The Government
of Norway

ANNUAL NARRATIVE REPORT 2010

Local Governance Support Programme - LGSP

Reporting period: 1 January – 31 December 2010

Report date: March 2011

Local Governance Support Programme (LGSP)

ANNUAL PROGRAMME[1] NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2010

Programme Title & Number

Programme Title: Local Governance Support Programme (LGSP)

Programme Number 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)

MDTF Office Atlas Number: 00055656 (Award ID)

Country, Locality(s), Thematic Area(s)[2]

Timor-Leste

Local Governance & Decentralization, Poverty Reduction

Participating Organization(s)

UNCDF and UNDP

Implementing Partners

Ministry of State Administration and Territorial Management (MSATM)

Programme/Project Cost (US$)

Agency Contribution

- UNDP: US$ 1,060,000
- UNCDF:US$ 650,000

Government Contribution

- US$ 9,768,515 (in-kind contribution: 2008-2011)

Other Contribution (donors)

- Irish Aid: € 2,260,000 (Pass-through funding)
- Irish Aid: US$ 838,795 (Cost-sharing)
- Norwegian Government: US$ 119,327 (Cost-sharing)

TOTAL: US$ 16,130,637

Programme Duration (months)

Overall Duration: 5 years

Start Date[3]: 01/2007

End Date or Revised End Date: 12/2011
(if applicable)

Operational Closure Date[4]: N/A
Expect Financial Closure Date: Project extension agreed by Project Steering Committee

Programme Assessments/Mid-Term Evaluation

Assessment Completed - if applicable *please attach*
☐ Yes ☐ No Date: _____
Mid-Evaluation Report – *if applicable please attach*
☐ **Yes X** ☐ No Date: 05/2010_____

Submitted By

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[1] The term "programme" is used for programmes, joint programmes and projects.
[2] Priority Area for the Peacebuilding Fund; Sector for the UNDG ITF.
[3] 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).
[4] All activities for which a Participating Organization is responsible under an approved MDTF programme have been completed. Agencies to advise the MDTF Office.

LIST OF ABBREVATIONS AND ACCRONYMS

CoM	Council of Ministers
DA	District Assembly
DNAF	National Directorate for Administration and Finance
DNAL	National Directorate for Local Administration
DNDLOT	National Directorate for Local Development and Territorial Management
DSF	Decentralisation Strategic Framework
GoTL	Government of Timor-Leste
ISD	Infrastructure and Service Delivery
LA	Local Assembly
LDF	Local Development Fund
LDP	Local Development Program
LGOS	Local Government Options Study
LGSP	Local Governance Support Program
LPP	Local Planning Process
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	Program Steering Committee
SDA	Sub-District Assembly
SDDC	Sub-District Development Committees
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program

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I. Programme Purpose

There is a firm commitment towards decentralization and local governance in Timor-Leste, which is reflected in the Constitution of Timor-Leste[5] as well as the previous and current governments' policies and decisions to advance decentralization in Timor-Leste. The GoTL under the leadership of MSATM, has proceeded with the development of a policy framework for decentralization since 2003. This development reached a peak in 2009, when a set of three Local Government Laws was submitted to the NP. While the first of this set of laws, the *Law on Administrative and Territorial Division*, was approved by the National Parliament and promulgated by the President in mid-2009, the *Local Government Law* and *Municipal Elections Law* are pending approval by parliament. LGSP's rationale needs to be seen within the overall context of the ongoing policy-making process for decentralization reforms in Timor-Leste.

LGSP is the successor programme to two separate, but interrelated projects; the Local Government Options Study (LGOS) 2003-6 and the Local Development Programme (LDP) 2004-6. The LGSP is a joint programme funded by GoTL, Irish Aid, the Government of Norway, UNDP and UNCDF; it is being implemented over a 5-year period (2007-2011). The Participating UN Organizations have appointed UNDP/MDTF Office to act as the Administrative Agent (AA) for this Joint-Programme.

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

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

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

This output builds on the former LDP: it provides opportunities for the continued piloting of procedures and systems linked to local-level infrastructure and service delivery and local PEM/PFM. Under this output, piloting activities initially took place under the same arrangements as applied to the LDP – with Local Assemblies operating on the basis of Ministerial Decree MAEOT No. 8/2005[6]. Pilot activities have been implemented in initially four, later eight Districts[7]. Starting in early 2010, the programme has been up-scaled to all 13 districts in the country, making it no longer a pilot but a nation-wide local development programme. Nevertheless, the testing of new processes and procedures through the LDP will continue. Once a District is "municipalised" in the context of decentralization, LGSP will operate intensively in the ex Districts (and new Municipalities) to further pilot and fine-tune local government systems and procedures, while strengthening local capacities for public service provision.

[5] Constitution of Timor-Leste Article 5 and 71
[6] The Ministerial Decree MAEOT No. 1/2008-Local Assemblies replaces MD No.8/2005.
[7] As of January 2008, eight districts have been selected: Bobonaro, Lautem, Manatuto, Aileu, Ainaro, Manufahi, Baucau and Covalima.

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

The delivery of this output[8], which continues the work started by the LGOS, supports the development of a policy framework for the establishment of a fully-fledged local government system in Timor-Leste. This component supports the drafting, discussions and consultations on a series of policies and legal instruments, which will be submitted to the National Parliament (in the case of laws) or Council of Ministers (decree laws), for review and approval. This includes the basic Local Government laws as well as a series of decree laws and regulations, which are intended to specify and complement the basic laws.

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

The third LGSP output[9] concerns the actual set up of Municipalities and the institutional/legal framework that is being established with program support (as specified under output 2). How LGSP will provide the government with support for implementation of local government reforms will depend largely on final decisions about the phasing of this process. Since the Local Government laws are still pending approval by NP, LGSP has so far focused on communications and civic educations activities for this component.

The Joint Programme is linked to the **UN Development Assistance Framework 2009-2013** (UNDAF) 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 decentralisation
Output 1.1.4: The established local government institutions have the core capacities to fulfil their mandates.

The project aims to support the National Priorities of Timor-Leste, in particular the goal to 'promote decentralization and local government reforms process[10].

This Joint Programme is implemented by UNDP and UNCDF.

II. Financial and Human Resources

The Programme is funded by Irish Aid, the Government of Norway, UNDP and UNCDF. The Government of Timor-Leste also provides funds to the Local Development Programme, one of the LGSP components.
LGSP makes also use of pass-through funding modality managed by the Multi-Donor Trust Fund Office (New York) to channel part of the contributions from Irish Aid and Norway to Participating UN Organizations. LGSP Financial Annual Report 2010 (Part II) will provide financial details on the funds received by LGSP through pass-through modality in 2010.

In terms of Human Resources, the program had 22 staff positions (as of 31 December 2010), which includes 2 international staff, and 20 national staff (some vacant and recruitment processes ongoing).

[8] Clarification on the description of the Output: while LGSP can provide various kinds of support, clearly the actual decisions in regard to establishing the framework are the sole domain of GoTL and the National Assembly.
[9] Clarification on the description of the Output: while LGSP can provide various kinds of support to implementation, the decisions and the responsibility regarding implementation are the sole domain of GoTL authorities.
[10] 2010 National Priority 6 – Good Governance

III .Implementation and Monitoring Arrangements

The programme is developed and implemented as an integrated part of the Ministry of State Administration and Territorial Management (MSATM). 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 under the coordination of the MSATM Director General as LGSP's main counterpart. In addition, LGSP was requested to work with five key directorates within MSATM, depending on the subject concerned, including the Directorate for Local Development (regarding the LDP), Directorate for Local Administration (regarding decentralization policy issues) Directorate of Finance, Directorate of Sucos, and the Institute for Public Administration Reform (INAP) for capacity development issues. In addition, policy issues will be closely coordinated with the Minister of State Administration.

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

LGSP operates a Monitoring Information System to manage data on project progress in a systematic manner. LGSP team meetings are being held on a regular basis (every 1-2 weeks) 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 Ministry of State Administration and Territorial Management (MSATM) as well as donors, reporting on the achievements made and challenges encountered during the year.

An internal programme review was conducted in August 2008, which had the main objective to evaluate LGSP design and progress. An external mid-term evaluation was conducted in March 2010, as part of the UNCDF Special Project Implementation Review Exercise (SPIRE) 2010-11 (see attached report).

VI .Results

Changing Policy Context, Main Achievements, Challenges and Lessons Learned in 2010

During 2010, LGSP activities were guided by the following important political decisions:

Firstly, the Local Development Programme (LDP) was up-scaled from 8 pilot districts (in 2008 and 2009) to all 13 districts in the country in early 2010, following a decision by parliament in late 2009. The GoTL allocated additional funding to the LDP funding. The rationale for increasing the coverage of the LDP to all 13 districts was the Government's decision to use the programme as the main vehicle for strengthening local capacities and preparing districts in preparation of becoming municipalities and assuming additional responsibilities in the context of decentralization. As a result, the programme is no longer a pilot programme but has become a nation-wide local development programme for Timor Leste. Nevertheless, the LDP continues to test and pilot improved processes and procedures for Local Government.

This decision marks a major success for the programme as it demonstrates the Government's recognition of the success of the LDP as well as ownership and commitment to the programme. At the same time, this up-scaling also implies a significantly higher workload for the programme, as an additional 5 districts require the support from the joint government-project-staffed LDP team.

Secondly, municipal elections (originally planned to take place in 2009) were repeatedly postponed. Given that two out of three local government laws were still pending approval of the National Parliament by early 2010, municipal elections were postponed to the end of 2010. In April 2010, the government eventually decided to postpone municipal elections, to 2013/14, i.e. until after national elections (which are scheduled for 2012). This decision followed previous changes in the time schedule when municipal elections were postponed from mid to end 2009, subsequently to early 2010 and later to mid 2010.

On the basis of this revised time schedule, LGSP's support to policy and legislation work focused on supporting the Ministry of State Administration and Territorial Management (MSATM) in finalizing the legislative framework for decentralization, particularly the key subsidiary legislation and postpone less urgent project activities. However, these regulations will have to be revised, once that the LG have been approved by parliament to ensure consistency with the basic laws.

In response to this change of schedule, LGSP together with government counterparts, engaged in another planning exercise to re-shape project activities for the following months and years in view of utilizing the LDP as a vehicle for strengthening capacities and preparing districts for an expanded set of roles and responsibilities after municipal elections in 2013/14, as part of the future Joint National Decentralization Programme (JNP).

Nevertheless, it proved increasingly difficult for the project to adjust project activities according to constantly changing work plans, given frequent changes of government time schedules and priorities. In response to the government's request to respond flexibility to evolving time schedules and priorities, some of the activities, which were originally indicated in the Annual Work Plan 2010, were postponed and replaced by other, more important and urgent support activities.

With the introduction of the Decentralized Development Package (DDP) by the government, a budget of around USD 31 million was allocated through the mid-year rectified government budget to be implemented by the District Administrations in 2010. While initiated by the Prime Minister's Office, the DDP was subsequently moved to MSATM's responsibility, in recognition of MSATM's experience and expertise developed through the LDP. Through its mid-year rectified budget revision, the government also allocated an additional funding allocation of USD 660,000 to the LDP, increasing the government's budget allocation to the LDP to a total of USD 2.86 million, indicating the government's commitment to the LDP.

The introduction of the DDP shifted large amounts of funding to the District Administrations. As a result, Districts Administrations were forced to manage significantly higher workloads without additional staff, resulting in delays with regard to LDP activities in many districts. Although some of the processes and procedures for the DDP (esp. for financial management) were adopted from the LDP, other key processes and procedures (esp. planning and procurement11) differ greatly from the LDP processes and/or remain to be defined in detail. This resulted in confusion and difficulties for District Administration staff to implement the LDP and DDP programs, using a different set different of processes and procedures.

[11] LDP follows participatory, bottom-up planning processes and open, competitive procurement processes. Please see annex 1 for an overview on local procurement through the LDP

Likewise, the joint government-LGSP staffed LDP team, housed in the MSATM, faced request for additional support beyond their level of capacities, and proved to be understaffed to respond adequately to demands for district-level support from the introduction of the DDP.

In the light of these challenges, LGSP responded to the Ministry's request to support the development of an integrated approach, which effectively links the LDP and newly emerged DDP, in order to facility district level planning, procurement and financial management through a set of harmonized and simplified processes and procedures, the so-called Integrated District Development Plan (or Portuguese/Tetun acronym PDID). While this support was still ongoing at the time of writing of this report, key elements of the proposed approach had been recommended and discussed with the MSATM. Although not fully finalized, LGSP supported the Ministry in its commitment to build on experience and Lessons Learned from the LDP since its introduction in 2004 and safeguarding principles of good governance, such as participation, transparency and accountability, as part of the new, harmonized approach. In order to strengthen the clout of the new approach and facilitate the management of government funds at the district level through a harmonized approach across different Ministries in Timor-Leste, the Minister of State Administration has announced its commitment to submit a draft decree law (rather than a lower level Ministerial regulation as in the past) for approval to the Council of Ministers.

Challenges & Lessons Learned

Overall, constant changes with regard to the time schedule for municipal elections affected both support to Policy & Legislation and Communications and made it difficult for the programme to plan project activities and posed a challenge to the UNCDF Regional Centre in Bangkok to timely respond to requests for short-term Technical Assistance by the government, while ensuring a high-quality of short-term support.

In view of the upcoming national elections in 2012, the project will most likely continue operating in a highly politicised working environment.

In addition, the increased workload on the programme staff has been significant, as the programme now covers all 13 districts in Timor-Leste. The programme also faced increasing demand for support with regard to the legislation process. While the need for additional staff, including international staff, was identified to be able to manage the increasing workload related to the project expansion in a proper manner, concerns have been raised with regard to ensuring sustainability of activities and Ministry ownership and capacity development of counterpart staff.

As part of the upcoming design of the coming project phase, a review of the project's role, mandate and structure (incl. Number of staff) would be recommended, keeping in mind the overall objective to strengthen government capacities and perspective of ensuring a hand-over of project activities and sustainability to the government.

In addition, the new programme counterpart structure, which was introduced in mid-2010 proved to be a major bottleneck for project implementation, given an unclear division of roles and delays with regard to decision-making processes. While the counterpart structure was expanded to include a larger number of Directorates within the Ministry and hence number of direct beneficiaries, communications and decision-making between project and Ministry became major challenges for project implementation.

Despite of these challenges, LGSP made significant **achievements** in 2010, which can be summarized as follows:

- **LDP piloting:** the LDP was up-scaled from 8 pilot districts in 2009 to all 13 districts (11 with capital funding, except for Dili and Liquica), following a decision by the National Parliament in late 2009). 4 districts switched to the second model of piloting, in line with the current government's decentralization policy, so that all 13 districts in the country are now piloting the second model.

  While a challenging transition period, the districts managed well overall with upscaled training and monitoring support from the joint MSATM-LGSP-staffed LDP supported team, housed in the MSATM. At the same time, it became evident that capacity development support needs to be considerable expanded and possibly adjusted in order to fully respond to the challenges on the ground. While training and technical support provided has proved to be overall appreciated by beneficiaries, the 2010 Minimum Conditions Evaluation also highlighted considerable challenges and weaknesses, which are linked to the turn-over of staff at the district-level, core positions being vacant and a lack of sounds filing systems. A systematic capacity assessment, planned for the first half of 2011, is intended to provide additional insights and should inform the programme's future capacity development approach.

- **Policy & Legislation**: LGSP supported the MSATM in developing a harmonized approach for linking the LDP and DDP through a through a new, government-led integrated approach with a set of harmonized processes. While still in process and pending approval by the Council of Ministers, the Integrated District Development Plan (PDID), would build on experience and Lessons Learned from LDP and safeguard key principles of good local governance, such as participation, accountability and transparency. This would mean a major break-through, simplifying for district level infrastructure and service provision.

- **Communications & Outreach**: LGSP continued supporting the MSATM with regard to press coverage and of and a wide range of communications products, such as monthly bulletins, a website, community radio, TV, brochures, etc. In response to the changing policy context, the Communications Strategy was updated and revised in order to reflect a shift in communications support from a decentralization campaign towards communicating changes through the new integrated PDID along with advocacy and outreach for principles of good local governance.

Key achievements according to project output during the reporting period

As stated in the Programme Document, there are three specific outputs for the LGSP and this report is organized accordingly by focusing on activities and progress of the programme during the period between January and December 20010[12]. This is a narrative report and is intended to summarize the main achievements and challenges encountered during the third year of programme implementation.

For additional information regarding the rationale for previous activities and achievements please see the Local Development Programme (LDP) annual progress reports for 2005 and 2006, in addition to LGSP annual reports 2007 to 2009, which can be considered as a reference to this 2010 annual progress report. Additional information can be accesses at .uncdf.org or .estatal.gov.tl.

[12] Local Governance Support Programme project document, p. 17 (Results and Resources Framework); also see LDP Annual Progress Report 2005 & 2006.

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.

Following a decision by the National Parliament at the end of 2009, the LDP was up-scaled from previously 8 pilot districts to all 13 districts in the country, starting in early 2010. As a result, the programme provided support to 5 additional districts: Dili, Emera, Liquica, Oe-cusse and Viqueque.

In addition, there was an additional major change in terms of LDP implementation: while the programme had piloted two different models in 2008 and 2009 (see Annex 1), it was decided to switch to the second LDP model for all 13 districts, starting in 2010. This decision was taken in order to align the piloting under the LDP with the current government's decentralization policy, which foresees the establishment of the future municipalities at the current district level (not at the sub-district level as the previous government). While both model pursued bottom-up planning with decisions made by suco council representatives, the second model concentrates decision-making power at the districts level. This decision also reflects Lessons Learned from piloting two different models, which found that the second model led to the selection of larger and more strategic projects, which benefit various sucos. Increased competition between sucos for funding of project proposals also led to an improved quality of project proposals.

1.1 Minimum Conditions Evaluation

The Minimum Condition Evaluation (MCE) was conducted between 7 and 8 January 2010 in the eight pilot districts, which had participated in the programme in 2009 (Aileu, Ainaro, Bobonaro, Baucau, Covalima, Lautem, Manatuto and Manufahi). Since the five new districts had not participated in the LDP in 2009, it was not possible to evaluate their performance and they hence not included in the MCE.

The MCE was conducted on an annual basis and for the third time since 2008. The objective of this evaluation is to provide recommendations to the Minister of State Administration and Territorial Management (MSATM) with regard to the allocation of LDP funding for each district for the following fiscal year. In addition, the MC provides recommendations to the MSATM, Local Assemblies, Project Investment Committees, Finance teams and LGSP on how to improve the LDP process for the following fiscal year.

The MC evaluation assesses how Local Assemblies performed in the previous year with regard to 11 basic governance indicators, measuring transparency, accountability and the community contribution to the LDP. A positive result for the MC evaluation is a precondition for districts to receive an additional allocation of LDF funding in the following year.

While all districts passed the MC evaluation for 2009 overall, the assessment also highlighted some weaknesses, especially with regard to "transparency" and "local contribution". More specifically, the assessment found that Local Assemblies will need to improve their performance with regard to ensuring that key information, e.g. information on Investment Plans and Annual Budgets and minutes of Local Assembly meetings, is published on public notice boards and is available to the public. The evaluation also found that

the community contribution to the LDP project by the community was not always provided, despite of the fact that this is stipulated in the LDP regulations as a requirement for communities to receive funding from the LDF.

Based on the results of the MC evaluation for 2009, the Government announced the 2010 LDF fund allocation for the 8 participating districts and the 5 new districts.

The amount of funding allocated to each district is based on the number of population in each district. However, the allocation of funding per person in each district varied, based on experience of districts in implementing LDP and the 2009 MCE result. Seven districts (Bobonaro, Lautem, Manatuto, Aileu, Ainaro, Covalima and Manufahi) received an allocation of $3.50 per person. Three districts (Viqueque, Ermera and Oecusse) received an allocation of $2.40 per person because they just started the planning process in 2010. Consequently, they received less funding to provide them with the opportunity to learn and develop capacities for managing the LDP prior to increasing the level of funding in 2010.

The district of Baucau received a reduced allocation of USD $1.80 per capita in response to the districts' poor management of LDF funds in 2009, where funds for one project (around USD 30,000) were misappropriated. This case had been detected during one of the regular monitoring visits of the LDP team in September 2009. In response, the MSATM initiated an investigation process and referred the case to the Civil Service Commission for formal investigation. In addition, the District Administrator and District Finance Officer were suspended from their positions. While it is lamentable that misappropriation of funds happened in the first place, this case also shows that LDP processes and procedures have sounds and robust to detect any misappropriation of funds. In addition, the corrective actions taken by the MSATM demonstrate a firm commitment towards ensuring proper use of funds under the LDP and good local governance.

Given the shortage of funding, the districts of Dili and Liquica did not receive an allocation for capital funding. However, these districts received an allocation for recurrent funding and will participate in LDP processes and procedures.

In summary, the 2010 LDP allocation for capital investment in each district is as follows.

Table 1: 2010 Government allocations to the Local Development Programme (LDP)

District	Total LDF Allocation	
	Capital	Recurrent
Bobonaro	293,000.00	28,901.00
Lautem	202,000.00	20,034.20
Aileu	133,000.00	15,470.00
Manatuto	135,000.00	21,568.00
Ainaro	187,000.00	17,705.00
Baucau	181,346.40	25,249.00
Covalima	196,000.00	24,278.50
Manufahi	158,000.00	22,582.00
Ermera	247,972.80	23,397.00
Viqueque	157,077.60	22,520.50
Oecusse	138,278.40	19,252.50
Dili	0.00	17,448.00
Liquica	0.00	15,035.00
Total	**2,028,675.20**	**273,440.70**

For the first time, the Minister and Secretary of State visited all districts to personally announce the LDF allocation. They also used the occasion to explain the purpose and key principles of the LDP to key stakeholders and discuss any challenges encountered.

In July 2010, the LDP Team conducted a MCE for three new pilot districts, Ermera, Oecusse and Viqueque District, which had not been covered in the MCE conducted in January 2010. The purpose of the MC Evaluation for these districts was to assess their performance so far with regard to "accountability" before these districts would start procurement and implementation processes for 2010. Since these three districts had not (yet) started the procurement process or project implementation at the time of the evaluation, the MC evaluation focused on the issue of "accountability", measuring the performance of the Local Assemblies since they had been set-up in early 2010 against four basic indicators, namely the establishment of the Local Assemblies in line with LDP regulations, the frequency of LA meetings, the Investment plan and budget approval process as well as compliance with the financial regulations of the Local Development Fund.

All three evaluated districts passed the MC evaluation and it was recommended to pursue with the procurement process and preparations for the implementation of the 2010 LDP projects. At the same time, the evaluation also highlighted some challenges at the district level, such as the limited time available to conduct the project verification, weak coordination between Local Assemblies and sectors, and a lack of understanding of some of the financial procedures. LDP monitoring and technical support will consequently focus on these issues during the following months. In particular, finance trainings are planned to be held in the fourth quarter to address these shortcomings. In addition, a recent Technical Assistance mission (see output 2) recommended strengthening the District Integration Workshops (DIW) to further strengthen coordination between districts.

1.2. Transfer of LDF Allocation

In mid-March, the central Government transferred 100% of operational funds to seven (7) districts (Aileu, Baucau, Ermera, Oecusse, Ainaro, Covalima and Lautem) for a total of amount USD $ 146,886 out of a total of USD $ 277,440.

The Government also transferred 100% of capital funds ($ 2,028,675) to the Local Assembly bank account in eleven (11) pilot districts except for Dili and Liquica District (which will receive any capital funding in 2010).

Similar to last year's experience, the challenge for the LAs during the first quarter of the year was the financial management and timely submission of finance reports to the national level. Therefore, the joint MSATM-project staffed LDP team had to monitor these issues over the following months.

In 2010, the transfer the operational budget to the districts was made in one tranche only, instead of three to four tranches as stipulated in the LDP regulations, following a miscommunication between MSATM and MoF. As of April 2010, the Central Government transferred 100% of the operational budget, or USD 2,2240,669.

In mid October the MSATM transferred an additional amount of $ 748,217 to finance LDP investment projects, which had been allocated to the MSATM midyear rectified budget revision.

1.3 Support to Local Assemblies

1.3.1 Establishment of Local Assemblies

In the first quarter of 2010, the District Assemblies (DAs) and Sub-District Development Committees (SDDCs) had to be re-established/newly established in all 13 districts for following reasons: firstly, DAs and SDDCs had to be re-established in the eight "old" pilot districts because of the elections of new Suco Chiefs and Suco Councils in late 2009, who are members of DA and SDDCs. Secondly, new DAs and SDDCs had to be established in the five additional districts, which joined the LDP in early 2010, following the Government's decision to upscale the programme to al 13 districts in the country. Thirdly, following the shift from the first to the second LDP model in the second batch of four LDP districts (Baucau, Manufahi, Ainaro and Covalima), the Sub-District Assemblies in these districts were abolished and replaced with Sub-District Development Committees.

The legal basis in establishing the Local Assembly (LA) is the Ministerial Decree No. 01/2008 – DNAL/MAEOT on the Local Assemblies.

1.3.2 Capacity Building for Local Assemblies

In 2010, LGSP's integrated capacity-building support progarmme, which combines on-the-job training with supplementary training sessions, continued and was expanded to the new pilot districts, covering all 13 districts in the country. Lessons learned from the previous years had been incorporated in the design of the approach and adjustments were made to the training modules. The programme consists of the following training modules:

Module 1: Role and responsibilities of Local Assemblies
Module 2: Planning and budgeting
Module 3: Finance management
Module 4: Local Procurement and contract management

In February and April 2010 the LDP team conducted training sessions on local planning, project implementation and LDP finance processes for District Assembly (DAs) members in all 13 Districts and all 65 Sub District Development Committee (SDDC) members. In total, 473 District Assembly members were trained, including 83 female LA members. In total, 1,235 SDDC members were trained, including 422 female members.

In order to improve the capacity of LA members with regard to Finance and Procurement processes, particularly in managing Local Community Contracting (LCC), the LDP Team facilitated trainings for the Finance Teams and DATs in all LAs.

The training was specifically tailored to different group of LAs:

- Trainings for the 8 districts which have participated in the LDP since 2004 or 2008, Bobonaro, Lautem, Manatuto, Aileu, Ainaro, Manufahi, Baucau and Covalima, focused on procurement processes.

- For the 3 new pilot districts that are receiving capital grants in 2010, namely Ermera, Oecusse and Viqueque, trainings focused on finance and procurement processes. Since these were the first trainings on Finance and Procurement for these Local Assemblies, the DAT, Finance Team, Local Tender Board

(LTB), and Planning and Implementation Committee (PIC) from each Las participated in this five-day training.

- Dili and Liquica districts joined the LDP in 2010, but, they have not received any capital grants for this year. These districts received a five-day training specifically aiming at improving their capacities for financial management, procurement and Local Community Contracting, in preparation for funds to be allocated in 2011. It

Overall, 88 Local Assembly members participated in these trainings, including 11 women and 77 men. Out of 88 participants, 60 participants were LCC and PIC members, 13 people are DAT members and 15 people are Finance Team members.

Results from training evaluations conducted at the end of the activity at showed that the training sessions significantly improved participants' understanding of planning, implementation and finances procedures. Feedback provided by participants at the end of the sessions through evaluation forms indicated a general satisfaction with the overall quality of the trainings provided. However, they also recommended additional follow-up trainings and a close monitoring by the LDP team for a follow-up support when needed. Some of the participants indicated that they would still require additional trainings on finance and planning processes as well as proposal prioritization at the Sub District and District level, given the limited duration of the trainings.

In addition Finance Report Meeting on financial management was also provided to 12 LA's finance teams and DAT with the purpose to support the production of financial reports, before the submission to the national level. Finance report meeting were attended by about 35 finance officer, including 8 females.

1.4 Local Planning Process (LPP) and the Local Development Fund (LDF)

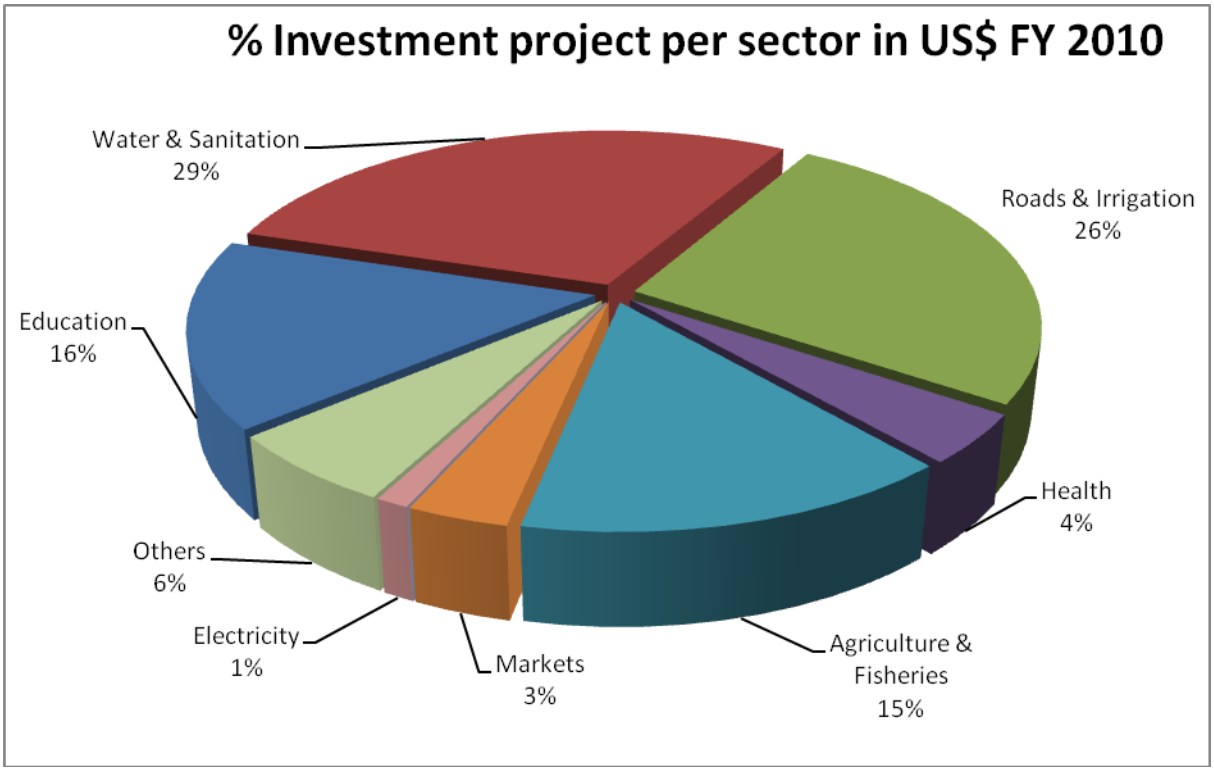
Overall, the Local Planning Process supported by the LDP at the District level proved to be effective in identifying, appraising and prioritizing local-level infrastructure projects. The process has now been tested over six years and with 13 LAs in the 13 pilot districts. The Suco Councils continued to provide most of the "raw" input into the planning process through community meetings, and the efforts of District and Sub-District staff should be commended in carrying out the technical work related to the LPP. The District Integration Workshop (DIW) has proven to be an effective tool in ensuring sector buy-in for local investments and in avoiding duplication in investment planning decisions. Nevertheless, it can be noted that sector representation throughout the LDP process could be strengthened.

Since the planning process for FY 2010 had already been conducted in 2009, based on a per capita allocation of US $ 4, an adjustment was needed in early 2010, taking into account some budget cuts.

1.4.1 Local Planning Process for FY 2010

The planning process for FY 2010, conducted in 2009, resulted in 132 approved investment projects, resulting in the largest share of projects in the area of water and sanitation (29&), followed by road and irrigation (26%) and Education (16%), as shown in the chart below:

Chart 1: Investment projects per sector in 2010



1.4.2 Local Planning Process (LPP) – revision in 2010

With decreased capital allocations the LAs, which had already approved their annual plans for 2010, had to revise their annual plans and budgets for FY 2010. While initially 141 proposals with a total investment of US $ 1,887, 043 had been approved for funding under LDF allocation in 11 districts, the number of proposals had to be cut to 117 with a total investment budget of US $ 1,658,674. After the procurement processes were completed, additional 14 projects were included as a result of savings made from the procurement process. Overall, 131 capital investment projects were planned and implemented during FY 2009.

To avoid a "wish-list" scenario, each Suco is only allowed to submit two or three ranked development priorities to be considered for funding in the Sub-District investment plan and one priority for the District investment plan13. The LPP was also designed to allow sector-departments to submit their investment priorities to the LAs. It is important to note that only 19 projects out of the 131 funded were proposed by sector departments and the large majority of 112 projects proposals came from the Suco level.

Each assembly has established a Planning and Implementation Committee (PIC) as part of the institutional framework. The PIC is given the responsibility to prepare, verify and appraise the basic design and the cost estimates of eligible priority proposals during the planning process. The LGSP provided technical assistance during the preparation for bidding documents and invitations to bid, as well the evaluation of bids for projects approved for 2009.

1.5 Support to Local Procurement Processes

The amended Government procurement law from 2006 allows "decentralisation" of procurement to individual central Ministries for packages valued up to US$ 100,000. This law has been used to facilitate local-level procurement where the Ministry has delegated authority to the LAs for procurement of capital infrastructure. Prior to the LDP pilot there was no legal or regulatory framework in place for local-level procurement and contract management in Timor-Leste. The LDP procurement regulation for the local level is a simplified version of the national procurement law but based on all central procurement forms and contract formats in order to ensure a streamlined system. The aim was to design and establish sound procedures for local contracting of services and works along the lines of the central system in order to allow a smooth transition in the case of future provisions for decentralised procurement.

1.5.1 Local Tender Boards (LTB), monetary thresholds and methods of procurement

Ministerial Directive No. 4/2010 – MSATM Procurement Regulation foresees the establishment of the Planning and Implementation Committees (PICs) as the procuring entities for local assemblies at each level. In addition, District Local Tender Boards (D-TB) were created to ensure a transparent and accountable process for the awarding of contracts. The LTBs are composed of three technical representatives from the government and two voting members from the Assemblies. The Directive also indicates that representatives from the beneficial community can participate in LTB meetings as observers. The regulation only allows for direct local procurement and contract management for the procurement of public goods, services and works, which is valued up to US$ 15,000 at the District level and up to 14 Any procurement above these ceilings must be referred to the next level and all contracts above US$ 15,000 have to be confirmed by a centrally-established tender board. Although this limits the independence of the local procurement process, four critical factors were incorporated in the new regulation to ensure local ownership of the process; 1) the procuring entity remains at the local-level even for procurement above US$ 15,000; 2) local tendering; 3) local representation in the national tender boards; 4) responsibility for local contract management and supervision remains at the local level. Thus, the local assemblies still control the process.

The main principle in procuring goods, services and works in relation to the LDF is open tendering. This is particularly important to ensure transparent and cost effective processes and results. National tendering documents were adopted to streamline the national and local level processes. As for national procurement, the regulation requires that only pre-qualified contractors can participate in the bidding process.15 The decision to establish a local process which used documentation based on national norms has meant that the procurement process for "Small Works" 16 is rather complicated and demands substantial bureaucratic input for the procuring entities. However, from a long-term perspective (where these types of requirements will be necessary for local-level procurement), the more sophisticated approach was selected vis-à-vis a simplified method for the pilot.

1.5.2 Execution of local level procurement processes in FY 2010

Overall, local procurement processes were successfully conducted by the Local Tender Boards and a total of 200 projects were committed to be funded with a total amount of US $ 1,642,762 in 2010.

As in previous years, all locally-procured projects were contracted out to a wide range of local contractors – not to Dili-based contractors. This indicates that there is (i) no scarcity of local contractors and (ii) the

[14] This monetary threshold was based on the first draft of the national procurement law.
[15] Pre-qualification is each year prepared by the National Public Works Department, and is an official list of pre-qualified contractors.
[16] Small works are defined as any Works below US$ 50,000.

Assemblies are injecting capital into the local economy, which thereby contributes to local job creation in the process.

1.5.3 Contract Management

In accordance with the procurement regulations, all contracts related to the LDP are managed at the local level. In total 200 contracts were handled by the LAs in 2010.

By the end of December 2010, 127 out of 131 projects (97%) were completed, while 4 projects were still ongoing in Baucau and Manatuto: 8 out of 11 projects were completed in Baucau, and 18 out of 19 projects were completed in Manatuto district. In the case of Baucau, there are no real delays in implementation as such, but the number of projects approved is much larger in size than in other districts (average cost US$ 50,000), which seems to be the main reason for delays in completing the projects. In the case of Manatuto, the projects were implemented under the previous year plan (road rehabilitation) and as a requirement to start the new projects planned under the 2009 plan. As in previous years, there is still room for improvements and the Ministry of State Administration and Territorial Management together with the project team will continue providing support to the districts.

Based on experience from previous years, it has proven necessary to have a Project Oversight Committee (POC) to control implementation of projects by local companies for each projects. Consequently, Project Oversight Committees (POCs) were established during the reporting period in order to control physical implementation of projects. These committees consisted of project beneficiaries. The committees oversaw and regularly reported to Technical staff on the progress of the projects' implementation.

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"

As outlined above, LGSP support to Policy and Legislation for decentralization and local governance in 2010 has to be seen in the context of a rapidly changing policy environment: municipal elections were still planned for mid 2010 (and later end of 2010) in the first half of the year and LGSP consequently focused its support to MSATM on preparing the policy and legal framework for decentralization, as well as the development of a Joint National Decentralization Programme (JNP)- a government-led coordination platform for support to decentralization in Timor-Leste.

At the end of April, a decision was taken by the GoTL to postpone Municipal Elections to 2013/2014 and the project, engaged in a planning process with government counterparts to adjust LGSP support for 2010 and beyond, as part of a Joint National Decentralization Programme. During this process, it was decided to move forward with the creation of so-called "quasi Municipalities", using the LDP as a vehicle to prepare current districts for a broader set of roles and responsibilities in the context of decentralization.

Starting in June, with the introduction of the Decentralized Development Package, LGSP's policy advisory support shifted towards the development of option for upscaling the LDP to absorb much larger amounts of

funding and, subsequently focused on the development of an integrated and harmonized approach for district-level planning, procurement and financial management with one set of processes and procedures. This support is still ongoing and expected to be finalized soon.

2.1. Continued support to Local Government Legislation

LGSP continued to provide technical advice to the MSATM on the legislation process related to the two pending Local Government laws during the first quarter of 2010. Since the Local Government laws were still pending approval of the National Parliament, support to finalising the policy and legislative framework for decentralization was put on hold during the second quarter, awaiting the decision by the Parliament and the final version of the Local Government laws, before advancing with the completion of the subsidiary legislation.

Nevertheless, LGSP advanced with the recruitment of a Legal Advisor in response to the Ministry's request (and in accordance with the PSC's decision) to finalize the policy and legislative framework for decentralization in draft form. Although this draft would have to be reviewed and revised on the basis of the approved laws, once approved by Parliament, the rationale of pursuing this work despite of the fact that the final version of the laws could still change, was to support the Ministry to advocate for decentralization on the grounds that the draft policy and legislation framework.

With support from the Legal Advisor, LGSP started drafting a Municipal Planning and Investment Regulation on the basis of the technical White Paper, which had been produced with LGSP support in 2009. The consultant left the programme after two months. Following a decision made by the PSC, the recruitment process for a Legal Specialist was initiated, this time for a staff position, in order to attract a larger number of qualified candidates.

2.2 Joint National Programme of Support for Decentralization

A technical mission from the UNCDF Regional Centre in Bangkok was commissioned in January 2010 on the Joint National Decentralization Programme (JNP). The objective of the JNP is to provide a single government-led platform to support the decentralization process, including capacity building, policy advisory work and local level piloting.

During the mission, discussions were held with government institutions and development partners. At the end of the mission, a workshop chaired by the Minister of State Administration and Territorial Management with key donors and development community was held with the objective to discuss a draft concept with possible partners interested in supporting the JNP.

A draft Project Document for the JNP had been prepared with support from the UNCDF Regional Centre in Bangkok and a MSATM working group was set-up with the objective of review and adopt the Project Document with support from LGSP. However, given the changed policy context, with municipal elections being postponed, the key rationale for the programme –coordination of donor support to the decentralization process- had vanished and the JNP was put on hold until after municipal elections.

2.4. Technical Assistance Mission to develop an Integrated and Expanded Approach for Local Development Programme (integrated planning and performance-based grants)

Following the introduction of the Decentralised Development Package (DDP), MSATM requested LGSP to field a Technical Assistance mission to develop options for an integrated and expanded approach for the LDP and DDP with regard to planning, procurement and financial management. The TA mission was fielded in late June and conducted (i) an analysis of strengths and bottlenecks for up scaling the LDP from a current USD 3 million for 2010 to a larger amount of funding, and (ii) explored options for expanding the range of activities supported by the programme beyond small-scale infrastructure.

Although the DDP adopted some of the LDP processes and procedures, such as financial management, other processes and procedures (e.g. planning and procurement) differ greatly from the LDP, resulting in a set of different processes and procedures at the district level.

A second TA mission was fielded on request by the MSATM to further explore how the LDP and DDP could be integrated and combined ensuring that key local governance principles of the LDP would be taken into account for the revised programme, building on the findings and recommendations of the first mission. In addition, the mission had the objective to review the current Minimum Condition Evaluation and develop recommendations for a performance-based grants system.

The team of consultants recommended an approach to integrate sector-wise planning programme (such as the DDP) with a horizontal, bottom-up planning programme (such as the LDP), as well as streamlining and harmonizing local development processes and procedures for local planning, procurement, financial management, implementation, and oversight as much as possible, building on the LDP rules and regulations. Overall, the mission recommended separate budget lines for horizontal planning and discretionary multi-sector block-grants within an integrated programme, which would build on experience and Lessons Learned from the LDP of local decision-making, participation, transparency and accountability, while simplifying processes.

The team of consultants also developed a draft for revised LDP regulations. A technical working group was set-up by the Minister, to finalize a set of revised regulations, following the technical inputs provided by the missions. The work is currently being finalized.

2.6. Gender Strategy

With support from the UNDP Gender Advisor and UNIFEM Timor Leste, LGSP has supported the drafting of a strategy for mainstreaming gender equality throughout decentralization and local governance in Timor Leste. The objective is to ensure a more systematic approach towards gender equality throughout LGSP project activities in support of decentralization policy and legislation, local level planning, budgeting, implementation and monitoring as well as communications and civic education activities. The draft is pending discussion and approval by the MSATM.

OUTPUT 3: SUPPORT TO IMPLEMENTATION OF LOCAL GOVERNMENT REFORMS

"Support is provided to GoTL for the implementation of local government reforms"

The Communications team continued to provide support to the MSATM on communications and civic education for decentralization and local governance as well as press coverage of activities of the MSATM and LGSP. With the delays of the municipal elections in 2013/14, the LGSP Communication Team focused primarily on the social communication component, revising the civic education implementation timeframe accordingly.

The Communications team provided support to the MSATM on communications aspects related to decentralization and local governance as well as press coverage of activities of the MSATM and LGSP.

Staff rotation during the year, with 3 different communication focal points, substantially affected the continuity of planning and productions activities, with an impact on outreach and dissemination. The new International Communications Analyst joined LGSP at the end of August, working in close collaboration with the National Communications Officer.

Nevertheless, some key outreach and social communication projects were implemented. Four radio programmes ("Development with Decentralization") were produced and distributed from August to December at national and community level in 16 community radios, in order to mostly reach the illiterate part of the population. The Dili based Radio Rakambia has been assisting the Communication Unit with the production, distribution and broadcast monitoring of the programmes. Eight editions of the monthly bulletin were produced in two languages (Tetun and English), distributed to the Districts, Sub Districts, NGOs, UN Agencies, main donors and uploaded on the MSATM website. During the year, the Communication Unit monitored the coverage of the decentralization process in the local media.

100 Information and Suggestion Boxes were produced in close collaboration with the Government and will be distributed in early January 2011 to 13 Districts, 65 Sub-Districts, line ministries and 22 key partners such as national NGOs and universities. The production of the Local Governance Information and Suggestion box is based on the initial government plan to establish the municipalities in 2010 as a mean to disseminate information to the municipalities and to receive feedback from the communities and different national and local institutions. With the government decision to postpone the establishment of the Municipalities to 2013/2014, the dissemination of information regarding the decentralization process needs to be diversified and strengthened to reach a wider part of the population in the medium and long term.

Some key publications such as the monthly bulletins on local governance, summaries of activities, factsheets, MSATM announcements and posters will be some of the key information available in the boxes, where the District Administrators will have the primary responsibility to ensure a vast distribution and dissemination at district and sub-district level, and to receive and process the communities' feedback.

Production of Social Communication Material
Several printing materials were produced in the second semester, including the restyled 2011 calendar in two languages, folders, notebooks and an updated version of the 2010 factsheet.

- A number of press releases were issued and distributed to the national and international media and posted online on different issues and topics related to the decentralization process and the joint LGSP-MSATM activities.

- A new template and guideline for LGSP PowerPoint presentation were produced

- Communication material was prepared for the celebration of the UN Day on 24 October

- The website was updated on a regular basis, including press releases, newsletters, visual material and stories in two languages. A revision process has been set up for the restyle and update of the site in 2011, in close collaboration with the MSATM counterpart.

Capacity building
A new learning plan has been agreed and developed for 2011 focusing on some of the key areas requiring skill enhancement in the Government staff, such as website management, digital design and production, writing skills in Tetun and English, team building and audio-visual productions including radio programmes and documentaries.

Civic Education on Good Local Governance
The LGSP also supported communication on decentralization through a civic education program. Due to the postponement of the municipal elections, the two civic education modules developed in 2009 are currently under revision and are expected to be gradually implemented starting from 2011/12.

OUTPUT 4: Programme Management

Recruitment Processes:

During 2010, a number recruitment processes have been initiated and the position advertised. Recruitment processes were finalized for the position of the Administrative and Finance Associates, LDP Coordinator and Infrastructure Associate were finalized in 2010. Recruitment processes for the positions of the National Programme Manager, M&E Officer, Communications Associate, Policy & Legislation Associiate and Planning Officer will be finalized in early 2011.

An international Operations Advisor consultant was recruited in October 2010 in order to support the smooth flow project operations, especially the large number of pending recruitment processes. Since the National Programme Manager left the LGSP in the end of 2010, this consultant was also help bridge the time until a new National Programme Manager has been recruitment and train and coach the new incumbent.

Procurement Process:
Motorbikes, furniture, digital cameras, computers and printers were purchased for the 5 new LDP pilot District Assemblies in order to facilitate the start of project activities in these districts. .
Programme Steering Committee (PSC) meetings:

In 2010, two PSC meetings were held, chaired by the Minister of State Administration and Territorial Management, with participation of other representative from MSATM, UNDP, UNCDF and donors.

Given the revised time schedule and plans to hold municipal elections in mid 2010, the PSC agreed at the occasion of its first PSC meeting in January 2010 to revise the proposed LGSP AWP, which had been developed together with the MSATM in December 2009, to adjust to the changed context.

In response to the changing policy context during the year of 2010, the LGSP AWP was revised for a second time in 2010 and approved at the occasion of the second PSC meeting, held in October/November 2010.

Monitoring and Evaluation:
In 2010, the Monitoring and Evaluation (M&E) team focused on data collection in order to facilitate the monitoring LDP activities, as well as updating the data on MIS system. In addition, the M&E team

- Reviewed and finalized the LGSP M&E Guidelines.
- Finalized the project baseline report.
- Updated the project's Monitoring Information System.
- Updated the actual LDP investment data.

Key partnerships
As in previous years, the programme has been active in coordinating with other DPs. Other DPs started aligning their support with LDP to harmonize implementation mechanisms at the district level, such as the ADB Rural Roads projects, UN COMPASIS, the World Bank's Youth Development Programme (YDP) or providing technical support to MSATM Access to Justice for the Poor (J4P) programme (on feedback mechanism), GTZ Rural Development Programme (on suco Development Plans). LGSP also supported MSATM in developing a draft Gender Equality Strategy in cooperation with the UNDP Gender Advisor and UNIFEM.

V. Future Work Plan

As can be seen from the Annual Work Plan for 2011 (attached), the programme for 2011 will focus on supporting the MSATM in finalizing the legislations and regulations for the Integrated District Development Plan (PDID) as well as its local level implementation.

In 2010, MSATM is planning to execute an amount of USD 19 million through this integrated mechanism PDID in 2011, which will be a major increase, compared to the previous years (almost ten-fold amount if funding).

In order to enable the expanded project support to MSATM, the PSC agreed to an increased number of project staff, including 2 engineers and 13 district-level staff, resulting in a the total number of 40 staff with 25 project staff. The additional 15 staff will be recruited through Letter of Agreement with the MSATM.

PART II – FINANCIAL REPORT 2010

INTRODUCTION

This report presents annual financial data, followed by short analyses for the Joint UNDP and UNCDF Local Governance Support Programme in Timor-Leste for the period of 1st January to 31st December 2010. Aimed at reporting on the resources transferred to the LGSP as per Standard Administrative Arrangements, this document does not include financial data related to Third Party Cost-Sharing Agreements (Irish Aid, Norwegian Government) and the Core funds of the Participating UN agencies (UNDP and UNCDF).

It is important to highlight that MDTF annual progress reports on LGSP JP cover only contributions received by and expenditures reported to MDTF, which assumed Administrative Agent functions for the Programme effective 2009. Therefore, value of contributions transferred to LGSP JP prior to 2009 was excluded both from this and 2009 reports. However, 2009 expenditures covered with 2007 and 2008 contributions were included in the annual progress report for last year. This caused confusion in presentation since it appeared as if Participating Organizations were running in deficit. As a remedy, decision was made to exclude UNCDF 2009 expenditures covered with prior year contributions from MDTF annual reports, effective this reporting cycle. The same was not done for UNDP in 2010, but is likely to be implemented in 2011.

DEFINITIONS[17]

Joint Programme
A set of activities contained in a common work plan and related budget, involving two or more UN organizations and (sub-) national partners. The work plan and budget forms part of a joint programme document, which also details roles and responsibilities of partners in coordinating and managing the joint activities. The joint programme document is signed by all participating organizations and (sub-) national partners.

Donor Pledge
An amount indicated as a voluntary contribution by a donor. Pledges are not included in the financial statements. Financial reports will report on legally binding donor commitments and deposits to the LGSP Timor-Leste.

Donor Commitment
A donor contribution as per signed Letter of Agreement / Standard Administrative Agreement with the UNDP Multi-Donor Trust Fund Office, in its capacity as the Administrative Agent of the LGSP Timor-Leste.

Donor Deposit
Cash deposit received by the Multi-Donor Trust Fund Office for the LGSP Timor-Leste.

Project Expenditure
Amount of project disbursement plus un-liquidated obligations related to payments due for the year.

1 Participating UN Organizations that have concluded a Memorandum of Understanding (MOU) with the UNDP Multi-Donor Trust Fund Office, as the Administrative Agent of the LGSP Timor-Leste.
[2] Common definitions used by the Multi-Donor Trust Fund Office in Annual Progress reporting.

1. FINANCIAL PERFORMANCE

MDTF Office, as Administrative Agent of the **Local Governance Support Programme (LGSP) Timor-Leste Joint Programme**, officially reports to donors annually on total contributions received, transfers made to Participating UN Organizations for the implementation of approved projects and the expenditures incurred against these projects.

1.1 Sources, Use and Balance of LGSP Timor-Leste Joint Programme Fund.

During the reporting period from 1 January to 31 December 2010, US$1,047,000 was transferred to MDTF Office by Irish Aid for LGSP Timor-Leste JP. In addition, income of US$20,000 was generated in interest. Administrative Agent fee was charged in the amount of US$10,000. Since no transfers to Participating Organizations were made in 2010, balance of LGSP JP funds that remained with Administrative Agent as of December 31st 2010 was US$1.058 million.

Table 1.1 provides an overview of the overall sources, uses and balance of the LGSP Timor-Leste funds as of 31 December 2010.

Table 1.1 Sources, Uses and Balance of LGSP Timor-Leste JP Fund, as of 31 December 2010, in US$ Thousands

	Prior Years as of 31 Dec 2009	Current Year Jan-Dec 2010	TOTAL
Sources of Funds			
Gross Donor Contributions	513	1,047	1,560
Fund Earned Interest Income	1	8	9
Interest Income received from Participating Organizations	-	12	12
Refunds by Administrative Agent(Interest/Others)	-	-	-
Other Revenues	-	-	-
Total: Sources Of Funds	514	1,067	1,581
Uses Of Funds			
Transfers to Participating Organizations	508	-	508
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	508	-	508
Administrative Agent Fees	5	10	16
Direct Costs:(Steering Committee, Secretariat...etc)	-	-	-
Bank Charges	-	-	-
Other Expenditures	-	-	-
Total: Uses of Funds	513	10	523
Balance of Funds Available with Administrative Agent	1	1,057	1,058
Net Funded Amount to Participating Organizations	508	-	508
Participating Organizations' Expenditure	1,097	(392)	705
Balance of Funds with Participating Organizations	(589)	392	(197)

* Value of contributions received and transfers made in 2007 and 2008 are excluded from this report. For information on contributions and transfers from prior years, please refer to Annual Report for 2008.

1.2 Donor Contributions (MDTF/JP)

Irish Aid, the major donor to the LGSP JP Timor-Leste, has transferred US$1,047,000 to MDTF in 2010. Thus total contributed by Irish Aid to the Programme since 2009 became US$1,560,000 as per table below:

Table 1.2 Total Donor Deposits, cumulative as of December 2010, in US$ Thousands

Donors	Prior Years asof 31 Dec 2009	Current Year Jan-Dec 2010	TOTAL
IRISH AID	513	1,047	1,560
TOTAL	513	1,047	1,560

* Value of contributions received in 2007 and 2008 are excluded from this report. For information on contributions and transfers from prior years, please refer to Annual Report for 2008.

1.3 Transfer of Approved Funding to Participating UN Organizations

No transfers to Participating Organizations were made by Administrative Agent in FY2010. Total of US$508,000 were transferred by MDTF in 2009 in the amounts of US$320,000 and US$188,000 to UNCDF and UNDP respectively. Table 1.3 provides cumulative breakdown of funding by Participating UN Organizations as of 31 December 2010.

Table 1.3 Transfer of Funds by Participating Organization, as of 31 December 2010, in US$ Thousands

Participating Organization	Prior Years as of 31 Dec 2009		Current Year Jan-Dec 2010		TOTAL	
	Approved Amount	Net Funded Amount	Approved Amount	Net Funded Amount	Approved Amount	Net Funded Amount
UNCDF	1,280	320	-	-	1,280	320
UNDP	912	188	-	-	912	188
TOTAL	**2,193**	**508**	**-**	**-**	**2,193**	**508**

* Value of transfers made in 2007 and 2008 are excluded from this report. For information on contributions and transfers from prior years, please refer to Annual Report for 2008.

1.4 Delivery Rate

Cumulative delivery rate reported by the Participating Organizations for LGSP JP for FY2009 and 2010 was at 138.9% as per table below. The over-delivery is due to inclusion of UNDP expenditures for years prior to 2009. The over expenditure will change in 2011, when it will be reversed and reported to donors in the 2011 Annual Report. This change will drive the delivery rate down.

Table 1.4 Financial Delivery rates for 2010 and cumulative as of 31 December 2010

Country/Sector	Approved Amount	Net Funded Amount	Expenditure Prior Years as of 31 Dec 2009	Expenditure Current Year Jan-Dec 2010	Expenditure TOTAL	Delivery Rate (%)
Timor-Leste						
JP Timor-Leste LGSP	2,193	508	1,097	(392)	705	138.90
Timor-Leste Total	**2,193**	**508**	**1,097**	**(392)**	**705**	**138.90**
TOTAL	**2,193**	**508**	**1,097**	**(392)**	**705**	**138.90**

* Value of transfers made in 2007 and 2008 are excluded from this report. For information on contributions and transfers from prior years, please refer to Annual Report for 2008.

1.5 Expenditure

88 percent or US$617,000 of LGSP JP total expenditures represents direct costs. The remaining US$88,000 constituted indirect costs.

1.5.1 Expenditures reported by Participating organizations, cumulative as of 31 December 2010 In US$ Thousands

2010 expenditures reported by Participating Organizations for FY2010 totaled to (US$392,000). Annual expenditures are negative due to value of adjustments posted by UNCDF reversing 2009 expenditures covered with contributions received in 2007 or 2008. As noted above, value of these contributions is excluded from MDTF Office annual progress reports since those contributions were received prior to assumption of AA role by MDTF Office and have been only reflected in Country Office financial statements. However, 2009 report included expenditures covered with these contributions, thus making it appear as if Participating Organizations were running deficits. UNCDF has reversed these expenditures in 2010.

Cumulative expenditures for FY2009 and FY2010 totaled to US$705,000, of which the largest expenditure category was personnel, followed by supplies, commodities, equipment and transport. The indirect costs charged by the Participating UN Organizations averaged to 14.21 percent of total program costs for the same period. This was primarily due to accounting policy adopted by the agencies hereby indirect costs are booked in full upon receipt of contributions. Reconciliation will be done at the end of the programme to ensure that total of indirect costs charged across years would not exceed 7 per cent.

Table 1.5.1 Total Expenditure by Category and Reporting period, in US$ Thousands

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years	Current Year	TOTAL	
Supplies,Commodities, Equipment and Transport	75	90	165	26.75
Personnel	748	144	892	144.52
Other Direct Costs	158	(598)	(440)	-71.26
Programme Costs Total	**980**	**(363)**	**617**	**100.00**
Indirect Support Costs	116	(28)	88	14.21
T O T A L	**1,097**	**(392)**	**705**	

1.5.2 Financial Delivery Rates by Participating Organizations

All expenditures incurred by UNCDF in FY2009 and FY2010 were covered with contributions received prior to 2009. Therefore its cumulative expenditures as of December 31st, 2010 totaled to zero. UNDP has delivered US$705,000 during FY2009-2010, which equates to 375.81% delivery rate. However, part of organization's costs was covered with funds received prior to 2009. These costs are likely to be reversed during next fiscal year thus driving overall delivery rate down.

Table 1.5.2: Financial Delivery Rates by Participating Organization (Amounts in US$ Thousands)

Project No. and Project Title	Participating Organization	Total Approved Amount*	Net Funded Amount	TOTAL Expenditure	Delivery Rate
JP Timor-Leste LGSP					
00067655 JP TLS Local Govt Suppt	UNCDF	1,280	320	-	0.00
00067655 JP TLS Local Govt Suppt	UNDP	912	188	705	375.81
JP Timor-Leste LGSP Total		**2,193**	**508**	**705**	**138.90**
TOTAL		**2,193**	**508**	**705**	**138.90**

1.5.3 Total Expenditures by Participating Organization with breakdown

Cumulatively, UNCDF had no expenditures to report to MDTF for period FY2009-2010 as all of its expenditures were covered with contributions received prior to 2009. UNDP's total program costs for two years amounted to US$656,000 of which US$341,000, or 52 % were spent on personnel, US$203,000, or 31%, were for other direct costs and US$111,000, or 17%, were incurred for supplies, commodities, equipment and transport.

Table 1. 5.3: Expenditure by Participating Organization, with breakdown by Category, cumulative (Amounts in US$ Thousands)

	TOTAL			Expenditure by Category							
Participating Organization	Approved Amount	Net Funded Amount	Expenditure	Supplies Commodities Equipment & Transport	Personnel	Training of Counterparts	Contracts	Other Direct Costs	Total Programme Cost	Indirect Support Costs	% of Total Programme Costs
UNCDF	1,280	320	-	54	551	-	-	(643)	**(38)**	38	***.**
UNDP	912	188	**705**	111	341	-	-	203	**656**	49	7.53
T O T A L	**2,193**	**508**	**705**	**165**	**892**	**-**	**-**	**(440)**	**617**	**88**	**14.21**

* Value of transfers made in 2007 and 2008 are excluded from this report. For information on contributions and transfers from prior years, please refer to Annual Report for 2008.

1.6 Interest Earned

From 1 January to 31st December 2010, LGSP JP Timor-Leste generated US$20,000 in interest income.

Table1.6. Received Interest at the Fund and Agency Level (Amounts in US$ Thousands)

Administrative Agent	Prior Years as of 31 Dec 2009	Current Year Jan-Dec 2010	TOTAL
Fund Earned Interest	1	8	9
Total - Fund Earned Interest Income	**1**	**8**	**9**
Participating Organization (PO)			
UNDP	-	12	12
Total - Interest Income received from PO	**-**	**12**	**12**
TOTAL	**1**	**20**	**21**

2 - TRANSPARENCY AND ACCOUNTABILITY OF LGSP TIMOR-LESTE

The major vehicle for public transparency of operations under Timor-Leste **Local Governance Support Programme (LGSP) Joint Programme** is the MDTF Office GATEWAY, http://mdtf.undp.org. The GATEWAY is a knowledge platform providing real-time data from the MDTF Office accounting system, with a maximum of two-hour delay, on financial information on donor contributions, programme budgets and transfers to Participating Organizations. It is designed to provide transparent, accountable fund-management services to the United Nations system to enhance its coherence, effectiveness and efficiency. The LGSP Timor-Leste JP website of the GATEWAY provides the most current information on all information related to the LGSP Timor-Leste. The public notification of all project approvals made by the LGSP Timor-Leste Executive Committee, as well as additional information and progress updates on these projects, provides a high level of transparency to national authorities, Donors, the public, and the Participating UN Organizations.

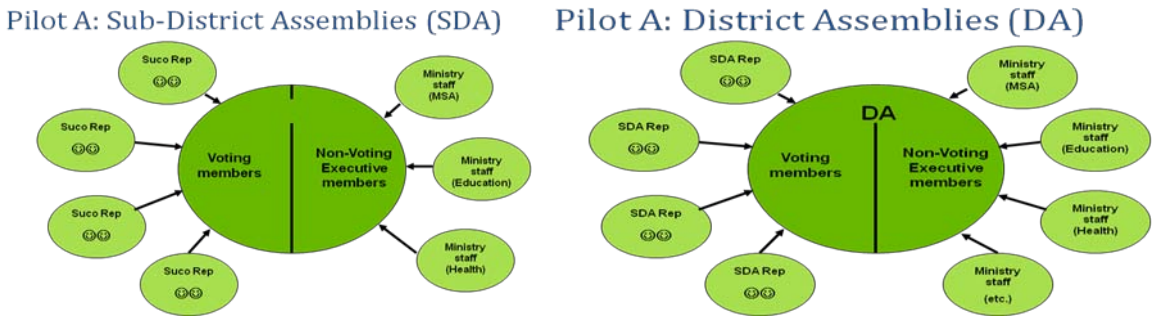
ANNEXES

Annex 1: Overview on two LDP piloting models - Establishment of Local Assemblies under the Local Development Programme (LDP)

Establishment of District and Sub District Assemblies Model

The first Local Development Programme (LDP) Pilot Local Assemblies were established both at Sub District and District levels. The membership of these Assemblies was composed of elected Suco Council Representatives (50%) and government staff based at each level (50%). For Sub District Assemblies, each Suco Council elected two representatives among their membership to become Sub District Assembly members (see figure Pilot A- Sub-District Assemblies).

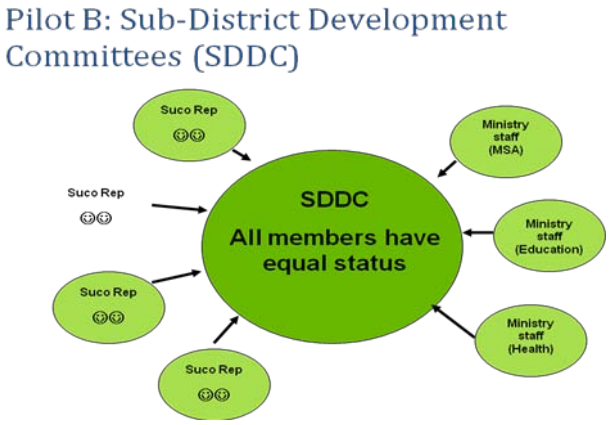
Each Sub District Assembly would then elect two representatives among their membership to become District Assembly members - one male and one female representative (see figure- pilot District Assemblies). While Suco representatives had voting rights, representatives of Ministries at the Sub-District and District Level would participate as observers and technical resource persons only. Under this model, affirmative action ensured that male and female members were equally represented, both at the Sub-District and the District level.

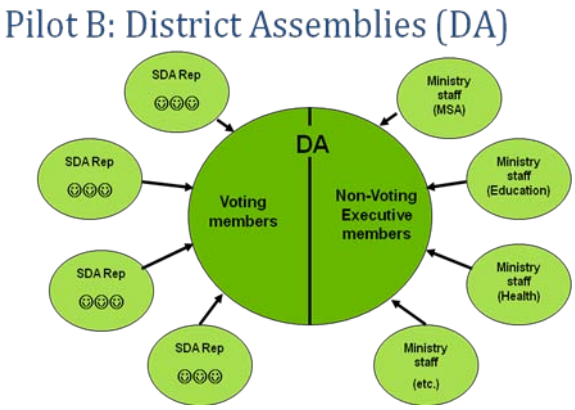


Establishment of the District Assemblies and Sub District Development Committee Model

For the second model, Pilot Local Assemblies were established at the District level only. The objective of this decision was to test out a new structure, which was in line with the revised Government policy (i.e. establishment of Municipalities at the current District level), presently being considered. This would allow LGSP to test out and establish lessons from two possible Local Government models in Timor-Leste.

To compensate for the “abolition” of the Sub-District Assembly under the second model, Sub-District Development Committees (SDDCs) were established to ensure a reliable channel for communication between the District Assemblies and the Suco Councils.
All Suco Councils are represented in the SDDC with two representatives (one male and one female), while each SDDC is represented with three permanent members in the District Assembly (at least one third female representatives). Under this model, all SDDC members (suco representatives and Ministry staff) have equal status (see figure Pilot B: SDDC and figure Pilot B: DA).





As of 2010, all 13 LDP districts have switched to the second LDP model, in line with the current government's decentralization policy, which foresees the establishment of municipalities at the district level.

While both models follow a bottom-up prioritization and selection, which is initiated at the village level, decision-making power over project proposals is now concentrated with District Assemblies. SDDCs facilitate communication and screen proposals before recommending selected proposals to the District Assemblies, which ultimately select project proposals for funding.

Lessons Learned

Lessons Learned from comparing these two models have shown that the discussions held in SDDCs are more effective compared to SDA discussion, as the SDDC members are forced to prioritize and select the most valuable and technically sound proposals to compete with proposals from other sub-districts in the District Assemblies discussions. SDDC members, therefore, have an incentive to ensure that good proposals are selected to be submitted to District Assembly.

The Local Assemblies prioritize and select projects proposals from a district perspective, favoring a higher number of beneficiaries. At the same time, experience from the first model has shown that the Assemblies tended to favor smaller projects with fewer beneficiaries, while ensuring an equal share of projects among sucos.

In addition, the involvement of line ministries in the discussion and prioritization process, through both technical inputs and voting for prioritizing proposals in SDDC, ensures a better quality of the screening process of proposals.

Experience has shown that SDDCs as an extension of District Assembly function more effectively and efficiently than Sub-District Assemblies. Although SDDC members are not required to make final decision, they are able to screen proposals with technical inputs from relevant sectors.

Annex 2: Lessons Learned from local procurement through the LDP

The amended Government procurement law from 2006 allows for "decentralisation" of procurement to individual *central* Ministries for packages valued up to USD 100,000. This law has been used to facilitate local-level procurement where the Ministry has delegated authority to the LAs for procurement of capital infrastructure. Prior to the LDP pilot there was no legal or regulatory framework in place for local-level procurement and contract management in Timor-Leste. The LDP procurement regulation for the local level is a simplified version of the national procurement law but based on all central procurement forms and contract formats in order to ensure a streamlined system. The aim was to design and establish sound procedures for local contracting of services and works along the lines of the central system in order to allow a smooth transition in the case of future provisions for decentralised procurement.

LDP Procurement Process

Ministerial Directive No. 8/2005 – MSA Procurement Regulation states the establishment of the Planning and Implementation Committees (PICs) as the procuring entities for local assemblies at each level. In addition, District and Sub-District Local Tender Boards (D-TB and SD-TB) were created to ensure a transparent and accountable process for the awarding of contracts. The LTBs are composed of three technical representatives from the government (relevant sector staff, depending on the project type and level) and two voting members from the Assemblies. The Directive also indicates that representatives from the beneficial community can participate in LTB meetings as observers.

The regulation only allows for direct local procurement and contract management for the procurement of public goods, services and works, which is valued up to USD 10,000 at the District level and up to USD 5,000 at the Sub-District level.[18] Any procurement above these ceilings must be referred to the next level and all contracts above USD 10,000 have to be confirmed by a centrally-established tender board. Although this limits the independence of the local procurement process, four critical factors were incorporated in the new regulation to ensure local ownership of the process; 1) the procuring entity remains at the local-level even for procurement above USD 10,000; 2) local tendering; 3) local representation in the national tender boards; and 4) responsibility for local contract management and supervision remains at the local level. Thus, the local assemblies still control the process.

The main principle in procuring goods, services and works in relation to the LDF is open tendering.[19] This is particularly important to ensure transparent and cost effective processes and results. National tendering documents were adopted to streamline the national and local level processes. The decision to establish a local process, which used documentation based on national norms has meant that the procurement process for "Small Works" [20] is rather complicated and demands substantial bureaucratic input for the procuring entities. However, from a long-term perspective (where these types of requirements will be necessary for local-level procurement), the more sophisticated approach was selected vis-à-vis a simplified method for the pilot.

Key Steps of the LDP Procurement Process

- Biding documents are prepared by the Planning and Implementation Committee (PIC), based on the approved annual investment plan and budget (list of projects and estimated costs). The PIC membership consists of the District Development Officer, a District technical staff, and a Sector Ministry staff and meets twice a year.
- The procurement entity depends on the estimated project cost:
    - For projects with an estimated cost of less than or equal to USD 5,000.00 the procuring entity is the sub district PIC.
    - For projects with an estimated cost over USD 5,000.00 up to USD 10,000, the District PIC is the procuring entity

[18] This monetary threshold was based on the first draft of the national procurement law.
[19] In theory "open tendering" is based on Request for Quotation (RFQ) documents; however to reduce corruption and the possibility of limited selection of contractors by the procuring entity the RFQ is an open process and publicly advertised.
[20] Small works are defined as projects with a total cost below US$ 50,000.

- For projects with an estimated cost above USD 10,000.00 the procurement entity is at the district level; however, approval is required by the central level (Ministry of State Administration and Territorial Management (MSATM)). It has now been proposed to increase this threshold from USD 10,000 to USD 15,000.

- An Invitation to bid is announced through local notice boards and community radio, encouraging local contractors to bid.
- Bid submission by local contractors within fourteen days
- Bid Opening is done at the Sub District and District levels respectively, depending on the procurement entity/estimated project costs.
- Bid Evaluation is done by Local Tender Boards at districts/sub-district level (depending on the estimated project costs/level of procurement entity), and approved by the Executive Secretary on behalf of the Sub District and District Assemblies, respectively.
- The contract is signed between the Executive Secretary on behalf of the Local Assemblies and the selected contractor

Lesson Learned

- Overall, Local Assemblies have successfully managed local procurement processes through the LDP procurement approach, proven that they possess the required capacities.
- Since 2005, Local Tender Boards have successfully conducted local procurement processes for an increasing number of projects, increasing amounts per projects and an increasing total cost, managed at the local level (see table below). In total, the LDP has invested more than USD 6 million for 524 projects in the pilot districts over the past five years.
- In 2009, procurement processes for a total of 131 projects have been successfully managed at the local level with an average project costs of USD 17,058 and a total amount of USD 1,642,762 for eight pilot districts

District	Number of Project per year (in USD)					**Average no. of projects per district (2005-2010)**	Cost Project per year (in USD)					**Average Cost Per Project Per District (2005-09)**	**Total Investment budget 2005-2009**
	2005-6	2006-7	2008	2009	2010		2005-6	2006-7	2008	2009	2010		
Bobonaro	35	25	34	25	27	29	$ 5,403	$ 7,883	$ 9,677	$ 13,160	$ 13,503	$ 9,925	$ 979,410
Lautem		29	26	25	24	26		$ 4,753	$ 8,846	$ 9,200	$ 9,500	$ 8,075	$ 570,286
Aileu			16	17	12	15			$ 8,092	$ 8,466	$ 11,185	$ 9,248	$ 275,837
Manatuto			30	19	16	22			$ 5,133	$ 8,105	$ 8,489	$ 7,242	$ 289,000
Ainaro			18	14	13	15			$ 11,417	$ 15,214	$ 16,385	$ 14,339	$ 399,945
Baucau			19	9	13	14			$ 21,767	$ 46,444	$ 36,108	$ 34,773	$ 780,030
Covalima			12	10	12	11			$ 18,664	$ 22,400	$ 18,361	$ 19,808	$ 407, 819
Manufahi			16	13	15	15			$ 11,026	$ 13,471	$ 11,800	$ 12,099	$ 331,052
Average	**35**	**27**	**21**	**17**	**17**	**18**	**$ 5,403**	**$ 6,318**	**$ 11,828**	**$ 17,058**	**$ 15,666**	**$ 14,439**	$ 504,172
Total	**35**	**54**	**171**	**132**	**132**	**147**	**$ 5,403**	**$ 12,636**	**$ 94,622**	**$ 136,460**	**$125,331**	**$ 115,509**	$ 4,033,379

- Local procurement delivered to obtain works and services in line with specification made by the Procurement Entity (PIC), as verified through the evaluation process. Project Oversight Committees were established to monitor the implementation of projects by local contractors.
- The large majority of projects was delivered on time, e.g. 127 out of 131 projects (97%) in 2009.
- Overall, the process led to service delivery in accordance with the agreed contract value.

- There is a high level of competition at the local level. Consequently, all locally-procured projects were contracted out to a wide range of local contractors –not to Dili-based contractors. This indicates that there is (i) no scarcity of local contractors and (ii) the Assemblies are injecting capital into the local economy, which thereby contributes to local job creation in the process.
- LDP was audited as part of a GoTL audit of grant programs, carried out by Deloitte. The audit with an overall positive assessment; however, improvements were suggested with regard to the timeliness of financial reporting.

Annex 3: Local Governance Support Programme (LGSP) Annual Work Plan 2011

EXPECTED OUTPUTS *And baseline, indicators including annual targets*	PLANNED ACTIVITIES *List activity results and associated actions*	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q 1	Q 2	Q 3	Q 4		Funding Source	Budget Description	Amount
Output 1									
Expected output: 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.	Activity 1.1: Pilot and support for local level ISD by Local Assemblies / Committees in 13 districts (including technical support and monitoring)	✓	✓	✓	✓	MSATM	MSATM	N/A (parallel funding)	3,500,000
		✓	✓			UNDP	IRE (00134)	71200 International Consultant	15,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	75700 Training & workshop	13,400
		✓	✓	✓	✓	UNDP	JPAA (10714)	74500 Miscellaneous	250
		✓	✓	✓	✓	UNDP	JPAA (10714)	71600 Travel	52,291
		✓	✓			UNDP	JPAA (10714)	74200 Audio Visual & Print Prod Costs	2,400
Baseline: No mechanism in place at local level to reflect the needs of the people in needs-identifying and planning process.	Activity 1.2: Trainings on revised LDP regulations	✓				UNDP	NOR (00187)	75700 Training & workshop	750
	Activity 1.3: Gender support activities (trainings for Local Assemblies / Committees and other stakeholders)	✓				UNDP	NOR (00187)	71300 Local Consultant	2,000
		✓		✓	✓	UNDP	JPAA (10714)	71600 Travel	24,440
Indicators: Systems for ISD and PEM/PFM is operational in all districts and budgets are executed as planned		✓		✓	✓	UNDP	JPAA (10714)	75700 Training & workshop	13,000
		✓		✓		UNDP	NOR (00187)	74200 Audio Visual & Print Prod Costs	20,800
		✓	✓	✓	✓	UNDP	JPAA (10714)	74500 Miscellaneous	2,000
Targets: Pilot or actual implementation of Local Government reform on ISD, PEM/PFM continues in current 13 pilot districts.	Activity 1.4: Capacity building for Local Assemblies / Committees and Suco Councils - trainings on planning, budgeting, project design, procurement and financial management, etc.	✓	✓	✓	✓	UNDP	JPAA (10714)	71600 Travel	31,930
		✓	✓	✓	✓	UNDP	JPAA (10714)	75700 Training & workshop	18,580
		✓	✓	✓	✓	UNDP	JPAA (10714)	74200 Audio Visual & Print Prod Costs	22,520
		✓	✓	✓	✓	UNDP	JPAA (10714)	74500 Miscellaneous	1,700
	Activity 1.5: Capacity Building for MSATM / LDP Support Team – Study tour on Integrated Strategic Planning		✓	✓		UNDP	NOR (00187)	71600 Travel	21,500
	Activity 1.6: Output Support	✓	✓	✓	✓	UNDP	Trac (04000)	71400 Contractual Services – Individual	66,970
		✓	✓	✓	✓	UNDP	JPAA (10714)	71400 Contractual Services - Individual	90,800
		✓	✓	✓	✓	UNDP	JPAA (10714)	71600 Travel	110,000
		✓	✓	✓	✓	UNDP	NOR (00187)	72400 Communications	3,120
		✓	✓	✓	✓	UNDP	JPAA (10714)	72800 IT Equipment	13,000

			✓	✓	✓	UNCDF	IRE (G2950)	61300 Salary for International Staff	80,000
			✓	✓	✓	UNCDF	IRE (G2950)	63500 Insurance and Security Cost	10,000
			✓	✓	✓	UNCDF	IRE (G2950)	65100 After Service Insurance	5,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	73400 Rental & Main of Other Equip	15,000
Total Output 1									**636,451** (LGSP) **3,500,000** (MSATM)
Output 2									
Expected Output: Support is provided to GoTL for the establishment of an appropriate and comprehensive institution, legal and regulatory framework for local government.	Activity 2.1: Ongoing support to Policy and Legislation on Decentralisation and Local Governance	✓	✓	✓	✓	UNDP	JPAA (10714)	75700 Training & workshop	9,700
		✓	✓	✓	✓	UNDP	JPAA (10714)	74200 Audio Visual & Print Prod Costs	6,000
		✓	✓	✓	✓	UNDP	NOR (00187)	74200 Audio Visual & Print Prod Costs	2,000
Baseline: No legal framework to ensure the community participation in the process of identifying the needs and planning at local level.	Activity 2.2: Support for revision of LDP regulations for Integrated Planning, Capacity Assessment, Gender Equality, M&E system	✓	✓	✓	✓	UNCDF	IRE (G2950)	71200 International Consultant	49,500
		✓	✓	✓	✓	UNCDF	IRE (G2950)	71600 Travel	46,200
		✓	✓	✓	✓	UNCDF	IRE (G2950)	74200 Audio Visual & Print Prod Costs	11,000
Indicators: Policy and legislation for decentralisation and Local Government are approved by CoM and NP, after the consultation with key stakeholders based on the needs of the beneficiaries.	Activity 2.3: Output Support		✓	✓	✓	UNCDF	IRE (G2950)	61300 Salary for International Staff	80,000
			✓	✓	✓	UNCDF	IRE (G2950)	63500 Insurance and Security Cost	10,000
			✓	✓	✓	UNCDF	IRE (G2950)	65100 After Service Insurance	5,000
Targets: MSATM supported in facilitating approval of draft laws on local governance by the NP. MSATM supported in preparation of districts for "municipalisation"		✓	✓	✓	✓	UNDP	Trac (04000)	71400 Contractual Services - Individual	23,045
			✓	✓	✓	UNDP	JPAA (10714)	71400 Contractual Services - Individual	11,200
Total Output 2									**253,645**
Output 3									
Expected Output: Support is provided to GoTL for the implementation of local government reforms	Activity 3.1: Production of social communication materials (including radio programme, monthly bulletin, TV talk show, MSATM website, brochures, etc.)	✓	✓	✓	✓	UNDP	NOR (00134)	71600 Travel	3,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	72800 IT Equipment	8,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	74200 Audio Visual & Print Prod Costs	65,600
		✓	✓	✓	✓	UNDP	NOR (00187)	74200 Audio Visual & Print Prod Costs	2,400
Baseline: No mechanism / system to	Activity 3.2: Civic Education on Local Governance (including	✓	✓	✓	✓	UNDP	JPAA (10714)	72600 Grant	3,500

support the implementation of the legal framework on local governance and decentralisation.	communities, journalists, youth groups, NGOs, etc.)	✓	✓	✓	✓	UNDP	JPAA (10714)	75700 Training & workshop	2,000
		✓	✓	✓	✓	UNDP	IRE (00134)	74200 Audio Visual & Print Prod Costs	17,000
		✓	✓	✓	✓	UNDP	IRE (00134)	75700 Training & workshop	3,000
		✓	✓	✓	✓	UNDP	NOR (00187)	74200 Audio Visual & Print Prod Costs	2,500
		✓	✓	✓	✓	UNDP	NOR (00187)	75700 Training & workshop	500
		✓	✓	✓	✓	UNDP	JPAA (10714)	74200 Audio Visual & Print Prod Costs	25,000
Targets: Public awareness on local governance and decentralisation increases at community level through the implementation of communication strategy on Local Governance Reform.	Activity 3.3: Output Support	✓	✓	✓	✓	UNCDF	IRE (G2950)	61300 Salary for International Staff	80,000
		✓	✓	✓	✓	UNCDF	IRE (G2950)	63500 Insurance and Security Cost	10,000
		✓	✓	✓	✓	UNCDF	IRE (G2950)	65100 After Service Insurance	5,000
		✓	✓	✓	✓	UNDP	Trac (04000)	71400 Contractual Services – Individual	6,941
		✓	✓			UNDP	JPAA (10714)	72800 IT Equipment	4,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	74500 Miscellaneous	1,200
Total Output 3									**239,641**
Output 4									
Project Support	Activity 4.1: Procure equipments	✓	✓	✓	✓	UNDP	JPAA (10714)	72200 Equipment and Furniture	5,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	72800 IT Equipment	6,000
	Activity 4.2: Operation and Management	✓	✓	✓	✓	UNCDF	Core (G1310)	61300 Salary for International Staff	140,000
		✓	✓	✓	✓	UNCDF	Core (G1310)	63500 Insurance and Security Cost	12,500
		✓	✓	✓	✓	UNCDF	Core (G1310)	65100 After Service Insurance	7,500
		✓	✓			UNDP	JPAA (10714)	71200 International Consultant	85,000
		✓	✓	✓	✓	UNDP	IRE (00134)	71600 Travel	1,000
		✓	✓	✓	✓	UNDP	Trac (04000)	71400 Contractual Services - Individual	75,604
		✓	✓	✓	✓	UNDP	Trac (04000)	63400 Learning	19,800
		✓	✓	✓	✓	UNDP	JPAA (10714)	75700 Training & workshop	5,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	74200 Audio Visual & Print Prod Costs	10,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	74500 Miscellaneous	2,000
		✓	✓	✓	✓	UNDP	JPAA (10714)	72400 Communic & Audio Visual Equip	7,000

		✓	✓	✓	✓	UNDP	JPAA (10714)	72500 Supplies	18,800
		✓	✓	✓	✓	UNDP	JPAA (10714)	73400 Rental & Main of Other Equip	20,000
		✓	✓	✓	✓	UNDP	IRE (00134)	73400 Rental & Main of Other Equip	1,300
Monitoring and Evaluation	Activity 4.3: Ensure that the information for regular M&E of project activities is collected and analysed, in accordance with donor needs.	✓	✓	✓	✓	UNDP	JPAA (10714)	71600 Travel	1,000
	Activity 4.4: Regularly update the programmes Monitoring and Evaluation System (MIS)	✓	✓	✓	✓	N/A	N/A	N/A	N/A
	Activity 4.5: Assist the Ministry and local authorities in tracking their performance in public service delivery activities.	✓	✓	✓	✓	UNDP	JPAA (10714)	71600 Travel	2,000
	Activity 4.6: Regular field visit to Districts	✓	✓	✓	✓	UNDP	JPAA (10714)	71600 Travel	5,000
	Activity 4.7: Capacity building for M&E staff			✓		N/A	N/A	N/A	N/A
	Activity 4.8: Monitoring and oversight (Technical Support mission from UNCDF Regional Centre, and travel to UNCDF Annual Regional Workshop)	✓		✓	✓	UNCDF	IRE (G2950)	71600 Travel	28,230
Total Output 4									**452,734**
General Management Support						UNDP	Trac (04000)	75100 Facilities & Administration	7,640.40
						UNDP	IRE (00134)	75100 Facilities & Administration	2,541.00
						UNDP	IRE (00134)	75100 Facilities & Administration	1,470.00
						UNDP	NOR (00187)	75100 Facilities & Administration	4,099.90
						UNDP	NOR (00187)	75100 Facilities & Administration	2,342.80
						UNDP	JPAA (10714)	75100 Facilities & Administration	50,071.77
						UNDP	JPAA (10714)	75100 Facilities & Administration	28,612.44
						UNCDF	IRE (G2950)	75100 Facilities & Administration	29,395.10
Total without Government contribution									**1,708,644.41**
Total with Government contribution									**5,208,644.41**