should also use a pre-set indicative menu to determine whether a project is eligible for PDID funding or otherwise.

Thus, LGSP supported the MSA in the amendment of the ministerial decree to: (i) re-define the tools and criterion used for project proposal prioritisation and, (ii) re-define indicative menu for determining eligibility of project proposal for PDID funding.

The revision and changes are summarized in the following table:

Table 7: Summary of PID Revision

Tools and criteria:	Initial	Revision
		Matrix Sector Multi Criteria
	1) Priority at Suco, Sub-district or Territorial Delegation (TD) level 2) If more than one Suco or TD proposed the project 3) Change of time after the project implemented 4) Number of household beneficiaries 5) Local contribution 6) Census result	1) Priority at SDDC or TD level 2) Number of beneficiary 3) Changes of time after the project implemented 4) Solve the community problems identified in census result For DSDP district no.3 and 4 were changed to: 3) District investment based on table 6 of DSDP 4) Suco priority in table 8 of DSDP
	Matrix Multi Sector Multi Criteria	Matrix Multi Sector Multi Criteria
	1) Priority at Suco, Sub-district and TD level 2) Result from matrix multi criteria 3) Cost per household beneficiary 4) Women beneficiary 5) Local contribution 6) National priority	1) Priority level at SDDS or TD level 2) Result of matrix sector multi criteria 3) National development priority 4) Number of beneficiaries For DSDP district no.3 and 4 of non DSDP district were

		<p>changed to:</p> <p>3) Gender equality strategy as in DSDP</p> <p>4) Social economic strategy</p> <p>5) Climate change resilience strategy</p>
Indicative menus	Mainly indicate construction works in all seven sectors such as: health; water and sanitation; education, culture and sport; agriculture, food security and business; environment and natural resources; infrastructure and social solidarity	Revised to include rehabilitation work related to these seven sectors. Project proposals that are not fall into these seven sector were define as other sectors to facilitate the identification by PDID organs

2.1.5. Revision of Guidelines for the Elaboration of District Investment Plan (DIP)

The Guidelines for the Elaboration of DIP were reviewed during the first quarter to set for:

- i) The procedures that Sucos will use to identify project proposals from Suco Development Plans (SDP);
- ii) Number of project proposals that each PDID organ can submit;
- iii) The Criterion for matrix prioritisation.

The number of project proposals that each Suco can send to the Sub-District Development Commission (SDDC) has been reduced from seven to three, and the TD at the sub-district level that previously could jointly submit two proposals can now submit one per each TD.

The number of project proposals that each SDDC should send to District Development Commission were set as follows:

- i) SDDC with five (5) or less Suco should send four (4) proposals;
- ii) SDDC with ten (10) or less Suco should send seven (7) project proposals;
- iii) SDDC with more than ten (10) Suco should send nine (9) proposals

The matrix was then divided into two versions and one of them was particularly designed to link with and to facilitate the District Strategic Development Plan (DSDP) in Liquica (please see section 2.2).

The changes to these items, including planning formats and tools, which were approved by the MSA has been printed, distributed and used during the first KDD meetings in all 13 districts in March 2013 (please see section 1.2).

2.2. Support for piloting District Strategic Development Plan (DSDP)

LGSP has been supporting MSA in the preparation of the pilot DSDP in Liquica since October 2012. The Liquica DSDP is planned to be approved by the end of April. A draft plan (basically a consolidation of information, targets and indicators) was already prepared and submitted to the District Strategy Development Workshop. The DSDP has been drafted following a series of meetings. Currently, the plan is being finalized by District Secretary, District Development Officer, and the EVAS team. After finalization of the plan, the District DSDP Preparation Committee will distribute the draft to all KDD and KDSO members, MAE, civil society and private sector organizations for review. After the incorporation of suggestions and comments, the KDD will approve the DSDP for implementation. LGSP is technically backstopping the team responsible for the finalization of DSDP final document. The draft plan has been submitted to the District Administration for review. The LGSP team will provide technical support in the finalization of the draft plan, which will then be distributed to the KDSO and KDD members.

2.2.1. Major DSDP activities conducted during the period

- a) **Consolidation of information and preparation of draft DSDP:** All information collected from Suco, Sub-districts, Sector Agencies, and District Administration Office were analysed, consolidated and prepared for the incorporation in DSDP. The information were firstly categorized as per the sectors and secondly used for general information, setting baseline, targets and indicators of respective sectors.
- b) **Finalization of multi-sector strategies of three cross-cutting themes:** DSDP has provisioned three cross-cutting themes namely economic development and poverty reduction, climate change and adaptation, and gender equality and women empowerment. The cross-cutting themes were considered to be mainstreamed in all sectors wherever relevant. Therefore three draft multi-sector strategies of these three thematic areas were developed to incorporate into the final DSDP plan.
- c) **Review meetings of District DSDP preparation Committee:** Second review of District DSDP Preparation Committee was held on 5th of February 2013. The progress of DSDP preparation work was reviewed against the work plan of DSDP.

- d) **District Strategy Development Workshop:** District Strategy Development Workshop was conducted on 19 and 20 of February 2013. Three pillar wise sub-committees submitted pillar wise situation and sector specific situation in general and targets, indicators and baseline in particular. Similarly sub-committees dealing with cross-cutting themes presented their draft multi-sector strategies of their respective cross-cutting themes and incorporated in the draft DSDP document.
- e) **Resource estimation and finalization of priority capital investment Programme:** List of priority needs of Sucos was prepared in 2012. Each Suco had submitted 15 priority programmes by prioritizing three priority sectors and five priority programmes under each priority sector. The EVAS team estimated available resources for five years and supported Sector Agencies to finalize priority capital investment programmes based on the resources. Draft list of priority capital investment programmes was presented to the District Strategy Development Workshop. The EVAS team reviewed programme locations and finalized the list.

2.2.2 Planned Activities for Second Quarter

Initially, the DSDP preparation work was planned for three months, from October to December 2012, but due to different reasons the actual work took longer time than expected. In particular, the guidelines and templates proved to be a bit too complex for the current level of capacity in the district, so that the elaboration of simplified templates took time. And develops capacity of the district personnel involved in the process also took longer time than expected.

Therefore, the work plan was revised in the 2nd and 3rd review meeting of DSDP Preparation Committee held on 4 of December 2012 and 5 of February 2013. Based on the revision and the current status of the progress of DSDP, following activities are to be conducted to complete the plan in the next quarter.

Planned Activities for the 2nd Quarter

S.N.	Activity	Planned time (2013)
1.	Writing final draft of DSDP	Till the 3 rd week of April
2.	Review by MAE, KDD and KDSD	4 th week of April
3.	Review meetings of KDSD	4 th week of April
4.	Approval by KDD	4 th week of April

2.2.3. Support for gender mainstreaming in piloting of DSDP preparation in Liquica

Mainstreaming gender in DSDP has been a core effort since the beginning of the process. With the technical support of LGSP, the District Gender Working Group (DGWG) of Liquica District had conducted a district level gender situation analysis workshop and a SWOT analysis workshop to analyze the situation of gender equality in Liquica District. Based on the information collected from the workshops, National Census 2010, National Demographic and Health Survey 2010, administrative information of District Administration Office, Sector Agencies, Sub-district Administration Office and other research reports, the DGWG of Liquica has developed a 5 year multi-sector strategy for gender equality and women empowerment which will be included in 5 year DSDP of Liquica District.

The multi-sector strategy includes the major problems to be addressed, which are hindering gender equality and women empowerment, actions to be taken to achieve gender equality and empowerment of women, expected benefits from the action, target beneficiaries, and conditions for suitability of the efforts. Since gender is cross-cutting to all sectors, the actions included in this strategy are in line with the targets of concerned Sector Agencies mentioned in the District Strategic Development Plan of Liquica District.

2.3. Gender Training needs assessment

Gender TNA of the staff of LGSP was conducted in the 4th week of March 2013. Questionnaires were distributed by email to 14 staff members of Managers/Coordinators, Advisors, Officer, and associate level and all of them filled the questionnaire. Among the total 14 respondents, 7 (50%) were females and 7 (50%) males. Thus the needs assessment of gender training of LGSP staff has almost include the needs of both female and male staff members equally in gender balanced way. Based on the findings of the assessment, gender training needs of LGSP staff members are identified. Please see Annex 1- xx for details of training topics identified by the respondents.

2.4. Support and implement communication and outreach initiatives

For the reporting period, LGSP continued to distribute the newly produced calendar to local governance development stakeholders at district, sub-district and national level.

A bi-monthly bulletin covering January and February 2013 was drafted and expects clearance prior to its publication. Additionally, a regular update to MSA website was done providing information about the PDID Decree Law.

In addition, a revised version of the elaboration of District Investment Plan (PID) manual was printed and distributed during the first District Development Commission (KDD) or KDD meeting in all 13 districts.

Output 3: Project Management Support

3.1. Recruitment of Project Staff

During the first quarter of 2013, two positions for Planning/Infrastructure Officer were filled (see table below), while a number of position are being advertised:

- M&E Officer;
- Driver Coordinator;
- IT Assistant;
- Planning and Infrastructure Officer;
- Engineer (International UNV);
- IT Adviser (International UNV).

These positions are expected to be filled in the next quarter.

Table 8: New Recruitment and Resignation

	Position	Name of the person	Starting date	Remarks
<i>Recruitments - Service Contract (SC)</i>				
1	Planning Officer	Adilson da Costa	March 2013	Upgrade the level from SB-3 to SB-4
2	Planning Officer	Nelson V. Pereira	March 2013	
<i>Resignations</i>				
1	Driver Coordinator	Raul Sanches Lajes		Effective 1 March 2013

V. Lessons learned and Challenges

Challenges:

- The PDID procurement decree law was approved in late March and ministerial decree to implement the procurement regime has to be drafted within April to enable completion of tendering process of PDID 2013 projects by June as per MSA Annual Work Plan. Planning process for PDID 2014 project cycle also has to be completed by June, before SKDN meeting. This will pose challenges to both LGSP and MSA PDID team with limited timeframe to facilitate the implementation of 2013 projects as well as planning processes for 2014 projects cycle;
- The implementation of the DSDP into annual PDID planning process seems still confusing to district and sub-district level planners. Unless there is a ministerial decree about the transformation of DSDP priority programmes into annual PDID planning process in place, the implementation of DSDP seems challenging.
- MSA have been requested to revise PDID 2013 projects design and BoQ, and resubmit to ADN for approval before implementation. The still limited knowledge of the district technical staff in the preparation of project design and BoQ as well as the lack of coordination between ADN and MSA in the definition of different price unit analyses and technical specification applied, has lead MSA, at the central level, to have their proposals revised and redesigned according to the technical specification and BoQ defined by ADN. LGSP is trying to meet this challenge by having an increased focus on engineering support: in particular, four national and one international (UNV) engineers are being recruited and will be assigned to designing and delivering training packages for government technical staff who are working at the district level. LGSP is also supporting the recruitment by the government of 13 additional technical staff as per LoA that was signed in 2011 with the MSA.
- The institutional coordination between ADN and MAE required strengthening. In theory, ADN only has a role in overseeing projects that are bigger than 150,000 US\$. However, in practice it has requested to analyse project documents and BoQ for all planned PDID projects before authorizing their implementation. This process has had very little predictability, and has caused a continuous uncertainty on whether proposals that were approved by the National Parliament would be implemented this year. LGSP is seeking a stronger technical coordination with ADN, so that more clarity can be achieved about its role and about the criteria that the KDDs should apply in the design of projects.

Lessons learned:

- In order to maintain MSA commitment and the full participation of all line ministries in the PDID it will be important to promote regular ministerial technical working group meetings as well as inter-ministerial meetings on PDID;
- ADN needs to be more engaged early on the planning process during the district technical staff team site inspection, project design and preparation of BoQ;
- Considering the short time period given for project design and the still limited knowledge of the district technical staff in the preparation of project design and BoQ, it is essential to increase LGSP technical support and continue with the training of district technical staff.
- A ministerial decree on DSDP is needed to institutionalize DSDP exercise and transform its priority programmes into annual PDID planning process. The decree can also enhance MSA staff commitment to actively participate in this exercise. But before that, an evaluation of DSDP pilot in Liquica District needs to be conducted before extends it to the other districts.

VI. Financial Overview

The Program is funded by the Government of Ireland through Irish Aid, the Government of Norway, UNDP and UNCDF. The Government of Timor-Leste also provides parallel funds to the Local Development Program (LDP), one of the LGSP components.

1. Donor contributions

Irish Aid and Norway Government, the donors of LGSP have transferred through MPTF Office a total of US\$453,250 and US\$519,597 respectively on 31 January 2013.

Table 9: Donor Commitment and Contribution (Amount in USD)

Donor	Commitment	Contribution			
		Prior Years	Current Years	Total	Rate
Irish Aid	2,422,123.00	1,968,873	453,250	2,422,123.00	100%
Norway Government	1,130,417.73		519,597	519,597	46%

Source: MPTF Report 2013

This year, Irish Aid contributed US\$ 453,250 meeting 100% of their commitment to the LGSP. In total, Irish Aid has contributed US\$ 2,422,123. Norway Government contributed its 1st tranche of US\$ 519,597.49, or 46% of their commitment. And the 2nd tranche is expected to be made in the second quarter.

2. Financial Expenditures

Starting from this reporting period, project expenditures would be reported as per the eight categories for inter-agency harmonized reporting of expenditure approved by the UNDG.

The cumulative project expenditures on 31 March 2013 totaled US\$ 204,085.31. Of this, UNCDF reported expenditure of US\$154,182.93 and UNDP reported expenditure of US\$ 49,902.38. Expenditure details are shown in the table below.

Table 10: Total Expenditure by Category as of 31 March 2013

No	Category	Expenditure		
		UNCDF	UNDP	Total
1	Staff & other personnel costs	148,346.87	1,110.00	149,456.87
2	Training of counterpart	-	300.00	300.00
3	Supplies, commodities & materials	-	6,020.26	6,020.26
4	Equipment, vehicles & furniture incl. depreciation	-	3,385.90	3,385.90
5	Contractual services	-	6,726.50	6,726.50
6	Travel	876.67	12,481.00	13,357.67
7	Transfer & grants to counterparts	-	11,666.45	11,666.45
8	General operating & other direct costs	4,959.39	8,212.27	13,171.66
	Programme costs total	154,182.93	49,902.38	204,085.31
9	Indirect support costs	-	-	-
	Total	154,182.93	49,902.38	204,085.31

Total expenditures per funding sources and project outputs are summarized in the following tables:

Table 11: Expenditures per Funding Sources as of 31 March 2013 (\$'000)

Source of Fund		Expenditure
UNDP/UNCDF Core Fund		4,959.39
Irish Government	Cost Sharing Agreement	19,599.93
	Pass-Through MDTF/JPAA	116,827.41
Norway Government	Cost Sharing Agreement	30,197.47
	Pass-Through MDTF/JPAA	32,501.11
Total		204,085.31

Table 12: Expenditures per Project Outputs as of 31 March 2013

Project Outputs	Expenditure
1. Support to ISD & PEM	30,331.35
2. Support to LG Legislation	105,037.12
3. Support to LG Reform	-
4. Programme Support	68,716.84
Total	204,085.31

Annex 1– 1

Table 10: Staff Recruited Under LoA as of 31 March 2013

No	District	Name of Staff	Start work
1	Aileu	Liborio Rodrigues	2 July 2012
2	Ainaro	Domingos Amaral	16 July 2012
3	Baucau	Rofinus	16 July 2012
4	Bobonaro	Xisto Soares	20 November 2012
5	Covalima	Joanito Relvas Amaral	21 January 2013
6	Dili	Efrem Maia	16 July 2012
7	Ermera	Candido Maia	1 September 2012
8	Lautem	Raimundo Pedro Jose Maia	01 February 2013
9	Liquica	Pedro Soares	16 July 2012
10	Manatuto		
11	Manufahi		
12	Oecusse	Pius Coa	16 July 2012
13	Viqueque		
14	National	Adelino Coa	8 April 2013
15	National	Marcus Pereira da Silva	8 April 2013

Annex 1 – 2

Gender Training Needs Assessment

Training topics

- a) Gender concepts
 - i. Concept of gender and sex
 - ii. Gender roles
 - iii. Gender division of work
 - iv. Gender equity and equality
 - v. Gender practical needs and strategic interests
 - vi. Concept of CEDAW
 - vii. Beijing platform of Action (BPFA)

- b) Gender related methodologies
 - i. Gender mainstreaming
 - ii. Approaches of gender mainstreaming
 - iii. Methodologies of gender mainstreaming in programmes
 - iv. Gender responsive planning, implementation, monitoring, and evaluation
 - v. Gender responsive budgeting

- c) Gender tools
 - i. Gender situation analysis tools
 - ii. Gender responsive policy analysis tools
 - iii. Gender sensitive monitoring indicators
 - iv. Gender responsive budget analysis tools
 - v. Gender sensitive beneficiary analysis tools

Annex 1- 3

Table 11: List of LGSP Staff as of 31 March 2013

Title	Name	Month of Start/ Continuation of Contract											
		J	F	M	A	M	J	J	A	S	O	N	D
Chief Technical Advisor	Alessandro Righetti	x	x	x	x	x	x	x	x	x	x	x	x
Legal Advisor	Rita Almeida Sutil Roque	x	x	x	x	x	x	x	x	x	x	x	x
Gender Advisor	Bhoj Kumari K.C	x	x	x	x	x	x	x	x				
LDP Coordinator	Ana Maria dos R. de Carvalho	x	x	x	x	x	x	x	x	x	x	x	x
Planning Officer	Mario Ramos de Carvalho	x	x	x	x	x	x	x	x	x	x	x	x
Finance Officer	Domingas Marques G. Ferreira	x	x	x	x	x	x	x	x	x	x	x	x
Planning/Infrastructure Technical Officer	Adilson da Costa	x	x	x	x	x	x	x	x	x	x	x	x
Planning/Infrastructure Technical Officer	Nelson P .Vicente	x	x	x	x	x	x	x	x	x	x	x	x
Policy and Legislation Coordinator	Domingos Soares	x	x	x	x	x	x	x	x	x	x	x	x
Policy and Legislation Associate	Helder Sarmento	x	x	x	x	x	x	x	x	x	x	x	x
Communication Associate	Cecilia Tilman Goncalves	x	x	x	x	x	x	x	x	x	x	x	x
Operations Manager	Liboria F. Savio	x	x	x	x	x	x	x	x	x	x	x	x
Project Officer	Domingos Mesquita	x	x	x	x	x	x	x	x	x			
Admin and Finance Assistant	Angelina dos Santos Gusmao	x	x	x	x	x	x	x	x	x	x	x	x
Driver	Juvenal N.T. Alves	x	x	x	x	x	x	x	x	x	x	x	x
Driver	Antonio M.T. Smith	x	x	x	x	x	x	x	x	x	x	x	x
Driver	Elizario Fonseca	x	x	x	x	x	x	x	x	x	x	x	x
Driver	Salvador A. Alves	x	x	x	x	x	x	x	x	x	x	x	x
Cleaner	Domingos Pinto	x	x	x	x	x	x	x	x	x	x	x	x