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June 22, 2020

LPAC MEETING ON THE APPRAISAL OF DRAFT PROJECT DOCUMENT
**“Strengthening Integral Local Development by Building the Capacities of
The Municipal Authorities in Timor-Leste”**

Meeting Date: Monday, June 22, 2020

Meeting Venue: Kofi Anan Conference Room, UN House – Caicoli Street, Dili

Participants: see annex

1. Opening

The meeting was chaired by Mrs. Munkhtuya Altangerel, Resident Representative, UNDP. UNDP Resident Representative opened the meeting by congratulating and thanking the European Union, Ministry of State Administration and the National Parliament for their partnership to promote inclusive local governance and effective service delivery at the Municipalities in Timor-Leste and explained the purpose of the Local Project Appraisal Committee (LPAC) on the appraisal of the draft project document of the Decentralisation Project to the attendees. UNDP RR asserted that UNDP has considerable experience in supporting local development and decentralisation in many countries including Timor-Leste since 2005 and stressed the importance of the project in bringing governance, public administration, and services closer to the people, with special attention given to the needs and priorities of people living in vulnerable situation. UNDP RR also cited that UNDP will provide technical support for the next 3 years in specified areas to strengthen the decentralisation process and local capacities through this 3.9 million budget initiative.

In his remarks as the Head of Cooperation of the European Union Delegation to Timor-Leste, Mr. Simon Le Grand emphasized that the project is a large part of the overall program that include the direct budget support from the EU that has been signed with the Government of Timor-Leste for the next 5 years. EU Representative also reported the payment in first fixed tranches of 1.25 Million of Euro based on positive assessment made a couple of months ago on four conditions (General Sector Strategy, EMF Framework, Macroeconomic Output, and Budget Transparency). The next payment will include variable tranche with a number of conditionalities which will be laid down in the Project Document on Government Reform Strategy. However, the EU agreed to exceptionally waive the criteria if the country cannot meet the target that has been agreed upon due to the covid-19 pandemic. EU will meet with the MSA to revisit and discuss in details these changes in variable tranches conditionalities. EU Representative asserted that the EU continues to support Timor-Leste in budgetary process of the country and the development context in Timor-Leste. The EU is planning to have budget support dialogue with three leading ministries (Finance, Health and State Administration)



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by the end of July. On behalf of the EU Delegation, he thanked UNDP for its support to move this project forward in concordance with the budget support to the government.

2. Presentation of the Meeting

Following the opening remarks of the UNDP RR and EU Head of Cooperation, Mr. Bernardino Pereira, National Project Manager, delivered a presentation highlighting the project's objectives, expected key results, and implementation arrangement of the project's three components. The Challenges in local development, particularly the prevalent poverty level in the rural area and the limited service delivered to the people at the Municipal level, prompted for the implementation of this project. The Project's focus is targeted at supporting the deconcentration and decentralisation process to bring governance, public administration, and services closer to the people with special attention to the needs and priorities of the vulnerable ones. The project spotlighted how the project will address the development context and challenges in the local governance. Such developmental challenges included but not limited to:

- Limited technical support at the National Parliament to support the review of decentralization bills and promote informed debated for the approval of bills
- Lack of accessible legal framework for decentralisation to citizens
- Lack of cross-sectoral collaboration and interventions
- Low capacities at the municipal level to apply procurement and finance SOPs, local economic development, and planning
- Excessive cost of face to face training on public servant
- No standardization of skills development of the public servants
- Poor municipal level data is available
- Lack of capacity to create and use the data for planning
- Lack of reliable information to allow identified territorial gaps in accessing public services and recognizing most vulnerable populations
- Sectoral fragmentation and minimal cross-sectoral approach

The presentation also outlined that the project was 3 years, \$3.9 Million funded by EU and UNDP TRAC FUND (3.5M EU budget + 400.000 UNDP TRAC FUND) with National Parliament, Ministry of State Administration and Municipal Authorities acted as the Government Counterparts.

Additionally, the presentation underscored three identified components, including:

- Improved Policy Framework and informed discussion at the National Parliament
- Increased capacity of the municipal public servants to promote better service delivery
- Better access to data for the informed decision-making process through Municipal Portal which has already implemented

The presentation also detailed the breakdown of the outputs and outcomes, the budget allocation, and the next steps, before opening the floor for comments and discussion.



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3. Record and Discussions

The following comments and suggestion were made by the participants:

Comments, suggestions, and questions	Response
<ul style="list-style-type: none"> The General Director for Decentralisation at MSA, Mr. Amandio Sousa, with the presence of the National Parliament asked for a clarification on the legal framework on Local Power Law and Municipal Election Law. MSA through the Council of Ministers has proposed the resolutions on Local Power and the Municipal Election Laws to the President of Republic, and they are in Committee A of National Parliament for revocation. In Government Resolution 11/2019 of March 13 stated that in 2020, there should be legal framework presiding the decentralization so that the Municipal Election could begin in 2021. The General Director also suggested that there should be an appraisal on capacity building as to avoid overlapping of capacity building in the Municipal level, because Human Capital Development Fund and European Union through the Ministry of State Administration are also providing the same capacity building at the Municipal level. 	<ul style="list-style-type: none"> The Secretary of the National Parliament agreed with the Component one laid out in the project document regarding the role of the National Parliament in this project and acknowledge that previously there had been discussion on the legal framework in place for this project in the National Parliament through Committee A and C. From this overall project's budget, 9% is allocated to the National Parliament and 91% is allocated to Ministry of State Administration and hoped that this budget allocation will help secure the work forward. Regarding the question on Local Power Law raised by the GD Amandio Sousa, the President of Parliament has requested technical notes from the Plenary Support Division (Divisão de Apoio ao Plenário) in the National Parliament to present to the Committee A of the National Parliament. Secretary of the National Parliament hoped that the changes will be revised by the President of the Parliament and will be submitted to the to the President of Republic for promulgation. UNDP RR commented that the legal framework is a political issue and it is not under the control of UNDP. She hoped that the National Parliament will finalise the legal framework so that the overall trajectory of the project remains the same. Mr. Bruno de Lencastre, from UNDP, also added that the EU Ambassador, Mr. Jacob has met with the President of Parliament to talk about the Budget Support Mechanism on 17 of June, 2020. Although it is not the scope of this project, the Ambassador remained concerned about the lack of knowledge in the Parliament on how to take Government into account regarding the



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	<p>Funds that the EU transferred to the State Budget for this referred account. Mr. Bruno has received the booklet on Direct Budget Support. He will work together with Irene, the UNDP Communication Specialist to visualize the booklet to enable a better understanding of the Direct Budget Support.</p> <ul style="list-style-type: none"> • Mr. Bruno also added that the bills are being analysed by the Legal Department of the National Parliament.
<ul style="list-style-type: none"> • <u>Mr. Aderito, the National Director of Secretariado de Apoio à Instalação dos Municípios (SAIM) at Ministry of State Administration</u> observed that there was no outline on technical assistance from the presentation for the implementation of this policy. The National Director of SAIM also requested that in addition to the provision of technical assistance in the Municipal Level, there needs to be a training for GTIM (Grupo Técnico Interministerial) as well on specific areas, because according to the policy of decentralisation, they will delegate and provide assistance in the municipal level. The role of the MSA in this process is crucial. The idea for decentralization began in 2005 with Programa Desenvolvimento Local (PDL) from which the UNDP also supported. It is necessary that MSA is consolidated to look at details such as this before the project is pushed forward. 	<ul style="list-style-type: none"> • Responding to the comments and suggestions given by the participants, <u>UNDP RR</u> asserted that the provision of technical assistance is essential, and they are already described in the Project Document. She also assured that UNDP will also provide technical assistance to the national structure such as GTIM (Grupo Técnico Interministerial). • <u>Mr. Bernardino Pereira</u> acknowledge the request on the appraisal and reassured that UNDP will work together INAP, which act as the national partner implementor to support training in the Municipalities and evaluate to address the gaps in municipal civil servants data and avoid the overlapping of capacity building in the municipal level. Mr. Bernardino also guaranteed to hire International experts from International Institute of Training to provide training to civil servants in specific areas.
<ul style="list-style-type: none"> • <u>Mr. Sebastião Pereira, the National Director for Local Administration at MSA,</u> commended that the project has commenced well through the Municipal Portal. However, he suggested that there needs to be a module for the capacity building at the Municipal level. This module will serve as a reference that will guide MSA and UNDP to achieve the target. 	<ul style="list-style-type: none"> • <u>UNDP RR</u> also stated that there will be an interactive online global comprehensive module with study case, procurement, project management, finance, in every local administration that will enable UNDP to work together with INAP to strengthen decentralisation project. This module on capacity building will include data management and data interpretation with ICT tools.



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<ul style="list-style-type: none"> The Secretary of National Parliament proposed to involve the National Parliament in the Structural Management (Project Management Board) on this Project to maintain effective communication with the Government. She also asked UNDP to support Ministry of State Administration with up to date data to avoid delays in service delivery. For instance, there was delay during the subsidy payment for covid-19 from the Ministry of Social and Solidarity, because the Parliament could not take appropriate time and measure to approve proposals due to the lack of data on hand. 	<ul style="list-style-type: none"> Regarding the availability of up to date data, UNDP RR hoped that the Municipal Portal will help the Government, the National Parliament, the Municipal Authorities and the people access various information on municipalities collected from diverse sources such as PNDS, NGOs, UN Agencies, etc. She believed that the use of such interactive and visualized data could be utilized by the government to make a better decision and prioritise investments in the Municipalities.
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4. Conclusion

Following the discussion sessions, the chair listed the types of support UNDP will provide in this project and asked the participants from the Government and the National Parliament for their agreement. All present at the LPAC agreed and endorsed the Project Document. With the above observations, and with concurrence from all participants, the chair announced that the recommendations will be integrated in the final version of the Project Document on "Strengthening Integral Local Development by Building the Capacities of The Municipal Authorities in Timor-Leste." The National Project Manager took the moment to explain the next steps in signing the Project Document and the meeting of the Project Management Board. Finally, the chair closed the session by thanking all the participants.

The Project Document is endorsed by the LPAC.

5. Attachment

- I. Draft Project Document
- II. Power Point Presentation
- III. Participant List

6. Prepared by: Bernardino Pereira, National Project Manager, UNDP



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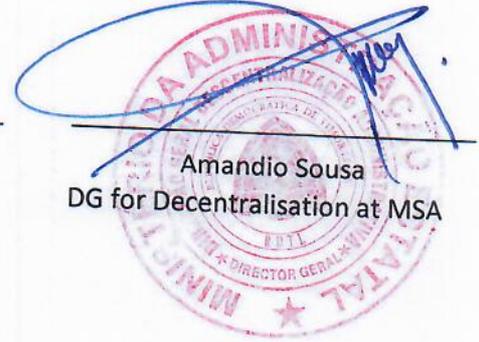
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7. Approved by:

Munkhtuya Altangerel
UNDP Resident Representative



Cedelizia dos Santos
Secretary of National Parliament



Amandio Sousa
DG for Decentralisation at MSA



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Annex 3. Participant List

No	Name	Position	
1	Munkhtuya Altangerel	Resident Representative, UNDP Timor-Leste	Chair, UNDP
2	Simon Le Grand	Head of Cooperation of EU Delegation in Timor-Leste	EU Delegation of Timor-Leste
3	Amandio Sousa	General Director of for Decentralisation at MSA	GoTL
4	Aderito Alves	National Director SAIM at MSA	GoTL
5	Sebastião Pereira	National Director for Local Administration at MSA	GoTL
6	Cedelizia Faria dos Santos	Secretary of National Parliament	National Parliament
7	Lazima Bhatta	Deputy Resident Representative, UNDP Timor-Leste	UNDP
8	Youngchan Kim	Head of Democratic Governance Unit, UNDP	UNDP
9	Bernardino Pereira	National Project Manager, UNDP	UNDP
10	Bruno Lenster	Project Coordinator Parliament Project, UNDP	UNDP
11	Benjamin Sanches	Project Coordinator Decentralisation Project, UNDP	UNDP
12	Delfina Ferreira	Admin/Finance Associate, UNDP	UNDP
13	Irene Gavieiro	Communication and Community Engagement Specialist, UNDP	UNDP
14	Maria dos Reis Lopes	Media Officer, UNDP	UNDP
15	Rui Ximenes	Project Coordinator Decentralisation Project in Baucau, UNDP	UNDP
16	Eugenio Barreto	Baucau Community Assistant, UNDP	UNDP
17	Lilia Barreto Fernandes	National Consultant for Data Analysis and Urban Planning	UNDP
18	Geovania Guterres Ornai	Monitoring and Evaluation Officer (Intern)	UNDP