MID-TERM EVALUATION

Local Government Support Programme (LGSP)

Timor Leste

Main report

July 2010
Special Projects Implementation Review Exercise of UNCDF projects in the Local Development and Inclusive Finance practice - SPIRE

Local Government Support Programme (LGSP)

Mid-term Evaluation

Timor Leste

EVALUATION REPORT:

Volume I: Main Report

FINAL VERSION

July 2010
EVALUATION TEAM

<table>
<thead>
<tr>
<th>Team Leader:</th>
<th>Dr Doug Hindson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team Members:</td>
<td>Mrs Asiyati Chiweza</td>
</tr>
<tr>
<td></td>
<td>Mr. Gautem Bizwas</td>
</tr>
</tbody>
</table>

MID-TERM EVALUATION: LOCAL GOVERNMENT SUPPORT PROGRAMME TIMOR LESTE

This report does not necessarily reflect the views of the United Nations Capital Development Fund, its Executive Board or the United Nations Member States. This is an independent publication by UNCDF and reflects the views of its authors.
**TABLE OF CONTENTS**

EXECUTIVE SUMMARY ............................................................................................................................................. VI

1. **THE EVALUATION APPROACH** ..................................................................................................................... 1
   1.1. Framework of the Evaluation .......................................................................................................................... 1
   1.2. Scope and Objectives of the Evaluation ......................................................................................................... 1
   1.3. Evaluation Method and Limitations ............................................................................................................. 2

2. **COUNTRY CONTEXT** .......................................................................................................................................... 5
   2.1. Socio-economic context ................................................................................................................................. 5
   2.2. Policy and Institutional Environment .......................................................................................................... 5
   2.3. The Context of Decentralisation ................................................................................................................. 5

3. **PROGRAMME PROFILE** .................................................................................................................................... 8
   3.1. Programme Description ............................................................................................................................... 8
   3.1.1. Programme phases .................................................................................................................................. 8
   3.1.2. Staffing and their activities ..................................................................................................................... 9
   3.1.3. Programme objectives .......................................................................................................................... 10
   3.1.4. Intervention logic ................................................................................................................................... 10
   3.2. Programme Status ....................................................................................................................................... 13
   3.2.1. Programme funding sources and expenditure ....................................................................................... 13
   3.2.2. Status of outputs .................................................................................................................................... 13

4. **THE EVALUATION FINDINGS** .......................................................................................................................... 16
   4.1. Programme Design Aligned to Country Priorities and UNCDF’s Global Objectives with some Elements Missing .................................................................................................................. 16
   4.2. District, Sub-District and Suco Level Capacities Enhanced, Community Capacity & Government Policy Capacity Less So ........................................................................................................... 19
   4.2.1. Capacity building at the district and sub-district levels ........................................................................... 19
   4.2.2. Capacity for Local Public Finance Management .................................................................................... 21
   4.2.3. Capacity building at the national level ................................................................................................. 23
   4.3. Planning, Funding and Management of Investments for Local Service Delivery Established; Integrated Strategic Planning Less Well Developed ........................................................................ 24
   4.4. Sound Infrastructure and Improved Services Delivered; Some Basic Facilities Missing ......................... 28
   4.5. Foundations for Sustainability being laid, but success reliant on continued capacity building, consolidation of state stability & wider economic & social developments .............................................. 32
   4.6. Management and Technical Advice Sound, Notwithstanding Vacancies During Critical Period; Partnerships with Government and Donors Solid ........................................................................... 34
   4.6.1. Sound Programme management ........................................................................................................... 34
   4.6.2. Sound technical advice ......................................................................................................................... 35
   4.6.3 Effective Monitoring and Evaluation system .......................................................................................... 35
   4.7. Solid partnerships established with government and donors ........................................................................ 37
   4.7.1. Financial contributions of donors more than matched by government .................................................. 37
   4.8. Piloting replicated nationally, policy framework established, basis for legislative and regulatory framework laid, JNP re-conceives implementation strategy ........................................................................... 39
   4.8.1. Piloting has, in effect, became a national roll out of the LDP, going well beyond the original plan ........................................................................................................................................... 39
   4.8.2. Piloting has informed the systems and procedures incorporated in national legislation and subsidiary legislation ....................................................................................................................................... 40
   4.8.3. A substantial body of policy and legislation produced but legislation still requires revision and consolidation ........................................................................................................................................... 41
4.8.4. Substantial work done on civic education and communications in preparation for implementation of local government reforms; .............................................................. 43
4.8.5. A Joint National Programme in the making; timely response to current opportunities & challenges................................................................................................................... 44
4.9. Gender equity pursued in pilots, not fully integrated into legislative and regulatory framework; women's participation in assemblies weak................................................................. 46
  4.9.1. Background................................................................................................................................. 46
  4.9.2. Specific programme activities between 2007 and 2009........................................................ 47
5. CONCLUSIONS AND LESSONS LEARNED................................................................................ 49
  5.1. Conclusions.................................................................................................................................. 49
  5.2. Lessons ......................................................................................................................................... 50
6. RECOMMENDATIONS...................................................................................................................... 52
  6.1. Summary of recommendations for period ending December 2011 ........................................ 52
  6.2. Summary of recommendations for the longer term ................................................................. 54
  6.3. PERSPECTIVES on the Joint National Programme................................................................. 55

LIST OF FIGURES

FIGURE 1 LEVELS OF GOVERNMENT IN TIMOR LESTE................................................................. 6
FIGURE 2: PROGRAMME PHASES................................................................................................. 8
FIGURE 3: LGSP INTERVENTION LOGIC ...................................................................................... 11
FIGURE 4: FUNDING SOURCES................................................................................................... 13
FIGURE 5: EXPENDITURE BY OUTPUT 2007-2009 ................................................................. 13
FIGURE 6: INVESTMENT BY TYPE OF PROJECT 2005/6 TO 2008/9......................................... 28
FIGURE 7: EXPENDITURE BY PROJECT TYPE .......................................................................... 28
FIGURE 8: NUMBER OF PROJECTS IMPLEMENTED ................................................................. 40
FIGURE 9: VALUE OF PROJECTS IMPLEMENTED......................................................................... 40
FIGURE 10: A PERSPECTIVE ON THE JNP................................................................................ 56
BASIC GEOGRAPHIC AND DEMOGRAPHIC DATA

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Area:</td>
<td>14,874 km²</td>
</tr>
<tr>
<td>Country Population (2009)</td>
<td>1,131,000</td>
</tr>
<tr>
<td>Capital City:</td>
<td>Dili</td>
</tr>
<tr>
<td>People:</td>
<td>East Timorese: Austronesian (Malayo-Polynesian), Papuan, small Chinese minority</td>
</tr>
<tr>
<td>Language:</td>
<td>Tetum &amp; Portuguese (official languages), Indonesian &amp; English (working languages), 16 indigenous dialects</td>
</tr>
<tr>
<td>Religion:</td>
<td>Roman Catholic 98%, Muslim 1%, Protestant 1% (2005)</td>
</tr>
<tr>
<td>Project Location:</td>
<td>Dili &amp; 8 districts, of which Dili, Bobonaro and Baucau were visited by the team</td>
</tr>
</tbody>
</table>

# ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEDAW</td>
<td>Convention on the Elimination of All Forms of Discrimination against Women</td>
</tr>
<tr>
<td>CMP</td>
<td>Corporate Management Plan</td>
</tr>
<tr>
<td>CPAP</td>
<td>Country Programme Action Plan</td>
</tr>
<tr>
<td>CSO</td>
<td>Chambers of Commerce</td>
</tr>
<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
</tr>
<tr>
<td>DEX</td>
<td>Direct Execution</td>
</tr>
<tr>
<td>GoTL</td>
<td>Government of Timor Leste</td>
</tr>
<tr>
<td>HQ</td>
<td>Headquarters</td>
</tr>
<tr>
<td>HRD</td>
<td>Human Resource Development</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IF</td>
<td>Inclusive Finance</td>
</tr>
<tr>
<td>INAP</td>
<td>National Institute of Public Administration</td>
</tr>
<tr>
<td>INFUSE</td>
<td>Inclusive Finance for the Under-Served Economy</td>
</tr>
<tr>
<td>ISD</td>
<td>Infrastructure Service Delivery</td>
</tr>
<tr>
<td>LD</td>
<td>Local Development</td>
</tr>
<tr>
<td>LDC</td>
<td>Less Developed Country</td>
</tr>
<tr>
<td>LDP</td>
<td>Local Development Programme</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>LGOS</td>
<td>Local Government Options Study</td>
</tr>
<tr>
<td>LGSP</td>
<td>Local Government Support Programme</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
</tr>
<tr>
<td>MIS</td>
<td>Management Information System</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MoED</td>
<td>Ministry of Economy and Development</td>
</tr>
<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>MTE</td>
<td>Mid-Term Evaluation</td>
</tr>
<tr>
<td>MSATM</td>
<td>Ministry of State Administration and Territorial Management</td>
</tr>
<tr>
<td>NEX</td>
<td>National Execution</td>
</tr>
<tr>
<td>NRM</td>
<td>Natural Resource Management</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>Operations and Maintenance</td>
</tr>
<tr>
<td>PEM</td>
<td>Public Expenditure Management</td>
</tr>
<tr>
<td>PSU</td>
<td>Project Support Unit</td>
</tr>
<tr>
<td>ROAR</td>
<td>Results Oriented Annual Reporting</td>
</tr>
<tr>
<td>TA</td>
<td>Technical Assistance</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
</tr>
<tr>
<td>UNDAF</td>
<td>United National Development Assistance Framework</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNMIT</td>
<td>United Nations integrated Mission in Timor Leste</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
## PROGRAMME DATA SHEET

<table>
<thead>
<tr>
<th>Country:</th>
<th>TIMOR LESTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Title (long):</td>
<td>Local Government Support Programme</td>
</tr>
<tr>
<td>Programme Title (short):</td>
<td>LGSP</td>
</tr>
<tr>
<td>Programme nбр:</td>
<td>-</td>
</tr>
<tr>
<td>Programme ATLAS Code (by donor):</td>
<td>UNCDF 00054393, UNDP 00053898, Donor 00054392 (Irish Aid, under UNCDF-BU)</td>
</tr>
</tbody>
</table>

### Total project Budget

USD 7 749 523

### Financial Breakdown (by donor) as of 01/04/2010

<table>
<thead>
<tr>
<th>Committments:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCDF (USD)</td>
<td>USD 665,255.00</td>
</tr>
<tr>
<td>UNDP (USD)</td>
<td>USD 705,601.51</td>
</tr>
<tr>
<td>Irish Aid (€)</td>
<td>€ 1,450,000.00</td>
</tr>
<tr>
<td>Government of Norway (USD)</td>
<td>USD 119,327.77</td>
</tr>
<tr>
<td>Government of Timor Leste (USD) (parallel funding)</td>
<td>USD 3,911,000.00</td>
</tr>
<tr>
<td>Unfunded amount</td>
<td>USD 244,985.12</td>
</tr>
</tbody>
</table>

### Delivery to date (per donor) USD:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Total to date per donor</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCDF</td>
<td>48,421.04</td>
<td>77,573.40</td>
<td>110,000.00</td>
<td>235,994.44</td>
</tr>
<tr>
<td>UNDP</td>
<td>249,507.94</td>
<td>85,042.17</td>
<td>511,491.00</td>
<td>846,041.11</td>
</tr>
<tr>
<td>IRISH AID</td>
<td>129,481.44</td>
<td>950,215.89</td>
<td>347,071.00</td>
<td>1,426,768.33</td>
</tr>
<tr>
<td>NORWAY</td>
<td>7,806.49</td>
<td>86,378.00</td>
<td>94,184.49</td>
<td></td>
</tr>
<tr>
<td>Government of TL</td>
<td>2,085,000.00</td>
<td>1,826,000.00</td>
<td>3,911,000.00</td>
<td></td>
</tr>
<tr>
<td>Total to date per year</td>
<td>427,410.42</td>
<td>3,205,637.95</td>
<td>2,880,940.00</td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>6,513,988.37</strong></td>
<td><strong>6,513,988.37</strong></td>
<td><strong>6,513,988.37</strong></td>
<td><strong>6,513,988.37</strong></td>
</tr>
</tbody>
</table>

Balance left: USD 660,754.65 (commitments – delivery)

### Executing Agency:

UNCDF and UNDP (DEX modality)

### Implementing Agency:

Ministry of State Administration and Territorial Management (National Counterpart)

### Approval Date of project:

26th November 2006

### Project Duration:

5 years, end date December 2011

### Project Amendment:

N/A

### Evaluation Date:

March 2010

### Other current UNCDF projects in-country:

Inclusive Finance for Under-Served Economy (INFUSE) – the Programme document was signed in April 2008 and the activities started in September 2008 when the Programme team was set up

### Previous UNCDF Projects:


### Previous evaluations:

EXECUTIVE SUMMARY

1. Programme profile

i. The Local Government Support Programme (LGSP) builds on two preceding initiatives: the Local Development Programme (LDP), piloted initially in Bobonaro and Lautem districts from 2005, and the Local Government Options Study of 2003. The LGSP is a five year programme that began in 2007 and is scheduled to end in December 2011, with a budget of USD 7.7 million financed by UNCDF, UNDP, Irish Aid, Norway and the Government of Timor Leste. of which USD 6.6 million have already been spent,

ii. The LGSP is implemented under the Direct Execution (DEX) modality, with an expatriate International Technical Specialist/Chief Technical Advisor (CTA) who supervises a national Programme Manager, eight other national professional staff and a complement of nine support staff. The staff of the LGSP team are housed in the offices of the Ministry of State Administration Territorial Management (MSATM) and work closely with the Ministry Staff, in particular the Director for Local Development and Territorial Management and the Minister. A Programme Officer has a quality assurance and support role and is housed in the UNDP Governance Unit.

iii. The overall goal of the LGSP is to contribute to poverty reduction. The programme's purpose is to establish accountable and effective local government in the country. The expected outputs are: 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; 2) Support is provided to GoTL for the establishment of an appropriate and comprehensive institutional, legal, and regulatory framework for local government; 3) Support is provided to GoTL for the implementation of local government reforms.

2. Context

iv. Timor Leste ranks 162 on the Human Development Index at 0.489, and has a per capita income of USD 717, making it amongst the poorest nations in South East Asia. Population growth is 2.5% per annum. It is largely rural, with 73% of the population living in the countryside and agriculture accounting for 90% of employment1. The country is endowed with significant offshore oil and gas, from which it receives substantial royalties.

v. Timor Leste gained independence in 2002 following 450 years of Portuguese colonisation and 24 years of Indonesian occupation. The country was administered for a two year transitional period by the United Nations prior to 2002. Civil conflict engulfed parts of the country during 2006, leading to population displacement, destruction of buildings and infrastructure and disruption of services. Under the security umbrella provided by the United Nations Integrated Mission in Timor Leste (UNMIT) political stability was established during the later part of 2006, and a gradual process of social and economic recovery began.

vi. The latest report of the Secretary-General of the United Nations Integrated Mission in Timor Leste of 12 January 2010 states that political developments have been “indicative of

---

1 Human Development Report 2009, UNDP &The World Factbook 2009, CIA.
continuing stability”, though it judges the state still fragile, with the underlying conditions that gave rise to the conflict still largely in place.

3. The evaluation purpose

vii. This Mid-Term Evaluation (MTE) is being undertaken jointly by the United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP) and Irish Aid.

viii. The MTE falls within the UNCDF’s Special Projects Implementation Review (SPIRE) initiative, which seeks to connect country programme evaluations with the UNCDF’s corporate strategy.

ix. The purpose of the MTE is to assess the LGSP’s design and performance and to make recommendations to strengthen the programme, should this be necessary. In addition, the ToR require the evaluation team to analyse and comment on any emerging vision, strategy and measures proposed for continuing UNCDF’s programming in the country.

x. The evaluation method adopted was to test the programme hypothesis against programme performance through documentary and data analysis and in dialogue with programme stakeholders. The tools used were stakeholder interviews, focus group discussions and kick-off and debriefing meetings. The team spent 13 days in Dili and a total of five in the districts of Bobonaro and Baucau. It interacted with 254 people, of whom 26% were women.

4. Overall assessment and Main findings

xi. Halfway through the programme’s 5 years, piloting has gone well beyond expectations, while finalisation of the legislative framework for the new local government system and its implementation still lies ahead. Overall, 90% of the USD 6.5 million budget has already been executed. Under output 1, the LGSP doubled the number of districts in which the LDP was piloted from the planned four to eight, an outstanding achievement. Under output 2, the LGSP assisted the MSATM to produce a revised Decentralisation Strategy Framework and Policy Orientation Guidelines for Decentralisation, three decentralisation laws and subsidiary legislation. These laws are awaiting revision and passage through the National Assembly. Output 3, the implementation of the new municipal system, is awaiting passage of the decentralisation laws. In the meantime, the MSATM, with support from the LGSP and the UNCDF’s Bangkok office, has formulated a Joint National Programme which would mobilise the actors and resources for a big push to implement the new local government system.

xii. The design of the LGSP is consistent with the UNCDF’s generic LDP model and its objectives align closely with those of the GoTL and the UNCDF’s UN partners, namely to introduce a new system of local governance providing decentralised services as a means of building the legitimacy and stability of the state. The design differs from the generic LDP in that the standard capacity building, planning and infrastructure and service delivery outputs are compressed into output 1, which is the piloting of the LDP, as LDP activities rather than as outputs in their own right. The design could have been strengthened by introducing infrastructure and service delivery as a development objective and by explicit inclusion of principles relating to state fragility and conflict sensitivity.
xiii. Building on the foundations laid by the predecessor LDP, the LGSP has introduced systems and procedures, and provided comprehensive and sustained capacity building and training to district and sub-district authorities, in planning, financial management, procurement, and to assembly members in their roles as decision takers. The training is highly appreciated by the beneficiaries and has improved their ability to perform their functions. Nevertheless, further capacity building is needed to consolidate these achievements because the districts began with such low capacity base. Areas in which some weaknesses remain are in the production of timely and accurate auditing reports on district finances and in downward reporting from the districts and sub-district levels to the Suco levels, where knowledge of decisions made at higher levels is weak or non-existent.

xiv. Again, building on the foundations laid by the predecessor LDP, the LGSP has introduced bottom-up participatory planning in which community members identify priority investments against a local development fund (LDF). These plans are screened by the sub-districts followed by the districts, which take into account the existing distribution of infrastructure and services and national development priorities. However, the absence of a geographically based Service Delivery Information System hampers efforts by the sub-districts and districts to plan strategically, an area of weakness in the programme.

xv. Structurally sound infrastructure has been delivered and is clearly benefitting surrounding communities, including poor people, all of whom express appreciation for the newly provided services. The throughput of investments has far exceeded expectations. This has been made possible by the National Assembly’s decision to fund all investment and operation costs in the pilot districts since 2008 and because the number of pilots increased from four to eight. Investment expenditure, including the GoTL’s contribution, has absorbed 63% of the total LGSP budget. The pace of implementation has been such that the LGSP has used up 90% of its budget at mid-term.

xvi. The focus of investment is in line with the social development objectives of the GoTL, and with the UNCDF’s goal of localizing the health and education dimensions of poverty reduction as expressed in the MDGs, but does not address the economic and environmental dimensions of the MDGs. Procurement systems have been successfully installed and the LGSP investments are injecting capital into local economies through the use of local contractors. Notwithstanding the high quality of infrastructure, some basic complementary facilities such as toilets and water supply were missing at sites inspected by the evaluation team. Operations and maintenance arrangements, while provided for in the LGSP guidelines, are not yet in place at project sites.

xvii. In terms of output 1, the roll-out of the LDP across the districts of Timor Leste, using the government funding, establishes the financial foundations for long term sustainability of infrastructure, service delivery. Building blocks for institutional sustainability are being laid in the pilot districts through the introduction of planning, finance management and procurement systems. This has also contributed to re-establishing political stability and state legitimacy by demonstrating that local government can deliver services that meet the needs of communities in ways that are transparent and efficient. However, sustainability of the infrastructure and service provided requires operationalisation of O&M structures at local level. Under output 2, the lessons learnt from piloting have been drawn into the decentralization laws and subsidiary legislation, but these laws still have to be revised and passed by the National Assembly. Under output 3, the sustainability of the local governance system depends on the successful implementation of the municipalities, a step that awaits
passage of the decentralization laws by the National Assembly. The institutional sustainability of the new local government system will depend on the simultaneous re-building of the national ministries and a workable re-assignment of functions from them to the districts, an area of work that should be taken up by the JNP. Economic and environmental sustainability, both essential to long term sustainability, have not yet been addressed by the LGSP.

xviii. The efficiency of programme management has been high relative to comparable governance projects, measured in terms of the ratio of management to total project costs (12%). Good management of the programme has been achieved notwithstanding key staff vacancies at a critical time. An indicator of the management’s effectiveness is the decision of the National Assembly to fund all investment and operational costs of the LDP in the pilot districts from the National Treasury. Technical advice has generally been solid, combining context sensitivity and international experience, with frequent missions being mounted by the UNCDF’s Bangkok office. Sound working relationships have been built up between programme management staff and counterparts in the MSATM and other ministries, and with donor partners.

xix. The LGSP has leveraged 31 times its investment – an outstanding achievement. It has positioned itself effectively as the flagship for decentralization, based on a strong working relationship with the MSATM, good working relationships with the Ministry of Finance and with the Education, Health and Infrastructure Ministries. It is well positioned within UNMIT who sees the LGSP as driving decentralization, and decentralization as a means of rebuilding the stability and legitimacy of the state in Timor Leste, following the conflict of 2006. It has built a strong partnership with Irish Aid, an organization that has been the main donor contributor to the finance of the project and brings a special concern and experience with conflict sensitivity to the work of the LGSP.

xx. Piloting has been the most successful component of the LGSP. It doubled the planned number of pilot districts covered between 2007 and 2009 and started to cover all 13 districts in 2010, which will, in effect, convert the piloting into a national LDP replication programme. This is also an outstanding achievement relative to the programme’s initial objectives and the experience of other LDPs internationally. Drawing on experience from the pilots, a substantial body of policy, legislation and subsidiary legislation has been produced by the Government with the LGSP support, (among these the Policy Guidelines on Decentralisation and a revised Decentralisation Strategic Framework in 2007; the Law on Administration and Territorial Division, the Law on Local Government and the Law on Municipal Elections in 2009); legislation that requires revision and consolidation. Support for implementation of the new local government system has been provided in the form of an Information and Education Campaign, but other planned activities under output 3 are in suspension awaiting the passage of the decentralization laws through the National Assembly. The Joint National Programme on the drawing boards proposes to mobilise resources and coordinate efforts to step up implementation of the new local government system once the decentralization laws are passed.

5. Conclusions and lessons learned

xxi. Taking into account that the LGSP is at mid-term, it has moved a long way in achieving its outputs. Its performance towards achieving the objectives of output 1, the piloting of the LDP in the districts, has far surpassed expectations. Under output 2, the LGSP helped government establish a solid policy framework, in the form of the Decentralisation...
Guidelines and Decentralisation Strategic Framework. Finalising output 2 will require continuing support to the Government in the revision and consolidation of the three primary local government laws along with the subsidiary legislation.

xxii. Notwithstanding a high-profile national Communication and Civic Education campaign, progress with the implementation of the new municipal system, the core objective of output 3 has been held up, though not due to any lapse on the part of the LGSP. As a way of stepping up and moving the programme forward, the MSATM, with support from the LGSP team and the UNCDF’s regional office, has been pro-active in thinking through a JNP.

xxiii. The following lessons may be drawn from the experience of the LGSP:

L1. The generic UNCDF LDP² is a robust model for piloting accountable, local-government driven service delivery in contexts where this model represents an innovation, is effectively aligned with core government objectives and wholeheartedly owned by government.

L2. LDPs have the potential to help stabilize and legitimize fragile states if introduced in a conflict sensitive way. Particular care is needed around the sequencing and timing of implementation of decentralization reforms to ensure that capacity is built locally and nationally, in order to effectively carry out the intended reforms.

L3. Realising the full potential of a local development programme in a fragile state context requires the establishment of trust- and respect-based relationships between the programme, government partners and the donor community.

L4. Decentralisation affects central government institutions as much as it does local ones. It is a large scale, complex and slow moving process, and this needs full consideration in programme design and implementation, with particular care needed to set realistic time frames for the installation of the system.

L5. The experience in Timor Leste has underscored the importance of the UNCDF’s capital investment mandate, piloting approach and ability to deploy high level technical expertise to the success of its LDPs. These three elements are what potentially give the organisation a competitive advantage within the UN Family, but these advantages only come into play in contexts where the LDP represents an innovation.

6. Recommendations

R1. The team recommends that within the time remaining to the programme the LGSP establishes a minimum package for infrastructure and service delivery that ensures that basic standards are met in terms of infrastructure, operations and maintenance. This minimum package would include not only the main infrastructure involved, for example class rooms for schools and wards for clinics, but also the minimum ancillary infrastructure such as water supply and toilets. Is should take steps, in the form of training, implementation support and monitoring, to ensure that the provisions in the LDP guidelines relating to Operations and Maintenance (O&M) are given effect in practice.

R2. Also within the pilots, the team recommends that the LGSP takes steps to strengthen downward accountability from the district to community level. In particular, it recommends that the LGSP should ensure that the guidelines for reporting on investment decisions and procurement processes by assembly members from district to sub-district and from sub-district to Suco level are adhered to. This should be done through training, implementation support and close monitoring.

² See the Orientation Note, Annex 5 of this report. The UNCDF’s generic LDP intervention logic is illustrated in Orientation Note, p. 7 figure 5.
R3. The LGSP should review its Communication and Civic Education strategy to ensure that the campaigns reach not only the literate but also illiterate people at community level in the towns and in the less accessible rural areas. Practically, this could be done by sampling a selection of rural areas to assess the impact of the past campaign and by subsequently using the results to develop techniques that are appropriate for illiterate people, which could include visual techniques such as theatre.

R4. To complement the LDP piloting, the team recommends that the LGSP, in discussion and collaboration with the MSATM and the relevant national ministries, introduces Natural Resource Management (NMR) and Local Economic Development (LED) components to the LDP piloting. The aim would be to promote holistic planning and long-term economic, social and environmental sustainability.

R5. The team makes a number of recommendations that seek to deepen and widen the gender equity and women's empowerment work of the LGSP within the LDP pilots and through its support for institutional, legislative and regulatory reform.

R6. The evaluation mission strongly recommends that the UNCDF, UNDP, Irish Aid and other interested donors support the initiative of the GoTL, LGSP and UNCDF regional office in Bangkok to mount a JNP, and that the donors provide it with the necessary resources and backing.
1. THE EVALUATION APPROACH

1.1. FRAMEWORK OF THE EVALUATION

1. This Mid-Term Evaluation (MTE) of the Local Government Support Programme (LGSP) in Timor Leste is being jointly undertaken by the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP) and Irish Aid.

2. The MTE is part of a broader UNCDF initiative, the Special Projects Implementation Review (SPIRE), which seeks to connect country programme evaluations with the UNCDF's corporate strategy, thereby enabling cross-country comparison and the tracking of progress towards global objectives.

3. The purpose of the MTE is two-fold:
   - To assess the performance of the LGSP against its intended objectives and make recommendations to assist its implementation over the remainder of its term.
   - To assess the performance of the LGSP against UNCDF's global corporate strategy objectives and draw lessons to inform UNCDF's future strategy debates.3

4. The UNCDF corporate strategy is to localise the Millennium Development Goals (MDGs) in the Less Developed Countries (LDCs), focusing in particular on three goals: eradicating poverty and hunger, promoting gender equality and women's empowerment and ensuring environmental sustainability.4

5. The evaluation mission took place between March 13th and 30th, 2010.

1.2. SCOPE AND OBJECTIVES OF THE EVALUATION

6. In line with the objectives set out for the Mid-Term Evaluation (MTE), the assessment covers the programme’s contribution to human, institutional and financial capacity, to provision of infrastructure and services, to gender equity and to democratic governance. It includes assessment of the extent to which the programme has improved the access of the poor to better services. The evaluation examines programme management and technical advice and assesses the degree to which the programme results are likely to be sustainable.

7. In addition, the terms of reference require the evaluation team to make recommendations and “Analyse and comment on any emerging vision, strategy and measures proposed for disengaging or continuing UNCDF’s programming in the country”.5

---

3 See terms of reference in Annex 1.
5 UNCDF (2010) Terms of Reference for LGSP, Section 5, p.8-9. The minutes of the LGSP Steering Committee of 26th January of 2010 (Section VII, 5, p.4.) re-enforce this orientation in recommending that the mid-term evaluation “should include a strong focus on forward looking recommendations including the development of the Joint National Programme (JNP)”.

1.3. EVALUATION METHOD AND LIMITATIONS

8. The approach is based on the methodology developed for the SPIRE initiative, which entails the following main steps:
   - extracting the development hypothesis underlying the programme design and reconstructing the implementation logic flowing from the hypothesis
   - comparing the programme’s implementation logic with the effects diagram constructed for the SPIRE initiative, based on a generic model of the UNCDF’s LDPs.6
   - adjusting and fine-tuning the SPIRE ‘generic’ evaluation matrix (derived from the effects diagram) on the basis of the results and resources framework of the LGSP to obtain the set of evaluation questions. These questions are set out in Table 1, below.

<table>
<thead>
<tr>
<th>Table 1: Evaluation questions (EQs) retained for the mid-term evaluation of the LGSP7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To what extent does the programme design meet UNCDF’s LDP intervention logic and development objectives of the partner country?</td>
</tr>
<tr>
<td>2. To what extent has the programme contributed to increased capacity at local and national government level?</td>
</tr>
<tr>
<td>3. To what extent has the programme contributed to the improved planning of local development?</td>
</tr>
<tr>
<td>4. To what extent has the programme contributed to enhanced opportunities for socio-economic development (in the areas of ISD, NMR and LED)?</td>
</tr>
<tr>
<td>5. To what extent are the programme results likely to be sustainable in the longer-term?</td>
</tr>
<tr>
<td>6. How effective has management of the programme been at national and local level?</td>
</tr>
<tr>
<td>7. How well has the programme promoted/favoured partnerships with donors and government?</td>
</tr>
<tr>
<td>8. To what extent were the piloted approaches conducive to policy developments?</td>
</tr>
<tr>
<td>9. How well has the programme promoted gender equity and women’s empowerment?</td>
</tr>
</tbody>
</table>

9. At the suggestion of Irish Aid, the team introduced two further issues that are integrated into the Evaluation Matrix as sub-questions of EQs 1 and 58:
   1) The extent to which the LGSP adopted “fragile states”9 principles in its design and operation, and
   2) The extent to which the design and implementation of the LGSP have been “conflict sensitive”.

10. The evaluation began with a home-based analysis of programme documents10. Building on this, the team produced an Orientation Note11 that sets out its method, initial findings and a work plan. The Orientation Note was sent to the national stakeholders prior to the mission and presented to the Reference Group12 at the beginning of the mission.

---

6 See the Orientation Note, Annex 5 of this report. The effects diagram is set out in Figure 7, page 9 while the generic evaluation matrix is presented in Annex 1 of the orientation note, pp. 51-60 of the annexes volume.
7 It should be noted that the final formulation of the evaluation questions presented in the table slightly differs from those presented in the Orientation Note.
8 Sub-questions 1.8 and 5.2.
10 The team was greatly aided by the Programme Officer’s rapid response to requests for project documentation. This enabled the team to do desk work prior to the in-country mission.
11 See Annex 5.
12 The Reference Group was established for the evaluation mission. It comprised representatives from the LGSP, the Ministry of State Administration and Territorial Management, UNDP and Irish Aid.
11. The evaluation tools used by the team included: documentary reviews, stakeholder interviews, focus group discussions and kick off and debriefing meetings. In addition, the team undertook surveys to obtain the views stakeholders and beneficiaries on the LGSP.

12. The mission began with briefings with the LGSP team, the UNDP and the Ministry of State Administration and Territorial Development (MSATM). At the end of the mission, the evaluation team held separate deb briefings with the LGSP team, MSATM, UNDP, Irish Aid and the Reference Group. It ended the mission with a presentation of its findings and recommendations at a national debriefing meeting.

13. On the suggestion of the LGSP Technical Advisor, the team spent more time in Dili and less in the districts than initially planned, which reduced its coverage of the implementation areas but increased its ability to focus on the LGSP’s work on the decentralisation reform. Overall, the team thus spent the first five days of the mission in Dili, where it held interviews with national stakeholders. It spent two days in Bobonaro and two days in Bacau districts where it held meetings with district and sub-district officials and with Suco council representatives. It visited six project sites where it inspected infrastructure, interviewed service providers and held meetings with service users. The team spent the last five days in Dili, where it held a meeting with Dili city officials, held further meetings with national stakeholders, wrote up its findings and recommendations and presented them to national stakeholders in the series of debriefings described in the paragraph above.

14. The team interacted with a total of 254 people, of whom 13% were national government actors, 11% donors, 43% district and sub-district officials and assembly members and 29% non-elected community members. Of the total, 26% were women, most of whom were assembly and community members (see annex 3 for full list of people met).

15. The application of the SPIRE evaluation questions to the LGSP Results and Resources Framework (RRF) was challenging for the team. The reason is that the outputs in the RRF do not correspond with the structure of the evaluation questions. To obtain a reasonable correspondence, the team had to go down to the level of activities in the RRF and then re-aggregate these to the categories corresponding to the SPIRE evaluation questions.

16. These difficulties were accentuated by the fact that the team organised its work and presented its findings to national stakeholders in Timor Leste using the structure of the RRF. This was to ensure that the stakeholders could follow in terms of categories with which they were familiar from their association with the LGSP. For the report, the findings and recommendations had to be re-organised to conform to the SPIRE template, a process that took several steps and required a considerable amount of time. Despite these difficulties, the team believes the SPIRE evaluation matrix provides a robust tool for evaluation of the LGSP. The reason is that the programme represents a variation on the generic UNCDF LDP, on which the SPIRE evaluation matrix is based. Exactly how the LGSP relates to the generic UNCDF LDP is discussed in Section 4.1 which deals with programme design. In this final version of the report, the cross-cutting issues of gender equity and women’s empowerment has been added to the SPIRE evaluation questions. This was done in response to the importance attached to gender in the LGSP programme document and because it is one of the goals the UNCDF seeks to localise.

17. The team spent a considerable amount of time at the beginning of the mission revising the SPIRE survey questions and preparing the survey materials. The survey questions were derived from the evaluation matrix and adapted to suit different categories of programme
stakeholders: national actors, district officials, district assembly members and community based service users. The survey questions were translated into Timorese by the LGSP staff, for which the evaluation team expresses its gratitude.

18. The surveys were applied in two contexts: at district level meetings, where district officials and assembly members were surveyed separately and in the implementation areas at project sites where community-based service users were surveyed. Immediately following the administration of the surveys, the evaluation team members held focus group discussions. At the district level, district officials were placed in one group and assembly members in another group. At the project sites, community service users were placed in one group and Suco chiefs in another.

19. Most of the district officials and a substantial proportion of the assembly members were literate. This meant that they were able to fill out the survey forms either on their own or with the aid of the fellow district/assembly members. At the project sites, most of the service users surveyed were illiterate. In Bobonaro, members of the LGSP team who happened to be present assisted the service users by explaining the questions and helping fill out the forms. In Baucau this role was performed by one member of the LGSP team and by three district officials accompanying the evaluation team. The evaluation team was concerned that using members of the LGSP team and district officials to help illiterate respondents fill out their forms could have introduced a bias in the results, particularly in the case of Baucau. Following an initial analysis of the survey results, the evaluation team met to assess the results based on its experience with the focus groups. In the case of Baucau, it appeared that responses to some of the questions, notably those on the performance of the districts may have reflected a degree of upward bias. This has been taken into account when using the results.
2. COUNTRY CONTEXT

2.1. SOCIO-ECONOMIC CONTEXT

20. In 2007 Timor Leste ranked 162 on the Human Development Index at 0.489, and had a per capita income of USD 717, making it amongst the poorest nations in South East Asia. Life expectancy at birth was 60.1 and adult literacy as a percentage of the population over 15 was 50.1%. Population growth is 2.5% per annum, indicating that Timor Leste has one of the world’s fastest growing populations. The country’s Gender Related Development Index (GDI) was 0.369 in 2004, indicating high levels of gender inequality. Timor Leste is largely rural, with 76% of the population in the countryside, and agriculture accounting for 88% of employment. The country is endowed with significant offshore oil and gas, from which it receives substantial royalties.

2.2. POLICY AND INSTITUTIONAL ENVIRONMENT

21. Timor Leste gained independence in 2002 following 450 years of Portuguese colonisation and 24 years of Indonesian occupation. Its independence war, notably the actions of the departing occupying forces, left much of the country’s infrastructure destroyed and its population displaced.

22. The country was administered for a two year transitional period by the United Nations prior to 2002. Civil conflict engulfed parts of the country during 2006, leading to further population displacement, destruction of buildings and disruption of services. Under the security umbrella provided by the United Nations Integrated Mission in Timor Leste (UNMIT) political stability was re-established, and a gradual process of social and economic recovery began, mainly benefitting the population in the capital, Dili.

23. The latest report of the Secretary-General of the United Nations Integrated Mission in Timor Leste, dated 12 January 2010, indicates that political developments have been “indicative of continuing stability”, notwithstanding the attacks on the President and Prime Minister in 2008. However, “institutions are still fragile... and how well they could withstand another major crisis remains uncertain. In addition, many of the underlying factors that had contributed to the 2006 crisis remain... A reasonable goal is to ensure that the democratic institutions and processes established are robust enough to continue addressing these issues without regressions to violence.”

2.3. THE CONTEXT OF DECENTRALISATION

24. The current structure of the government of Timor Leste is shown in Figure 1. The Ministry of State Administration and Territorial Management (MSATM) is responsible for the administration of local government, including appointment of district and sub-district officials.

25. Sector ministries appoint staff at district and sub-district level to provide de-concentrated services. Certain services, such as secondary schools and clinics are located in

---

16 Ibid. Section 172, p.44
The district centres, while others, such as primary schools and health posts, are located at both the district and the sub-district level. The finance and infrastructure ministries have staff at the district level, whereas the sector ministries (education, health, agriculture) have staff both at the district and sub-district levels, the latter acting as extensions of the districts.

**Figure 1 Levels of government in Timor Leste**

26. The Suco councils are defined by government as a community level, not part of government itself, and their members are accordingly not on the civil service payroll. Notwithstanding this, Suco Elections were held in 2005 and 2009, introducing a democratic process within a chiefly system of appointment. The Suco councils appoint their members to sub-district assemblies and the sub-district assemblies appoint members to the district assemblies. The Suco councils are responsible for oversight and management of village level activities, including handling of land disputes, protection of forests and water sources and the organisation of cultural activities. The Suco councils manage the village level project prioritisation process initiated by the LGSP and are intended to be involved in overseeing implementation and in the establishment of operations and maintenance (O&M) committees responsible for projects.

27. The Government of Timor-Leste is seeking to give effect to the country’s constitutional commitment to decentralisation. This involves building the capacities of the districts to deliver services and investing in infrastructure and service delivery. The aim of the Coalition government that came to power in 2006 is to transform the current administrative districts into municipalities with mayors and municipal managers.

28. Parallel with efforts to decentralize service delivery, the GoTL and donors are investing considerable resources into building central government institutions themselves, including the capacity of the sector ministries to provide de-concentrated services, for
example in the areas of education, health, infrastructure and agriculture. In fragile states, establishing a balance between donor efforts to support decentralisation, on the one hand, and re-building national state institutions on the other is important for the legitimacy and overall effective functioning of government is to be assured.17

29. Local government reform is seen by government and donors alike as a potential means to enhance the legitimacy and stability of the state. These actors are working on the assumption that decentralization will increase the accountability of the government to its citizens and better meet their needs in basic education, health and other services. Building a local government system that effectively delivers basic services to the poor would be an important step towards the country’s attainment of the Millennium Development Goals (MDGs).18 In the context of fragile states, effective delivery of services by local government within a policy framework, legislative and regulatory system established and overseen by the central state is an important element in re-building political stability and legitimacy.19

30. However, it is recognized that “the development of institutional and human resource capacities to strengthen the state’s ability to govern is a long-term process”, particularly in Timor Leste where state institutions have been established only recently and the factors underlying the conflict in 2006 remain.20 The Report to the Secretary-General notes that a recent “assessment mission heard serious concerns across political party lines that weak human resources and capacities at the district level would complicate decentralization”.21

---

21 Ibid. Section 101, p. 27.
3. PROGRAMME PROFILE

3.1. PROGRAMME DESCRIPTION

3.1.1. Programme phases

31. The LGSP builds on two preceding initiatives: the Local Government Options Study (LGOS)\(^\text{22}\) and the Local Development Programme (LDP). Figure 2 illustrates these two initiatives against the background of key moments in the national context.

Figure 2: Programme phases

![Programme phases diagram]

Source: Evaluation team based on LGSP documentation.

32. The LGOS and LDP began just after independence during the tenure of the Fretilin government and lasted until the end of 2006 after which they were combined to form the LGSP (shaded arrow). The inauguration of the LGSP coincides with the end of the period of civil conflict and the establishment of stability under the umbrella provided by UNMIT.

33. The LGOS resulted in a major study that analysed the history of local government in Timor Leste, going back to pre-colonial times and the current architecture and state of local government. It set out five major local government options for consideration by the GoTL. The LGOS was followed in 2006 with the production of the Decentralisation Strategic Framework (DSF). Building on the work of the LGOS and taking the DSF as a foundation, the LGSP helped the new Coalition government draw up Policy Guidelines for Decentralisation.

and a revised DSF in 2008. From 2004 the LDP was piloted in Bobonaro, while Lautem was added in 2005. These pilots introduced finance, planning and procurement systems and built infrastructure based on the UNCDF’s LDP model.

34. The predecessor initiatives laid a foundation of experience at the district level and in terms of a national policy framework. This work was, however, entirely disrupted during the civil conflict of 2006 when all piloting was suspended and the team in Dili dispersed, some fleeing to a nearby island.

35. Thus when the LGSP began in 2007, it had a basis from which to build in the two pilot districts although the context had changed substantially. The country had been torn apart by civil conflict, public building and infrastructure had been destroyed and population displaced. A new government had come to power, with different views on which local government option was appropriate for Timor Leste.

36. Thus, in addition to re-assembling the national team and re-connecting with district officials in the pilot areas, the LGSP had to adapt its approach at local level to accord with new government priorities. Furthermore, the LGSP had to take up the work supporting the establishment of a national legislative and regulatory system for decentralisation, work that had only just begun prior to 2007.

37. The key challenges for the LGSP from 2007 onwards were, then, to build a relationship with the new government, extend piloting to the new districts, introduce systems that would accord with the new government’s favoured local government option, revise the decentralisation strategic framework, develop a detailed policy framework for decentralisation, formulate a legislative and regulatory framework for decentralisation and assist the government in implementing this framework. It is against these challenges that the LGSP is evaluated.

38. The LGSP was implemented from January 2007 and is scheduled to end in December 2011.

3.1.2. Staffing and their activities

39. The programme is implemented under the Direct Execution (DEX) modality, with an expatriate International Technical Specialist/Chief Technical Advisor who supervises a National Programme/Operations Manager. A Programme Officer, while not a member of the LGSP team, has an oversight and support role with regard to programme management and implementation.

40. At the time of the evaluation, the LGSP had one Technical Specialist/CTA, one Communications Analyst, one National Programme/Operations Manager, eight National Professional Staff and nine support staff. The staff of the LGSP team are housed in the offices of the Ministry of State Administration Territorial Management (MSATM). The PO is based in the offices of the UNDP Governance Unit, housed in the UN compound. The LGSP staff work

---

24 Although defined as a DEX modality, the arrangements have elements of National Execution (NEX) in that the CTA and PO support a Programme Management Unit whose manager is a national, though not an employee of the MSATM. The Director of Local Development and Territorial Manager in the Ministry plays a leading role in driving the programme and the Minister himself is strongly involved in overseeing it.
closely with the Ministry Staff, in particular the Director for Local Development and Territorial Management and the Minister.

41. The LGSP team’s main activities are to:
   i) pilot capacity building and service delivery in 13 districts; and
   ii) provide technical inputs and advice to the MSATM on the legislative and regulatory framework for local government and provide support to the implementation of the local government system.

42. Decisions on local government options and on the timing of the implementation of decentralization lie with government.

3.1.3. Programme objectives

43. The overall goal of the LGSP is to contribute to poverty reduction in Timor-Leste.25 The programme’s purpose is to establish an accountable and effective local government in the country. The programme’s outputs are set out in its Results and Resources Framework as follows:
   - 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.
   - Output 2: Support is provided to GoTL for the establishment of an appropriate and comprehensive institutional, legal, and regulatory framework for local government.
   - Output 3: Support is provided to GoTL for the implementation of local government reforms.

44. Note that output 1 is a continuation of the piloting of the LDP that started in 2004 and ended in 2006. Nevertheless, it is still described by staff and in LGSP documentation as the “LDP”, and this is the terminology that will also be used in this report. Although it constitutes a distinct set of activities with its own resources, staff and implementation plans, the LDP is an integral part, and a major component, of the work of the LGSP, not a separate programme.

45. In addition to these outputs, the LGSP programme document (PD) attaches importance to involving women in local governance and provides for concrete actions to ensure this.

3.1.4. Intervention logic

46. This sub-section describes the LGSP’s intervention logic. An analysis of the design is provided in Section 4.1.

47. Figure 3: illustrates the LGSP intervention logic. Inputs take the form of technical advice and finances. The first output is piloted Infrastructure Service Delivery (ISD), Public Expenditure Management (PEM) and Public Finance Management (PFM) at the local level.

48. Piloting informs the establishment of the legislative and regulatory framework for local government envisaged in Output 2. Output 2 provides the legislative pillars for the implementation of Output 3, local government reforms. The purpose of the programme is to

---

establish an accountable and effective local government in Timor Leste. The overall objective is to contribute to poverty reduction. The line in red between the purpose and overall goal is to indicate that no development objective is specified, a point discussed in Section 4.1 below which assesses the programme design.

49. A capacity for Monitoring and Evaluation (M&E) is established within the Programme Support Unit (PSU). Within the design logic, this is used to follow the progress of implementation and draw on the experience of the pilots to inform the Inter-Ministerial Group, Reference Group and Steering Committee which oversee the programme.

50. The predecessor to Output 1 was the LDP of 2005-2006, piloted in 4 districts (shown in the box at the bottom left of the figure). The LDP has continued within the framework of Output 1 of the LGSP. The number of districts increased to 8 in 2009. Although not originally conceived as such, piloting is, in practice, becoming a national replication process, with plans to up-scale to all 13 districts by 2010, as illustrated by the purple box.

Figure 3: LGSP intervention logic

51. The predecessor to Output 2 was the Local Government Options Study (LGOS) of 2003-6 (shown in the box at the bottom right of the figure). The policy, legislative and regulatory work in Output 2 builds on the LGOS. In its turn, Output 2 creates the legislative pillars on which Output 3 is built, namely implementation of local government reform.

52. The LGSP thus brought the previous LDP and LGOS together to form an integrated new programme, as illustrated by the two transparent arrows. These arrows represent the two
main streams of the LGSP's work, each within its own history, activities, resources and momentum.
3.2. **PROGRAMME STATUS**

This section describes the programme’s status at the time of the evaluation mission.

3.2.1. **Programme funding sources and expenditure**

53. Figure 4 illustrates funding sources. The bulk of the funding came from the GoTL. This reflects its contribution to investments in ISD in the pilot districts between 2008 and 2009. Irish Aid provided 22% of the programme’s funds, the UNDP 20% and the UNCDF and Norwegian Cooperation 3%. This significance of this distribution of funding sources will be discussed in Section 4.7 dealing with partnership and Section 4.8 dealing with piloting.

54. Figure 5 illustrates programme expenditure by main category of activity between 2007 and 2009. The largest category of expenditure was investment in ISD, 63%, largely attributable to the GoTL’s contribution. This was followed by the expenditure on capacity building and training, 15%. Management received 12% of total expenditure and technical advice 12%.

The implications of this distribution of expenditure are analysed in Sections 4.3 on capacity building, Section 4.4 on infrastructure and service delivery and in Section 4.6 on management and technical advice.

3.2.2. **Status of outputs**

55. In this section, the status of the LGSP at the time of the mid-term evaluation is described in terms of its three main outputs, namely, piloting, formulation of legislation and
regulations and implementation of the new local government system. Detailed assessments of capacity building, planning and procurement are given in the report sections that follow dealing with these dimensions.

56. The aim of output 1, set out in the RRF, was for the LGSP to pilot the LDP in four districts, two inherited from the predecessor programme and two new ones. In practice the LGSP piloted the LDP in four districts in 2007/8 and then in eight by 2009/10, over half the country's thirteen districts. This meant that the LGSP took on double the number of pilot districts anticipated in the RRF and is planning to take on the rest in 2010, which would mean more than tripling the number of pilot districts.

57. Programme expenditure on infrastructure and services' annual investment increased ten-fold between the period 2005/6, the first full year of operation of the predecessor LDP, and 2007/8, the first full year of the LGSP. The number of projects implemented per annum tripled over the first two years of the LGSP's work. At the end of the financial year 2008/9, the programme had invested a total of USD 4,019,789 and established 374 infrastructure service projects.

58. The aim of output 2 was for the LGSP to support the GoTL in establishing a comprehensive institutional, legal, and regulatory framework for local government in Timor Leste. The conceptual foundations for this work had been provided by the Local Government Options Study, and a strategy framework for decentralisation by the Decentralisation Strategy Framework (DSF) produced in 2006. The task for the LGSP was to revisit this work in the light of the local government option chosen by the Coalition government. The option chosen by the Coalition government was different in important respects to that chosen by the predecessor Fretilin government. Working with its new government partner, the LGSP had to revise decentralisation policy and the decentralisation strategic framework. Once this was done, it faced the challenge of tackling the task of developing an institutional framework, laws and regulations for decentralisation.

59. In 2008, the LGSP produced a set of Decentralisation Policy Guidelines and a revised DSF. It helped formulate three decentralisation laws, known as the Law on Local Government, the Law on Local Government Elections and the Organic Law of the Ministry of State Administration and Territorial Management early in 2009. During 2009, it produced a set of guidelines, regulations and draft decrees on budgeting and financial management, planning, and procurement to underpin these three laws. In addition, it produced reports providing institutional assessments of MSATM and the health and education ministries providing guidelines for their function re-organisation in the process of decentralisation.

60. The documentation produced by the LGSP on the legislative and regulatory framework for decentralisation in Timor Leste represents a very large and substantial body of work, but it is incomplete. As will be discussed in Section 4.8, only the Law on State Administration and Territorial Management was passed by the National Assembly, and is due for revision as a result of lacunae relating to the role of the sub-districts and to a lack of clarity in the laws on the principles of functional re-assignment from national ministries to the districts.

61. Thus the status of output 2 at the time of the mission was that a very substantial basis of legislation and regulations had been established with the help of the LGSP, but further

---

work was needed to assist the government to revise all three decentralisation laws, and to revise the draft guidelines, regulations, directives and decrees underpinning these laws.

62. The **objective of output 3** is for the LGSP to assist the government with the implementation of the new local government system opted for by the Coalition government. The form of support envisaged in the RRF was an information and education campaign (IEC) on decentralisation, assistance in the installation of municipal assemblies, assistance to provide core capacity building modules for local stakeholders, support for providing training for municipal officials and mobilization of donors to support implementation.

63. This work, planned for 2008-2009, could not fully go ahead before the work of output 2 had been completed and passed through the national assembly. In anticipation of the passage of the decentralisation laws, the LGSP ran an IEC in 2008, distributing an array of materials publicising decentralisation and using radio to air programmes on the topic. With the holding up of the laws, much of the preparatory work on the IEC, including stocks of materials prepared for the campaign, had to be put in mothballs.

64. It was also difficult for the LGSP to move ahead with the other dimensions of implementation support while uncertainty over the timing of the passage of the laws prevailed. In this context, the LGSP nevertheless proceeded with the formulation of a Capacity Development Strategy for Decentralisation. In addition, the LGSP, with the support of the UNCDF Bangkok Office, and in discussion with the MSATM, began formulating a Joint National Programme (JNP), which aim was to mobilise donor support and gear up government to implement the new local government system as soon as the legislative framework had passed through the national assembly.

65. In summary, the status of output 3 at the time of the evaluation mission was that only the IEC had been partially mounted. However, the LGSP was pro-active in preparing for the eventual passage of the legislation by conceiving of a JNP that would mobilise the resources and actors for a big push to implement that new system.

---

28 MSATM (n.d.2009?) Capacity Development Strategy for Decentralisation
4. THE EVALUATION FINDINGS

4.1. PROGRAMME DESIGN ALIGNED TO COUNTRY PRIORITIES AND UNCDF’S GLOBAL OBJECTIVES WITH SOME ELEMENTS MISSING

**SUMMARY OF RESPONSE TO EQ 1: “To what extent does the programme design meet UNCDF’s LDP intervention logic and development objectives of the partner country?”**

Programme design is logically coherent and accords with the social service delivery-focused dimensions of the generic UNCDF LDP model. It responds to the objectives of government in Timor Leste, supported by donors, to establish a local governance system. Gender is not integrated into all outputs. There are no LED or NRM components. State fragility and conflict sensitivity are treated as contextual issues, not integrated into the LGSP design itself.

This section addresses question 1 in the SPIRE evaluation matrix which seeks to establish whether the programme design is aligned with the UNCDF’s generic LDP intervention logic and whether it aligns with the development objectives of the partner country.

66. The hypothesis underlying the LGSP is that: “Decentralisation, by endowing accountable local government bodies with greater responsibilities for planning, budgeting and implementation of infrastructure and service delivery, results in greater allocative efficiencies, better implementation arrangements and enhanced responsiveness to pro-poor service delivery.” Retrospectively, the hypothesis may be extended to include the idea that installation of a decentralised governance system, delivering services in this way, helps stabilise and legitimise the state.

67. As mentioned in Section 3.1.4, the design materialises this hypothesis in a way that obscures the central role actually given by the LGSP to infrastructure and service delivery because ISD is relegated to the level of an activity within output 1, rather than appearing as an output in its own right, which is the case in the standard LDP.

68. The LGSP represents a variant of the basic UNCDF LDP model as applied in a number of Less Developed Countries (LDCs). It is internally logically coherent and consistent with the UNCDF’s generic LDP model, but differs in two main respects. The first is that piloting is treated as a single output, which relegates the capacity building, planning and infrastructure service delivery (ISD) outputs in the generic model to the level of activities within the LGSP. The second is that national replication and policy reform is disaggregated into two outputs, the first one dealing with establishment of the institutional and legal framework and the other with implementation support, whereas these are treated as one in the generic model. The logic of the standard LDP is retained, but difficult to see immediately since planning, financial management and procurement, usually established as outputs in an LDP are relegated to the level of activities within output. The effect of this is to structure the LGSP as

---

29 Op.cit. p.8. The team constructed this hypothesis on the basis of the rationale provided in the programme document.

30 For an illustration of the UNCDF’s generic LDP model, see the Orientation Note in Annex 5 of this report, p. 7, figure 5. It will be seen that the piloting output contains the main elements of the outputs on planning, public expenditure management, institutional and human resource development contained within the generic model. The difference is simply that these have all been compressed into a single output in the LGSP.
two connected sub-programmes, the first one entailing piloting of the LDP and the other entailing the establishment of the national framework for decentralisation.

69. In terms the UNCDF’s current goals for LDPs, there is partial alignment in that poverty reduction is approached through social service delivery. However, the problem of low incomes, a critical source of poverty and hunger, is not taken up in the LGSP model, even though income poverty is a serious problem in Timor Leste. Gender equity and women’s empowerment, the second MDG the UNCDF seeks to localize, is highlighted in one output in the LGSP PD, but not mentioned in the others. Environmental sustainability, the third MDG the UNCDF seeks to localize, is ignored in the LGSP design.

70. It is clearly not pertinent for this evaluation to assess the performance of the LGSP in terms of objectives that are not part of the programme design. However, the team believes that it is relevant to assess the implications of their exclusion from the design. These omissions might have been considered unimportant if LED, gender equity and environmental sustainability were not priorities in Timor Leste, or if other donor agencies were adequately taking these issues up. In reality, they are all critically important to the long term sustainability of local development in the country. Two of them, economic development and gender equity are already high priority objectives of the GoTL, as will be shown later in the report. It seems likely, given the state of the natural and built environments in the country, that environmental sustainability will also come onto the GoTL’s development agenda. These dimensions could have been incorporated in the programme design, especially since there were precedents for them in LDPs in other countries, even at the time of the formulation of the design.

71. Subsuming the LDP within a single output created some complexities in applying the SPIRE methodology, as mentioned in Section 1, of this report. However, this does not detract from the appropriateness of this design feature in the context of Timor Leste. It made sense to keep the LDP together as a single component of work because the LDP had its own dedicated team and resources and had built up some momentum before 2007. The value of treating this as a single component is especially evident now that piloting has become, to all intents and purposes, a national replication programme.

72. It was also appropriate for the design to devote two outputs, output 2 and output 3, to national policy and programme roll-out. The programme was not merely supporting reform of an existing, well functioning state system. In Timor Leste, decentralisation is part of the effort to rebuild the state, following the destruction wreaked on the country by departing occupying troops and later civil conflict. Distinguishing a legislative and implementation output in this context made sense given the magnitude of the challenge of designing and then implementing what, in the context, amounts to rebuilding the state.

73. For the reason advanced in the preceding sentence, it was entirely appropriate that the design made the purpose of the programme to help establish a new local government system. Good governance is the intermediate outcome in the UNCDF’s generic LDPs model, and appears in the RRFs of a number of LDPs in other countries. It made particular sense in Timor Leste given the decision of the GoTL (both Fretilin and Coalition), with the support of the UN, to make decentralisation a major platform for rebuilding the state.

74. The design could have been strengthened by introducing as a development objective “local socio-economic development”, as illustrated in red, in Figure 3, in Section 3.1.4. The step between establishing a local government system and reducing poverty is a large one.
There is, unfortunately, no certainty that local governments will, in practice, provide improved infrastructure and services in a way that stimulates local social and economic development for the poor. This is a hypothesis that has to be tested out country by country, and Timor Leste is no exception. A further reason for introducing socio-economic development as a development objective is that improved provision of social and economic services is a critical means to building the legitimacy of the state in the eyes of its citizens and hence of achieving political stability.31

75. State fragility and the conflict potential in Timor Leste are dealt with as contextual issues in the programme document. It would have strengthened the design if there had been more explicit treatment of these issues.

76. A local governance system that promotes democratic accountability and local social service delivery has the potential to strengthen state stability and legitimacy. Unfortunately, it also has the potential to promote conflict and the de-legitimation of the state. This can happen where reform is not introduced in a way that is seen to be politically fair or where local government fail to delivery on promised services.32

77. Despite the lack of a more explicit treatment of state fragility issues in the programme document, the programme design implicitly aligns with the DAC principles for engagement in Fragile States of 200733 (i.e. after the Prodoc was drafted). Although not explicitly raising the issues of state fragility and conflict sensitivity, the approach adopted in the PD is consistent with the DAC principle of using decentralisation to build state legitimacy by involving citizens in choices about service delivery and in bringing services closer to beneficiaries. The PD also emphasises the need to build capacities in the districts to ensure that finances are managed transparently and services delivered efficiently, two other important DAC principles.

78. It should be noted that the OECD report entitled “Do No Harm” emphasises that in fragile state situations where decentralisation is being introduced, it is important to ensure that the re-building of national state institutions is also given attention as disproportionate focus on local government may deligitimize the central state, at a time when central oversight of local development is a critical one.34 While this element does not feature in the design, it should be noted that: i) as anticipated in § 28, the GoTL and donors are investing considerable resources into building central government institutions; and ii) as will be seen (chapter 6.2), in practice the programme’s work is strongly aligned with that of the national government and the LGSP staff are housed within the offices of the MSATM, thereby promoting the building of capacities within the MSATM.

79. In the design of the programme the issue of gender is highlighted as an important issue, though it is only developed in terms of activities in output 1, on piloting. The implications of this are discussed in Chapter 4.9 on gender.

---

32 International Engagement in Fragile States and Situations. www.oecd.org/fragilestates, April 2007; See also Annex 8 on DAC/OECD principles for donors working in fragile states and Principles for Good International Engagement in Fragile States and Situations.
33 These principles are summarized in Annex 8.
4.2. **District, Sub-District and Suco Level Capacities Enhanced, Community Capacity & Government Policy Capacity Less So**

**SUMMARY OF RESPONSE TO EQ 2: “To what extent has the programme contributed to increased capacity at local and national government level?”**

Capacities of district, sub-district and Suco level officials and of district (and in two cases sub-district) assembly members have been substantially enhanced. Nevertheless, the participation of community level service users in terms of planning, oversight, and accountability needs to be further strengthened. The policy and implementation capacities of national decentralisation champions are limited when measured against the scale of the challenge they confront.

Capacity building does not appear as a separate output in the LGSP Results and Resources Framework. Instead, it appears at the level of activities in outputs 1 (piloting) and 3 (implementation). Within output 1, reference is made to the need for capacity building in gender, for the Suco councils and the local assemblies.\(^{35}\) Within output 3, the establishment of a “core capacity building module” for municipal assemblies, treasuries and other local level institutions is envisaged. Both the local and national dimensions of capacity building are assessed in this section.

### 4.2.1. Capacity building at the district and sub-district levels

80. Starting in 2005 in the Bobonaro district, the predecessor LDP tested capacity building in the following areas: roles and responsibilities of local assemblies, planning and budgeting, finance management and local procurement and contract management. Building on the experience gained, the LGSP refined these modules and rolled out the training in the rest of the districts as they came on stream as pilots. In addition to the initial training exercises, refresher and follow-on courses were provided to deepen understanding of the different aspects of the programme.

81. The training is conducted by the LDP team, all made up of nationals, half of whom are contracted to work as LGSP team members and the other half of whom are from the Directorate of Local Development and Territorial Management (DNDLOT) within the Ministry of State Administration and Territorial Management (MSTAM). This helps ensure that the MSATM’s has the capacity to take at the end of the LGPS’s term.\(^{36}\)

82. The approach used is to cascade the training, starting by building the capacity of the ministry staff, who, in turn, train and provide practical support to district and sub-district staff and assembly members. Thus the district capacity building programme is operationally driven by ministry staff. Once the project comes to an end, the modules will be owned by the Ministry of State Administration and Management.

83. District Integration Workshops were introduced by the LGSP to enhance dialogue and information sharing among district level sector technical staff, which are accountable to the central government line ministries. An important innovation, these workshops helped ensure that planning between sectors was coordinated, thereby avoiding duplication of

---

\(^{35}\) The capacity building activities on gender will be discussed in Chapter 4.9 on gender.

\(^{36}\) In an interview with the Director of Development and Territorial Management, he stated that he was “very confident that strong capacity to run the LDP has been built within the ministry and we are in a position to take over once the project comes to an end’.
projects.\textsuperscript{37} In 2009, this resulted in savings of USD 86,590, funds which were then used for other projects.

84. Table 2 provides a summary of the types of training programmes provided. Overall, since 2007 the LGSP has trained 2901 district and sub-district members, out of which roughly 19\% were women.

Table 2: Training provided by LGSP 2007-2010

<table>
<thead>
<tr>
<th>No</th>
<th>Training/Course Type</th>
<th>Venue</th>
<th>Number of Participants</th>
<th>Total</th>
<th>% of Women</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Refresher training on Finance &amp; Procurement</td>
<td>Each District (Aileu. Bobonaro, Manatuto &amp; Lautem)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>294</td>
<td>2007</td>
</tr>
<tr>
<td>2</td>
<td>Training on Capacity Building Programme</td>
<td></td>
<td>n.a.</td>
<td>n.a.</td>
<td>464</td>
<td>2007</td>
</tr>
<tr>
<td>4</td>
<td>Training on Reporting, (Quarter Progress Report (QPR), Quarter Report Matrix (QRM), Annual Action Plan (AAP))</td>
<td>Bobonaro &amp; Suai District</td>
<td>2</td>
<td>58</td>
<td>60</td>
<td>2008</td>
</tr>
<tr>
<td>5</td>
<td>Refresher training on Finance &amp; Procurement</td>
<td>Dili</td>
<td>4</td>
<td>26</td>
<td>30</td>
<td>2009</td>
</tr>
<tr>
<td>6</td>
<td>Refresher training on Finance &amp; Procurement</td>
<td>Each District (Aileu. Bobonaro, Manatuto &amp; Lautem)</td>
<td>17</td>
<td>114</td>
<td>121</td>
<td>2009</td>
</tr>
<tr>
<td>7</td>
<td>AUTO CAD Training</td>
<td>Baucau &amp; Dili</td>
<td>1</td>
<td>24</td>
<td>25</td>
<td>2009</td>
</tr>
<tr>
<td>8</td>
<td>Finance Report refresher training</td>
<td>Each district (8 District)</td>
<td>6</td>
<td>78</td>
<td>84</td>
<td>2009</td>
</tr>
<tr>
<td>9</td>
<td>Training on Planning &amp; Implementation (DA Members)</td>
<td>Each district (13District)</td>
<td>89</td>
<td>385</td>
<td>474</td>
<td>2010</td>
</tr>
<tr>
<td>10</td>
<td>Training on Planning &amp; Implementation (CDSD Members)</td>
<td></td>
<td>422</td>
<td>813</td>
<td>1235</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>556</td>
<td>1597</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>19%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

85. The evaluation team witnessed part of two training workshops, one in Bobonaro and one in Baucau, and then held focus group discussions with 117 district and sub-district officials and elected assembly members who had been participating in the training.

86. The great majority of respondents reported that their skills in planning, procurement and project implementation oversight had been substantially improved as a result of the training provided by the LDP. A small number stated that they did not yet feel they had fully mastered the new systems and procedures.

\textsuperscript{37} 2009 LGSP Draft Annual Report.
87. From the focus group discussions, it is evident to the evaluation team that the LDP training has created a degree of confidence, particularly among district level actors, that they can effectively manage local service delivery in the proposed municipal system. This, in turn, has created a strong support base for the reform process, and the high expectation that the new municipal system will be installed soon.

88. In addition to the training, the LGSP has also provided the districts with computers and motor bikes.

4.2.2. Capacity for Local Public Finance Management

One of the aims of output 1 of the LGSP is to pilot procedures, processes and systems for public expenditure and financial management (PEM/PFM). This includes the development of local public financial management and internal auditing systems and procedures for management of grants to draw lessons on Intergovernmental Fiscal Transfer system (IGFTS).

89. The backbone of the LDP is a block grant called a Local Development Fund (LDF). Through the LDF, funds are transferred to local government for investment in pro-poor, small scale, infrastructure services, chosen through a participatory planning process involving the beneficiaries. The introduction of the LDF represents a major achievement because it establishes a new participatory system for project choice that involves beneficiaries in reflection and decision taking about their development priorities, and because it results in tangible services that benefit the poor.

90. The predecessor LDP developed guidelines for the transfer of capital funds to the districts based on practical criteria including population size. It developed and implemented a set of minimum conditions for districts to access the LDF. These guidelines were then applied to the use of the block grant. In addition, the predecessor LDP developed a set of financial procedures for the management of district budgets, which was adopted in the form of a Ministerial Directive.38

91. Linked with the use of the LDF, the predecessor LDP introduced local procurement procedures, a milestone in an otherwise highly centralised state where all procurement was previously handled by the central ministries. As part of these procedures, open bidding systems and Project Implementation Committees were established to oversee projects. The LGSP has been effective in introducing these systems to the pilot districts and has backed this up with training to build the capacities of officials to carry them out. As shown in Table 2, 643 district and sub-district officials have received training on these issues between 2007 and 2010.

92. As a result of the training, all local procurement processes were being conducted by local tender boards. The 2008 Annual report highlights the improved understanding of the actors on the local tender boards and of district administrations of the processes, and the consequent reduction in the number of mistakes in the procurement process. In 2008 all 188 planned projects were successfully tendered and contracts signed before the end of the year.39 In 2009, the completion rate was 97% of the total number of projects planned for 2009. This was in contrast to previous years when procurement process always started later than originally planned. In 2009, 418 companies submitted competitive bids for contracts, of

which 131 were chosen, and all contracts were signed before the end of the year. As all of these contractors were local, this represented an injection of over USD 1.6 million into the local economy of Timor Leste.\footnote{The geographic base of the contractors is reported in LGSP (2009) draft Annual Report, p. 14.} District staff and assembly members and the two contractors interviewed by the evaluation team at the project sites expressed a marked degree of satisfaction with the new system.

93. Building on these achievements, the LGSP produced a set of draft Municipal Procurement guidelines\footnote{See LGSP (2009) Timor-Leste, Municipal Procurement Regime: Analytical Report.} and Municipal Finance Management Procedures\footnote{See Savage (2009) Municipal Finance Management Procedures.}, in preparation for the new local government system. The development of the Municipal Public Financial Management was done in collaboration with the World Bank and Ministry of Finance under the Public Financial Management Capacity Building Project (PFMCP). The guidelines draw on lessons from the LGSP piloting and form experience with LDPs in other countries. However, for the Municipal Public Financial Management procedures, further work is needed to provide guidance on the type of intergovernmental fiscal transfer system that would be suitable for Timor Leste. Ultimately all these guidelines will need to be refined and adjusted once the Law on Local Government is approved, and the issues of sub-district structures and mandates of the various structures in the proposed municipality have been resolved.

94. Notwithstanding the considerable achievements in the piloting of the LDF described above, there are some remaining challenges, particularly in the area of increased accountability and public expenditure management. While the new procurement system has increased transparency at the district level, information on procurement and bidding does not appear to be reaching the communities. The intended Suco and community oversight functions, provided for in the guidelines were not evident at the project sites visited by the evaluation team.

95. The work on developing local internal audit systems and procedures for the management of grants was rescheduled from 2008 to 2010, meaning that this building block for financial accountability has yet to be put in place.\footnote{LGSP (2008) Annual Report.} The reason is that there were some uncertainties on the part of government and Ministry of Finance regarding the type of PEM system that would be implemented with the local government reform. In addition, fully demonstrating the viability of PEM/PFM procedures that the LGSP was piloting at the local level has been hampered by the low capacity of existing district and sub-district staff and the absence of banking facilities in many of the rural districts. According to LDF guidelines, district and sub-district assemblies are required to prepare monthly expenditure reports to the District Administration Treasury which should be forwarded to the Ministry of State Administration. However, even though training has been provided, district and sub-district staff are not yet able to provide financial reports to the MSATM on time, and there are often mistakes in them.\footnote{LGSP (2007) Annual Report} Finance information available at the district and sub-district level is not being transmitted to local communities, which has meant that downward accountability is not being achieved.

96. The programme has not been subjected to regular audits. A review of the Discretionary Grants that was commissioned by the government in 2007 indicated that
there is a high risk of fraud resulting from the lack of regular auditing and that this impacts on the effectiveness of the monitoring of the LDF.

4.2.3. Capacity building at the national level

97. No specific capacity building dimensions are envisaged in the LGSP PD on policy analysis and implementation for national drivers of the decentralization programme. This need has so far been met by the LGSP, working intensively with its partners in the MSATM and other key ministries such as Finance, Health and Infrastructure through its technical working groups. Although highly active and well informed, the core of government personnel exposed in this way to the day-to-day workings of the LGSP is small relative to the magnitude of the decentralization challenge. The challenge is how to ensure that decentralisation as a form of intergovernmental reform is well understood, embraced and driven by all key sector actors, in addition to the key players within MSATM.

98. Towards meeting the objectives of output 3, the LGSP was pro-active in 2009 in developing a draft Capacity Building Strategy (CBS). The CBS focuses primarily on human capacity development, mainly on the capabilities needed to operationalise the municipalities. It gives considerable attention to training municipal members, central government staff and Suco representatives. It provides less attention to the institutional dimensions of capacity building, in particular the institutional changes that accompany the re-assignment of service delivery activities from sector ministries to municipalities.

99. The evaluation team did not see evidence of sufficient attention being given by the LGSP to developing the policy analysis and analytical skills of national drivers of change within the MSATM and other key sectors such as Ministry of Finance. Decentralisation is a major undertaking, it is an evolving process, and it takes considerable time. Having a local Timorese critical mass will ensure that present and future policy reform and advice is grounded in Timor's political, social, cultural and economic realities and will help ensure that training support and advice is sustainable.

100. The proposed CBS takes up the issue of the longer term sustainability of capacity building in Timor Leste mainly through its focus on the National Institute of Public Administration (INAP), a training institution for civil servants. It proposes that the MSATM link up with such training institutions that could in future provide the required training support.
4.3. **Planning, Funding and Management of Investments for Local Service Delivery Established; Integrated Strategic Planning Less Well Developed**

**SUMMARY OF RESPONSE TO EQ 3: “To what extent has the programme contributed to the improved planning of local development?”**

Considerable progress has been made in introducing systems for planning and managing capital investments. However, the activity is essentially one of project prioritisation, without there being strong strategic, area-based dimensions to planning either at the district or sub-district level. Planning is focused mainly on social services such as schools, clinics and drinking water supply, while economic services have been given relatively little attention, apart from roads and irrigation.

There is no specific output as such within the LGSP PD on planning, funding and managing investments for local level service delivery. However, planning represents one of the four outputs within the previous LDP, and this work continues under Output 1 in the LGSP in the form of activities to promote planning and investment management. These activities are reported on here.

101. In the predecessor LDP, a local planning process was established and tested in the Bobonaro District starting from 2005. This was an innovative system in Timor Leste where all planning was previously undertaken by the Central government. The LDP developed a comprehensive set of inclusive, participatory planning guidelines for the identification and implementation of locally prioritised public investments, with defined roles for the different actors. These guidelines were mainstreamed in government procedures through Ministerial Decree 8/2005.

102. The LDP established local assemblies at District and Sub-District levels that are made up of Suco Council representatives, themselves directly elected in national elections. Each assembly has a Planning and Implementation Committee, which responsibility is to verify and appraise projects, and also provide basic design and costing of projects during the planning process.

103. An annual block grant was introduced, beginning in 2005. This is a discretionary fund that allows the local assemblies to plan against hard budgets. The system was designed in such a way that Suco councils would provide most of the project proposals generated through community meetings. These would be submitted to the Sub-Districts and District Assemblies for further screening and final selection. In this process, district administrative and sector staff would act as the executive branch of the assembly and a District Integration Workshop was introduced to facilitate coordination of the planning process and avoid duplication.

104. Since 2007, the LGSP has continued to pilot the local planning process that was introduced by the LDP. The new pilot districts were modelled on the local government option chosen by the new Coalition government. This meant that in the new pilot areas only District Assemblies were established as decision making entities, while the previous pilots continued to operate with investment decisions being taken by both District and Sub-District Assemblies. To compensate for the non-establishment of the Sub-District Assemblies in the new pilot areas, the LGSP introduced Sub-District Development Committees (SDDCs). These were to serve as channels for communication between the District Assembly and the
Suco Councils, and to facilitate participatory planning at the sub-district level. Amendments were made to the 2005 guidelines to incorporate this new structure and ensure that all Suco Councils would be represented in the SDDCs with two representatives, while each SDDC will be represented through three permanent members in the District.

105. Thus, by the end of 2008, 8 district assemblies (DAs), 21 sub-district assemblies (SDAs) and 21 sub-district development committees (SDDCs) had been successfully established in the eight pilot districts. The pilot structures had 1,030 members, of which 690 were representatives from the Suco Councils. The remaining were government staff from various sector Ministries based at the local level. By doing this the LGSP was able to test two of the local government options set out by the LGOS study, the first model having investment decisions taken at the sub-district level, and the second model having decisions taken at the district assembly level. In all the pilot districts, the LGSP provided training to all relevant actors, as reported in sections 4.2 above. These training modules were also revised to take into the changes in the planning structures and roles.

106. Judging from the programme’s reports and the investment choices made within the two systems, the sub-district committee system worked better than the sub-district assemblies. SDDC projects had a higher rate of acceptance at the level of district planning. The SDDCs prioritized larger projects serving more beneficiaries. The reason for these positive results was that the SDDCs were less constrained to seek to satisfy the Suco’s with equal shares of investment, a tendency resulting in larger numbers of projects with less impact on beneficiaries. Between 2005 and 2009, the number of projects decreased from an average of 35 to 17, with the total allocation per project increasing from an average of USD 5,400 to USD 14,439.

107. An additional improvement was that the involvement of sector ministries in the discussion and prioritisation process, through their technical inputs at both SDDC and the DA level, resulted in better screening of proposals than was the case at the sub-district assembly level. This is because the human capacity at sub-district level was more limited that at the district level, where most sector staff are concentrated. With the introduction of the second model, a process of maturing of the project prioritization is evident.

108. As illustrated in Table 3, attendance at meetings at both the sub-district and district levels has, on average across district and gender, been 80% and above, according to records maintained by the LGSP. However, the percentage of males has been higher than that of women at both sub-district and district meetings, as illustrated in the table below. The reasons for this are documented in chapter 4.9 on gender.

---

Table 3: Attendance of men and women at district and sub-district meetings

<table>
<thead>
<tr>
<th>District</th>
<th>LA Meeting</th>
<th>2004-5</th>
<th>2005-6</th>
<th>2006-7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>F</td>
<td>Total</td>
</tr>
<tr>
<td>Bobonaro</td>
<td>Sub-District</td>
<td>94%</td>
<td>75%</td>
<td>85%</td>
</tr>
<tr>
<td>Lautem</td>
<td>Sub-District</td>
<td></td>
<td>88%</td>
<td>69%</td>
</tr>
<tr>
<td>Aileu</td>
<td>Sub-District</td>
<td></td>
<td></td>
<td>96%</td>
</tr>
<tr>
<td>Manatuto</td>
<td>Sub-District</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>94%</td>
<td>75%</td>
<td>85%</td>
</tr>
<tr>
<td>Bobonaro</td>
<td>District</td>
<td>94%</td>
<td>83%</td>
<td>89%</td>
</tr>
<tr>
<td>Lautem</td>
<td>District</td>
<td></td>
<td>83%</td>
<td>86%</td>
</tr>
<tr>
<td>Aileu</td>
<td>District</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manatuto</td>
<td>District</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ainaro</td>
<td>District</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baucau</td>
<td>District</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covalima</td>
<td>District</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufahi</td>
<td>District</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>94%</td>
<td>83%</td>
<td>89%</td>
</tr>
<tr>
<td>Bobonaro</td>
<td>District</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Lautem</td>
<td>District</td>
<td>92%</td>
<td>67%</td>
<td>89%</td>
</tr>
<tr>
<td>Aileu</td>
<td>District</td>
<td>84%</td>
<td>90%</td>
<td>85%</td>
</tr>
<tr>
<td>Manatuto</td>
<td>District</td>
<td>94%</td>
<td>78%</td>
<td>73%</td>
</tr>
<tr>
<td>Ainaro</td>
<td>District</td>
<td>69%</td>
<td>100%</td>
<td>74%</td>
</tr>
<tr>
<td>Baucau</td>
<td>District</td>
<td>74%</td>
<td>74%</td>
<td>74%</td>
</tr>
<tr>
<td>Covalima</td>
<td>District</td>
<td>82%</td>
<td>83%</td>
<td>82%</td>
</tr>
<tr>
<td>Manufahi</td>
<td>District</td>
<td>85%</td>
<td>63%</td>
<td>80%</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>82%</td>
<td>79%</td>
<td>79%</td>
</tr>
</tbody>
</table>

The team questioned officials, elected and non-elected community members, on their knowledge of decisions taken at sub-district and district level planning and tendering meetings. From the replies it emerged that community members are not well informed of these decisions and they do not engage actively with their representative bodies. The primary reasons for this is that information flows on the project selection process at the sub-
district and district levels were not strong. This was already highlighted in the Local Development Progress Report of 2005, but it appears that not much has been done to address this problem. Thus while the project has demonstrated considerable achievements in many activities of output 1, reporting back to beneficiary communities remains a challenge.

110. With respect to the planning itself, planning committees prioritise projects against hard budgets, and this avoids the problem of establishing unrealistic wish lists. Local administrative and sector department staff provided technical support to the planning and implementation processes. This helps ensure that the investment plans are finalised on time and that projects are completed within the planned period.

111. However, planning is not premised on participatory diagnosis of local, social and economic conditions. There does not appear to be a strong strategic dimension based on assessment of the existing public services within an area. The planning is focused on a relatively narrow set of project types, excluding income earning and environmental projects, for example. Part of the reason for this is that no national planning framework is yet in place. Another explanation for this weakness is that there is no reliable geographic data on service delivery in the country, making it impossible to establish a Service Delivery Information System without considerable investment in data collection.

112. The Draft Municipal guidelines produced by the LGSP in 2009 recognise these challenges and call for evidenced-based local strategic planning linked with sector and national planning frameworks.
4.4. **Sound Infrastructure and Improved Services Delivered; Some Basic Facilities Missing**

*Summary of Response To EQ 4: “To what extent has the programme contributed to enhanced opportunities for socio-economic development (in the areas of ISD, NMR and LED)?”*

Structurally sound infrastructure has been delivered and where operational is clearly benefitting surrounding communities, including poor people, who express great appreciation for the service. Notwithstanding the high quality of infrastructure, at times, some basic complementary facilities such as toilets and water supply have been found to be missing, and operations and maintenance arrangements involving local communities are not always in place.

This section addresses question four of the evaluation matrix, which asks to what extent the programme has enhanced opportunities for socio-economic development. This relates to output 1 of the LGSP. It covers those activities within output 1 that aim to improve infrastructure and service delivery.

113. To provide an overall quantitative measure of infrastructure and service delivery, Figure 6 sets out the programme’s investments. The financial year 2005/6 is included to highlight the achievements under output 1 of the LGSP relative to the predecessor LDP.

114. The figure reveals the sharp increase in investments from 2006/7 and 2007/8, the year in which the LGSP was set up and started implementation activities. The scale of investment continued at a high level between 2008/2009, the period when the LGSP turned increasing attention to its work in furtherance of outputs 2 & 3.

115. Figure 7 presents LGSP’s expenditure (predecessor LDP excluded) on the different categories of projects in percentage terms between 2007 and 2009. Education benefitted from the highest investment (32%), followed by roads and transportation (24%), then water and sanitation (19%) and health (8%). Agriculture and fisheries received 8% of investment expenditure and markets 4%, two areas of support to LED. Expenditure on the environment was negligible.
Table 4 sets out total costs per category of project, the number of projects in each category, and average cost per project. The greatest numbers of projects were in the area of domestic water and sanitation, with the lowest unit costs, namely USD 6838. Education came next, with the highest unit costs, USD 16,819. Roads and transportation was the next most important category, followed by agriculture & fisheries, and health.

Investment decisions are the results of the project prioritisation process explained in Section 4.3 above on planning. Prioritisation begins with participatory project selection at village level, initial screening at sub-district level and final prioritisation by the district assemblies in consultation with district officials. In terms of the UNCDF’s global objective to localize the MDGs, the LGSP’s efforts to reduce poverty and hunger have so far been approached mainly through social investments, while local economic development has received relatively little attention and environmental investments are ranked very low in the priorities of decision makers in the districts.

According to the LGSP’s performance tracking data, the infrastructure and services delivered by 2009 were benefitting 63,217 households and a population of 338,368. In order to assess the quality and relevance of these projects to the beneficiaries, the evaluation team visited two districts, Bobonaro and Baucau. During these visits the team:
- met with district officials, assembly members and service users in the two district centres. The district meetings coincided with LGSP training sessions, which the evaluation team was able to observe;
- administered surveys to both trainers and trainees;47
- held focus group discussions at central district level;48
- inspected three schools, two clinics and one irrigation scheme, and administered surveys and held focus group discussions in two project sites.49

Table 4: Investments per unit of project type 2005-2009

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total cost</th>
<th>Projects</th>
<th>Average cost per project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>1,311,896</td>
<td>78</td>
<td>16,819</td>
</tr>
<tr>
<td>Water &amp; Sanitation</td>
<td>704,316</td>
<td>103</td>
<td>6,838</td>
</tr>
<tr>
<td>Roads &amp; Transportation</td>
<td>948,557</td>
<td>93</td>
<td>10,200</td>
</tr>
<tr>
<td>Health</td>
<td>345,937</td>
<td>33</td>
<td>10,483</td>
</tr>
<tr>
<td>Agriculture &amp; Fisheries</td>
<td>352,095</td>
<td>38</td>
<td>9,266</td>
</tr>
<tr>
<td>Markets</td>
<td>184,229</td>
<td>16</td>
<td>11,514</td>
</tr>
<tr>
<td>Environment</td>
<td>27,971</td>
<td>4</td>
<td>6,993</td>
</tr>
<tr>
<td>Electricity</td>
<td>25,998</td>
<td>2</td>
<td>12,999</td>
</tr>
<tr>
<td>Other</td>
<td>143,631</td>
<td>10</td>
<td>14,363</td>
</tr>
</tbody>
</table>

Source: LGSP data files.

47 At the end of the training sessions, the team presented its approach to the trainers and trainees, and then divided the participants in two groups: district officials and assembly members. These two groups were then given survey forms in Timorese and proceeded to answer the questions.

48 Following the surveys, the team held focus group discussions: one team member with officials and the other with assembly members. Issues discussed included: participants involvement in training and capacity building on finance, planning and procurement, their assessment of the infrastructure and services produced by the programme and their assessment of the performance of local government following the support given to the districts by the LGSP.

49 At one of the school project sites in Bobonaro, the team administered the survey to service users who had gathered for the inauguration of the site. Members of the LGSP training team who accompanied the evaluation team assisted the service users (community members using services provided by the LGSP) as the majority were not literate. Following the survey, the team held focus group discussions with the service users, probing more deeply to obtain the user’s responses to the work of the LGSP and how it had affected their lives. A similar procedure was followed in Baucau; after inspecting the school and having discussions with teachers and students, the team administered the service users’ questionnaire to community members gathered on site. On this occasion, the evaluation team had to rely on district officials to help illiterate service users fill in their responses on the survey forms. As in Bobonaro, the evaluation held focus group discussions with community members immediately after administering the surveys.
**SURVEY RESULTS**

The table below sets out the categories of beneficiaries surveyed in the two districts and the proportions of men and women in each case. A total of 135 people were included in the surveys, 80 in Bobonaro and 73 in Baucau, evenly spread between officials, assembly members and service users. Of these, just over a third were women, the majority of whom were from the service users groups.

**Beneficiary surveys in Bobonaro and Baucau**

<table>
<thead>
<tr>
<th></th>
<th>Bobonaro</th>
<th>Baucau</th>
<th>Total</th>
<th>Of which</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>Officials</td>
<td>18</td>
<td>7</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Assembly</td>
<td>24</td>
<td>8</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Service users</td>
<td>10</td>
<td>15</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>52</strong></td>
<td><strong>30</strong></td>
<td><strong>40</strong></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

*Source: Evaluation team*

Two survey questions are relevant to the assessment of the quality of services and their accessibility to the users. The first asks “Is the quality of the service better than before? And the second asks “Has the distance to the service been considerably reduced?” In Bobonaro, half of the men who answered this question affirmed that the distance to the school had been reduced, while only just under a third of women answered in the positive. In Baucau, three quarters of the respondents who answered the question, answered stated that the distance had been considerably reduced.

Regarding the quality of the service, 50% of respondents in Bobonaro felt that the service had improved to some extent, while the remainder felt that it had improved considerably. In Baucau, just under 50% felt that the service had improved to some degree, while the remainder felt that it had improved considerably.

Assembly members were more positive than community based service users about the improvements brought by the programme. In Bobonaro and Baucau 57% of those surveyed judged that the quality of the services provided by the LGSP was either very good or excellent. In Bobonaro 54% judged that access to these services was better or considerably better. In Baucau, a district that began piloting only in 2008, 47% judged that access to these services was better or considerably better, while 54% felt that felt that this was not yet true of the LGSP’s work in the district.

District officials in Bobonaro expressed even more enthusiasm with the quality of the infrastructure provided by the LGSP, 84% indicating that it was very good or excellent, whereas in Baucau, only 56% of the district respondents judged that the service was very good or excellent. With respect to access, in Bobonaro, 53% of surveyed district officials said access had improved substantially or very substantially, whereas in Baucau, a slightly smaller percentage, 53% judged that access had improved substantially or very substantially.

There is thus a consistency in the survey results, with the highest scores being provided by Bobonaro officials, followed by Baucau officials for both indicators. The survey rankings given by community based service users (surveyed at the two school project sites) tended to be somewhat lower than those of assembly members and district officials. The difference between the results obtained in Baucau (less positive) and Bobonaro (more positive) may be to do with the fact that infrastructure construction began in Baucau only in 2009 and that the benefits of the work have not yet been experienced to the same degree as in Bobonaro.

The difference between the results obtained from the service users (slightly less positive), assembly members (ranking between at levels between users and officials) and officials (most positive), may be explained by the greater exposure of the district officials and assembly members to the work of the LGSP and the fact that they had a wider perspective on the programmes work, while the service users were focussed on the infrastructure at the project site. These differences may also reflect the lack of downward reporting and involvement in O&M reported in Section 3 of this report on planning.

* As discussed in the section of this report on methodology the use of district officials in Baucau to help service users answer the questions may have slightly biased the answers towards more positive assessments, whereas no noticeable difference in results between the survey and focus group discussion was detected in Bobonaro. Thus, in interpreting the survey results, the team has exercised caution in drawing firm conclusions from the results of the survey of service users in Baucau.
119. Overall, the survey results indicate that the majority of beneficiaries, in all three categories (service users, assembly members and district officials) felt that the quality of the services was good to excellent and that their access to services had improved as a result of the work of the LGSP. These results were confirmed by the focus group discussions in which beneficiaries expressed considerable satisfaction with the services, with their main expressed wish being to see that the work of the LGSP would continue and widen to meet service needs in other areas.

120. The evaluation team’s site inspections revealed that all three school blocks and the clinic were well constructed and staffed. Two schools were in operation and one was being inaugurated at the time of the visit. The clinic was serviced with water supply and a generator. With the exception of the one school, all facilities were in operation and were benefitting the service users.

121. Although structurally sound, the infrastructure lacked some complementary elements. Two of the school blocks did not have separate toilets for the girls and boys and for the teachers, while one had no toilets at all and no water supply. One of the clinics visited did not have all the furniture it needed to operate effectively, and some essential equipment was reported to be lacking by the resident nurse. The reasons given for this were that the investment funds were too small to cover these additional costs.

122. Part of the irrigation works visited by the evaluation team had been swept away by flooding. An improvised canal had been made to continue water supply to paddy rice fields. The steep topography nearby and seasonal torrential rains account for this, against the background of deforestation and loss of rain absorptive capacity due to overgrazing and cultivation on slopes too steep for this.

123. Operations and Maintenance (O&M) are provided for in the LGSP guidelines for infrastructure service projects. However, they were not in place at the sites visited by the team. While the systems established by the LGSP appear robust at district level, they seem less well developed and less well entrenched at sub-district and community level. This is due, it seems, to the lack of adequate downward reporting from the district and sub-district to the Suco level, and the consequent lack of involvement in post-planning activities of the beneficiaries.

124. In summary, the LGSP’s achievements in the area of infrastructure delivery have been impressive in quantitative terms and the quality of the infrastructure is sound, though some basic elements needed to meet minimum standards are missing at some sites. From the perspective of the beneficiaries, assessments are generally very positive in terms of the quality of the services being provided in comparison to the services they had before. The rankings of the community based-service users are, however, somewhat lower than those of assembly members and the rankings of assembly members somewhat lower than those of district officials, suggesting that more robust downward accountability measures should be put in place (see also next chapter).
4.5. **FOUNDATIONS FOR SUSTAINABILITY BEING LAID, BUT SUCCESS RELIANT ON CONTINUED CAPACITY BUILDING, CONSOLIDATION OF STATE STABILITY & WIDER ECONOMIC & SOCIAL DEVELOPMENTS**

**SUMMARY OF RESPONSE TO EQ 5: “To what extent are the programme results likely to be sustainable in the longer-term?”**

The roll-out of the LDP across the districts of Timor Leste, using the government funding, establishes one of the financial foundations for long term sustainability of infrastructure, service delivery and the local governance system. Building blocks for institutional sustainability are being laid in the pilot districts and need to be entrenched legislatively at national level. Infrastructure sustainability requires operationalisation of the O&M structures at local level. Economic and environmental sustainability have not yet been addressed by the LGSP.

125. In assessing the sustainability of the LGSP in the longer term, it is helpful to distinguish three meanings of the term “programme”: 1) The programme as set out in the PD, namely the design of the LGSP, 2) The LGSP as implemented within the DEX modality, namely a programme being implemented by a PSU drawing on its own resources and technical expertise and implementing activities according to a work plan derived from the Results and Resources Framework, and, 3) The programme as a set of institutions and practices embedded within government, driven by government employees and mainly fuelled by government resources. Long term sustainability means the entrenchment of the programme in the third sense. Programme design and implementation by a dedicated, externally funded and driven structure is a means to this end.

126. In terms of this overview of sustainability, there are certain dimensions of the programme in which the conditions for long term sustainability have been fairly well established, and others in which further work is required.

127. Piloting of the LDP is moving rapidly towards becoming a national roll‐out process that will embrace all districts in the country. There are good grounds for expecting that the financial conditions for sustaining infrastructure and services will be secured in the years ahead. These grounds are that between 2008 and 2009, the funding for investment, maintenance and operations in all the pilot areas was provided entirely by the GoTL, and the government has committed itself to continuing with this funding in 2010, covering all districts. This is one of the main pillars of the long term sustainability of local development and it appears to be firmly in place in Timor Leste.

128. However, the conditions for sustainability at the level of infrastructure projects have not all been fully secured by the programme. At the project sites visited by the evaluation team, project management structures had not been established to ensure that operations and maintenance were being attended to, notwithstanding the fact that training had been provided in this dimension of the work and that the regulations were in place to support the formation of project management committees. The establishment of management committees is a basic requirement for ensuring maintenance of infrastructure and services. Empowerment of these committees to perform their functions, in collaboration with district and sub‐district officials, is an area of weakness in the programme.

129. The evaluation team found that it is also at the lowest level of the planning and reporting process that the LGSP has had the least penetration. While participatory planning
has been institutionalized from the village level upwards, reporting back on decisions from district level down to the sub-districts and then to the village is not well institutionalized. Intense involvement of local communities in planning processes and strong accountability of district and sub-district authorities to communities at the village level is an important way to re-build the legitimacy of the local state, a factor that is especially important given the background of political conflict in the country. The OECD report entitled “Do No Harm” emphasizes the importance of building the accountability of states to its citizens in post-conflict situations.\(^{50}\)

130. Section 4.2 of the report found that systems and procedures for planning and financing of local development have been established in the pilot districts and that these are supported by national regulations and decrees. The capacity of district and sub-district officials to play their roles within the framework of these new systems has also been greatly strengthened by the training provided by the LGSP. However, further training, especially in the areas of financial management and auditing, is needed for the local authorities to fully take over these roles.

131. Monitoring and evaluation systems have not yet been decentralized to the district level. Although the districts are involved in M&E, this is mainly to collect data that is processed and analysed at the national level. Further capacity building in terms of both training and equipment is needed to entrench these systems.

132. The programme’s technical and financial capacities are adequate to help build the institutional and human capacities needed to sustain the local development initiated by the LGSP. Nevertheless, continuing attention will be required to ensure that the timeframe for the building of capacities of district officials conforms to the absorptive capacity of local government.

133. Although not included within the programme design, local economic development and local environmental sustainability are essential elements of a holistic system of local development promotion, which, if not tackled either by the programme or by other actors working closely with it, will undermine its achievements in the areas of social infrastructure and service delivery. These are two areas taken up in the recommendations provided by this report.

134. In short, while there are promising signs that a fully embedded and self-sustaining local development programme may be achieved in Timor Leste, securing this will depend on tackling the remaining weaknesses in capacity at the district level, in strengthening downward reporting systems and O&M arrangements, and on taking on, either within the programme, or in partnership with other donors, the areas of local economic development and environmental sustainability.

135. The success of these initiatives at the local level will, of course, depend on the passage of the decentralisation laws and the successful implementation of the new municipal assemblies, as well as on continuing positive developments within the wider political, social and economic context in Timor Leste.

4.6. MANAGEMENT AND TECHNICAL ADVICE SOUND, NOTWITHSTANDING VACANCIES DURING CRITICAL PERIOD; PARTNERSHIPS WITH GOVERNMENT AND DONORS SOLID

SUMMARY OF RESPONSE TO EQ 6: “How effective has management of the programme been at national and local level?”

Programme efficiency has been high relative to comparable governance projects. Good results have been achieved by management notwithstanding key staff vacancies at a critical time. Technical advice has generally been solid, combining context sensitivity and international experience. Sound working relationships have been built up between programme management staff and counterparts in the MSATM and other ministries, and with donor partners.

4.6.1. Sound Programme management

136. As mentioned in Section 3.2.1 (§54), 12% of total (including the government’s contribution) programme expenditure went to management, which may be compared with PSU costs that can rise close to 50% of total expenditure in comparable UNCDF governance projects in other countries.51

137. In terms of programme funding, the outstanding achievement of the programme’s management has been to persuade national government to take over the funding of investments, operations and maintenance in the pilot districts, in 2008 and 2009 and to secure the commitment of the GoTL to this in 2010.

138. Most of the programme’s funds were spent at the local level, namely on the training of district officials and on investments in infrastructure, rather than on the training of officials in national ministries. In a country with a strong central state, expenditure of the bulk of programme funds at the local level is a positive indicator of programme performance. In Timor Leste, where building the central state remains an important task, it may be argued that the programme could have given greater attention to capacity building at the level of the national ministries.52

139. These achievements occurred despite the loss of key programme staff during a critical period.53 This observation is made to underscore the achievements of the team that came into place following these vacancies.

140. In terms of the management’s adherence to work plans, section 4.8 describes the exceptional pace of piloting achieved by the programme and the large base of work produced on the decentralisation legislation and subsidiary legislation. In effect, the programme management achieved the goals of district piloting with a doubling of the number of pilot areas originally planned. At the same time, targets were reached in terms of the work on decentralisation legislation and subsidiary legislation although further work has been scheduled to revise and consolidate this work due the lacunae in the original

51 This comparison is based on evaluation and quality control experience in 12 UNCDF funded LDPs internationally.
53 Key positions were vacant between the end of 2008 and end of 2009, incl. CTA (January –May 2009), and National Programme Manager (June-November 2009)
decentralisation laws discussed in Section 4.8. The lengthening of the time frame for this work is a result of the pace of the process of passage of the laws through the national assembly, not the programme.

141. The programme’s work is very closely aligned with that of the national government, so much so that the GoTL, as well as UNMIT and the bi-lateral donors in Timor Leste, see the GLSP as the flagship for decentralisation. The systems and procedures tested within the pilot districts provide the models for national guidelines, regulations and decrees.

142. Working relationships between the LGSP and the MSATM are very close, notwithstanding the fact that the LGSP is a DEX programme. In practice, the LGSP has moved considerably in the direction of a NEX modality. This may be seen from the fact that its staff are housed within the offices of the MSATM and in daily contact with the Director of Local Development and the Minister. Good progress has been made in building up the capacity of the MSATM staff to eventually take over programme operations, though more time is needed before the transfer of skills can be fully completed.

4.6.2. Sound technical advice

143. The LGSP has benefitted from sound and frequent external technical advice, judging by the thoroughness, relevance and practical usefulness of reports, draft regulations, directives and decrees produced. Technical inputs to the programme absorbed 10% of its expenditure, funds well spent when weighed against the quality and quantity of technical documents produced.

144. The programme itself was technically well conceived in the sense that the design was internally coherent. It built upon the two predecessor initiatives, the LDP and LGOS, in a way that enabled the LGSP to quickly re-establish itself after the disruption of 2006 and rapidly build up implementation momentum. The need for revision of the PD at mid-term arises out of the exceptional speed with which the programme has undertaken its piloting, and the opportunities to take on local economic and environmental dimensions of local development, rather than from any flaws in the original design.

145. Regular missions by technical advisors from Bangkok have been undertaken since 2007, providing support in the design of processes and procedures associated with piloting, policy, legislation and subsidiary regulations.

4.6.3 Effective Monitoring and Evaluation system

146. The LGSP has an effective M&E system at national level, but not yet at district level. The District Development Officer is responsible for the collection of project data, which is then captured by the M&E officer based within the MSATM offices in Dili. The team had a visual (data projector) demonstration of the M&E system that showed that the system is working well and being used effectively to generate key M&E data needed for tracking progress.

147. Drawing on information gathered at the district level, the system generates the tables used to produce the programme’s annual reports. Timely information from the M&E system enables the LGSP team to follow closely the progress of activities in the districts and to adapt and adjust where necessary. Of particular value is the LGSP performance tracking system which enables quarterly monitoring of indicators. This is used as a tool for continuous
assessment of performance, enabling both adjustment to the work plan and strategic thinking on longer term programme re-orientation, as reflected in the JNP.

148. The M&E officer supplies the UNCDF's Atlas system with information. Atlas was used to generate a number of the tables used in this report, which were supplied to the evaluation team by the LGSP. Efforts were made by the team to obtain information on Timor Leste from the UNCDF's headquarters in order to make comparisons between the data maintained in Dili and that available to HQ, but the data was not forthcoming from headquarters.

149. Efforts are being made by the LGSP to build the capacity of the MSATM to take over the M&E system. This is done through the LGSP M&E officer working closely with his counterpart in the Ministry. In addition, government and LGSP staff was in Indonesia (Jakarta) to attend training on Monitoring Evaluation and MIS.

150. Data from the M&E system has helped the LGSP produce regular quarterly and annual reports. Some data from the M&E system is also used in the fact sheets and monthly bulletins disseminated by the LGSP. The monthly bulletins and fact sheets are aimed at the general public. They are well presented documents bearing the distinctive decentralisation logo and containing short articles and photographs recording major developments and public events related to the LGSP's work.

151. Efforts are being made by the LGSP to build the capacity of the MSATM to take over the M&E system through on-the-job training for the MSATM officer by the LGSP M&E officer.
4.7. **SOLID PARTNERSHIPS ESTABLISHED WITH GOVERNMENT AND DONORS**

**SUMMARY OF RESPONSE TO EQ 7: “How well has the programme promoted/favoured partnerships with donors and government?”**

The LGSP has leveraged 31 times its investment – an outstanding achievement. It has positioned itself effectively as the flagship for decentralization, based on a strong working relationship with the MSATM, good working relationships with the Ministry of Finance and with Education, Health and Infrastructure Ministries. It is well positioned within UNMIT who sees the LGSP as playing an important role in re-building the stability and legitimacy of the state in Timor Leste, following the conflict of 2006. It has built a strong partnership with Irish Aid, an organization that has been the main donor contributor to the finance of the project and that brings a special concern and experience with conflict sensitivity to the work of the LGSP.

### 4.7.1. Financial contributions of donors more than matched by government

152. Table 5 sets out the contributions of the partners to the LGSP’s funding. The GoTL provided by far the largest share, 51% of the total. Irish Aid provided 22% and UNDP 20%. UNCDF and the Norwegian Cooperation provided 3% each.

<table>
<thead>
<tr>
<th>Partner</th>
<th>USD</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoTL</td>
<td>3,911,000.00</td>
<td>51%</td>
</tr>
<tr>
<td>IRE</td>
<td>1,717,614.09</td>
<td>22%</td>
</tr>
<tr>
<td>UNDP</td>
<td>1,566,590.79</td>
<td>20%</td>
</tr>
<tr>
<td>UNCDF</td>
<td>235,953.93</td>
<td>3%</td>
</tr>
<tr>
<td>NOR</td>
<td>213,175.13</td>
<td>3%</td>
</tr>
</tbody>
</table>

153. The LGSP has been outstanding in terms of leveraging funding from other donors and from the government in Timor Leste. Over the period 2007 to 2009, it raised 31 times its investment. This figure is calculated by taking the total funds allocated to the LGSP over the period and dividing this amount by the contribution of the UNCDF. Relative to other donors (i.e. excluding the GoTL’s contribution), the UNCDF provided 6% of the funds. This in itself is a powerful demonstration of the confidence the government and the donors have had in the LGSP as a donor partner.

154. In terms of advocacy, UNCDF positioned itself very effectively in Timor Leste, developing a strong partnership with Irish Aid and UNDP. As mentioned earlier in this report, it is seen as the flagship for decentralisation by UNMIT and the bi-lateral donors in the country. Section 4.8 describes the Information and Communications campaign mounted by the LGSP in 2008. This had the effect of consolidating the profile of the LGSP in the country as the lead agency promoting decentralisation.

155. In terms of donor synergies, the relationship between the LGSP and Irish Aid has been the main axis supporting the programme. Irish Aid has brought not only very substantial financial support but also a strong interest in finding appropriate solutions to rebuilding states and promoting sustainable development in post-conflict situations in which states remain fragile. Its sensitivity to political conflict has contributed to the programme’s careful handling of situations with conflict potential. The UNDP provides the programme with financial support and solid backing for its work, within a supportive environment provided...
by the Assistant General-Secretary of UNMIT. The LGSP is guided by UNMIT’s periodic assessments of progress in stabilising the wider political context in Timor Leste.

156. At the time of the evaluation mission, the LGSP was leading decentralisation in the country, under the umbrella provided by UNMIT. The UNDP’s Governance Unit works closely with the LGSP, bringing experience and expertise in the area of Civil Service Reform to the programme, an area of work that will be of growing importance to the LGSP as it tackles the practicalities of functional re-assignment in the next few years. The programme has also received support from the Norwegian Embassy in Timor Leste. It is currently building partnerships with UNIFEM and the UNDP Gender advisor, who are helping it to incorporate gender more systematically in its activities.

157. The best measure of the LGSP’s success in building its partnership with government is the national assembly’s decision to allocate all funding for capital investments and operations in the pilot areas since 2008.

158. The LGSP management has established sound working relationships with the MSATM and other key partner ministries, notably the Ministries of Finance, Health, Education and Infrastructure. The team met with individuals in these ministries who are responsible for decentralization. These actors demonstrated a thorough understanding of the programme, as indicated not only by their knowledge of the state of play of developments in the pilot districts, but also in the national legislative process. They were closely following the LGSP’s work on functional re-assignment within their ministries and were involved in debates within their ministries and within the Inter-Ministerial Committee on Decentralisation on the merits and demerits of decentralisation and de-concentration.
4.8. **PILOTING REPLICA TED NATIONALLY, POLICY FRAMEWORK ESTABLISHED, BASIS FOR LEGISLATIVE AND REGULATORY FRAMEWORK LAID, JNP RE-CONCEIVES IMPLEMENTATION STRATEGY**

**SUMMARY OF RESPONSE TO EQ 8: “To what extent were the piloted approaches conducive to policy developments?”**

Piloting has been the most successful component of the LGSP with double the planned districts covered by 2009. Drawing on experience from the pilots, a substantial body of policy, legislation and subsidiary legislation has already been produced with the strong support of the LGSP, but requires revision and consolidation. Support for implementation of the new local government system has been provided in the form of an Information and Education Campaign, but other planned activities are in suspension awaiting the passage of the laws through the national assembly. The Joint National Programme on the drawing boards proposes to mobilise resources and coordinate efforts to step up implementation of the new local government system once the decentralisation laws are passed.

159. This section assesses the extent to which piloting has informed national policy and programme roll out. It reviews output 1 of the LGSP, the piloting of the LDP, from the perspective of its influence on output 2, the legislative and regulatory framework for the new government system, and output 3, implementation of the new system.

4.8.1. **Piloting has, in effect, become a national roll out of the LDP, going well beyond the original plan**

160. In assessing the influence of piloting in Timor Leste on national policy and roll out, it is important to hold in view the extraordinary rapidity with which piloting has been undertaken. The pattern that has been typical for LDPs in the past has been for piloting to occur in a relatively small number of implementation areas over a number of years, for the experience gained from this piloting then to be taken into national policy debate, and from there into the legislative reform process, after which the reforms may be implemented nationally. This process can take many years.

161. In Timor Leste piloting has rapidly translated into what is, in effect, a national replication programme in itself. Although conceived as a single output within the LGSP, the LDP is being rolled out of the LDP across the country at a rapid pace. The work on the establishment of a national legislative and regulatory framework for decentralization has also moved fast, but because its passage through the National Assembly has been held up (for reasons discussed below in this section) it is being outpaced by the roll out of the LDP.

162. A consequence of this is that the capacities of district and sub-district officials are being built to perform decentralized functions, and representatives from the Suco councils are being trained to play their roles at the village, sub-district and district levels without the new municipal assemblies being in place. The reason for this is that the installation of the new assemblies is awaiting the passage of the decentralization laws.

163. The aim of output 1, set out in the RRF, was for the LGSP to pilot the LDP in 4 districts. The LGSP began its work by re-assembling the teams in the pilot districts of Bobonaro and Lautem. From there, two more districts, Manatuto and Aileu, were added in 2008/2009, and
another four, Baucau, Manufahi, Ainaru and Covalima in 2008/2009, namely eight districts out of the country’s total of thirteen.

164. To bring out more clearly the scale of this achievement, figure 8 sets out the number of projects implemented by the LGSP and Figure 9 the value of investments between 2005/6 and 2008/9. The figure for the financial year 2005/6 is included to enable comparison with the work of the predecessor LDP so that the scale of the achievement may be more clearly seen.

165. The investment in infrastructure, services and related activities in 2007/8, the first full year of operation of the LGSP, was over 10 times that of 2005/6, the first full year of operation of the predecessor LDP. The numbers of projects implemented increased from 32 in 2005/6 to 54 in 2006/7, to 171 in 2007/8, and then dropped to 117 in 2008/9, effectively tripling the throughput of projects per annum relative to the predecessor LDP.

166. The fact that the LGSP piloted double the number of districts within 24 months of its establishment is an exceptional achievement, whether this is measured against the plan set out in the RRF (4 pilots) or in terms of experience with other LDPs. The evaluation team knows of no other case of a UNCDF LDP that has come even close to this achievement within this time scale. This is not a coincidence. It is a reflection of the outstanding work of the LGSP and its government partner the MSATM, with the support of its donor partners, Irish Aid and the UNDP in particular.

167. In terms of the quantitative scale of piloting it is thus only fair to conclude that the LGSP has gone well beyond expectations. It appears set to roll-out the LDP in all 13 districts of the country during 2010, as long as it receives the necessary support from the UNCDF and from other donor partners.

4.8.2. Piloting has informed the systems and procedures incorporated in national legislation and subsidiary legislation

168. The qualitative achievements of the piloting have also been very substantial, as described in Sections 4.2, 4.3 and 4.4 of this report. Capacities have been built and systems have been put in place for planning, budgeting, procurement and construction of infrastructure. The capacities of district, sub-district officials and representatives of Suco

---

54 The team has had experience evaluating LDPs either directly or in the role of quality controllers or exposure to LDPs through programme design in the following countries: Tanzania, Malawi, Benin, Senegal, Mali, Mozambique, Uganda, Ethiopia, Cambodia, Yemen, Laos.
Councils to perform their functions have been built to run these systems. The chapters above dealing with these dimensions identified downward information flows on project selection at district level and O&M as areas of weakness requiring further attention from the LGSP.

169. As shown in the findings presented in Chapters 4.2, 4.3 and 4.4 the district pilots have demonstrated that the capacity of local government can be effectively built to provide better, pro-poor services and that where this happens, beneficiary populations express a considerable degree of appreciation for these services and the hope that further areas of need will be taken on by the local authorities. This does not mean that all aspects of piloting have been equally successful. The areas of downward reporting, auditing, O&M and M&E were mentioned in earlier sections of this report as requiring further attention.

170. The experience gained in the pilots has directly informed the policy, legislative and regulatory work being undertaken by the LGSP towards output 2, discussed below. In particular, the guidelines and draft decrees for planning, budgeting and procurement are based on the systems tested within the pilot areas. The block grant system originally introduced in the pilot districts by the previous LDP and continued in the new pilot districts after 2007 has provided a model for a national fiscal transfer system using an egalitarian formula.

171. However, not all the lessons learned from the pilots were incorporated in the legislation. In particular, the role of the sub-districts as project aggregation and planning levels, though successfully piloted in the districts, was not incorporated into the first round of local government laws. This issue is taken up below.

4.8.3. A substantial body of policy and legislation produced but legislation still requires revision and consolidation

172. The groundwork for the policy work in output 2 was laid in the Local Government Options Study (LGOS) of 2003. The LGOS sets out five options for government’s consideration. From 2004-2006, the LDP was piloted on the assumption that local government would include assemblies at both sub-district and municipal levels. These sub-district assemblies would be made up of representatives of elected Suco chiefs drawn from the Suco councils in a sub-district who would act as a link between the village communities and the municipalities.

173. The Coalition government that came to power in 2007 chose option 5, which would convert the districts into municipalities. Notwithstanding this important shift in policy, the LGSP’s piloting work in the first four districts to become pilots (Bobonaro, Lautem, Manatuto and Aileu) continued with sub-district assemblies, pending the passage of the new legislation. However, in the latest four districts to become pilots (Baucau, Manufahi, Ainaru and Covalima), sub-district development committees (SDDCs), rather than assemblies, were established.

174. Drawing on experience from the LDP pilots and the first Decentralisation Strategic Framework (DSF) produced in 2006, the LGSP supported the incoming government in producing Policy Guidelines on Decentralisation and a revised DSF in 2007, both substantial documents setting out a time frame and steps for establishing a local government system. The Policy Guidelines and DSF emphasise the need to phase-in the reforms in a
synchronized manner, taking into account the capacity of the municipalities to move faster where it is high and slower where it is low.\textsuperscript{55}

175. With further support from the LGSP, the government produced three draft decentralisation laws in early 2009: the Law on Administration and Territorial Division, the Law on Local Government and the Law on Municipal Elections. These seek to give effect to option 5 of the LGOS. The first of these laws was passed by the National Assembly but the other two were held up.

176. There were two main reasons for the laws being held up. The first was that they left unclear the relationship between the Suco councils and the municipalities, and, more specifically, the role of the sub-districts. The lack of clarity over the role of the sub-districts opened up a space for political contestation over the chosen local government option and generated political tensions over the timing and sequencing of the implementation of the new system. This tension also had echoes at the local level. In Bobonaro, the team met with sub-district assembly members who expressed discontent at the fact that their roles would be removed in the planned new dispensation.

177. To address this sensitive issue of the relationship between the Suco Councils and districts, the GoTL, through the LGSP, commissioned a study into Suco-Municipal relations, the report of which appeared in October 2009.\textsuperscript{56} This is a thoroughly researched and carefully written report. Its central message is that it is important to include the Suco councils within the new local government system in a meaningful form, and that the sub-districts provide a valuable bridge for this between the village councils and the districts, with the potential to play important roles in aggregating projects prioritised at the village level and establishing project priorities for the sub-districts within the framework of area-based (i.e. the geographical areas covered by the sub-councils) planning. At the time of the evaluation mission, the recommendations of the report on Suco-Municipal relations were being assimilated by the MSATM.

178. The second main reason for the Law on Local Government being held up was that it did not set out in sufficient detail the principles of re-assignment of service delivery functions from the sector ministries to the municipalities. The line ministries, themselves intensively involved in building capacities and de-concentrating certain activities, were left uncertain as to how to move forward. The institutional assessments discussed below sought to address this issue.

179. The LGSP was not responsible for the holding up of the laws. This was essentially a consequence of the political contestation surrounding the question of the relationship between the Suco Councils and the districts which spilled over into friction relating to the timing and sequencing of local government elections.

180. Following the formulation of the DSF, the LGSP provided support for institutional and functional assessments of the MSATM, Ministries of Health (primary health care) and Infrastructure (water and sanitation) and the proposed municipalities. This body of work sets the foundations for re-assignment of service delivery functions to the municipalities, but it is awaiting revision of the primary laws. The quality of the work is sound, but an effort


is needed to distil the main principles guiding functional re-assignment and to introduce these into the legislation to ensure that there is greater certainty and the political will to implement the proposed changes.

181. Anticipating the passage of the Local Government Law, the LGSP commissioned work on the subsidiary legislation that would flow from it, including draft regulations on budgeting, financing, planning and procurement. This, too, represents a very substantial body of work, which is commented upon in Sections 4.2, 4.3 and 4.4 of this report. Its passage into law is awaiting the finalisation of the three legislative pillars of local government.

182. Two main challenges thus remain in order to bring this preparatory work to full fruition:

- Amendment and passage of the primary local government laws through the National Assembly
- Revision of the draft guidelines for the re-assignment of functions from the Ministries to the Municipalities and finalisation of the regulatory framework governing budgeting, financing, planning and procurement by the municipalities and the passage of decrees given effect to the framework through the Council of Ministers.

These challenges are currently (at the time of the mission) being tackled by the Government with the support of the LGSP.

4.8.4. Substantial work done on civic education and communications in preparation for implementation of local government reforms;

183. Under output 3, the LGSP PD envisages a range of activities to support the implementation of the local government reforms, including an information and civic education campaign, assistance with the installation of municipal assemblies, the building of the capacity of officials and councillors, the building of national training institutions to take over long term training functions, the delivery of training for officials and elected members and the mobilisation and alignment of donor support. In practice, the main focus of the work under output 3 so far has been in the areas of Communications and Civic Education.

184. The LGSP has produced and distributed an array of materials publicizing decentralization, including notebooks, folders, booklets, DVDs, fact sheets, brochures, calendars, T-shirts, stickers, bags and sign boards, bearing the distinctive decentralization logo. Monthly information bulletins have been regularly produced, and a substantial number of radio programmes aired. These activities have been important in publicizing the programme and have helped build civic understanding of decentralization and a broad national consensus over its adoption.

185. While the communication materials have been well distributed in Dili, as witnessed by the team in the offices of government officials and donors, they appear to have had less coverage in the rural districts, especially at the sub-district and community levels, where the team found fewer examples of the materials in evidence. Because they are in written form, the materials are more accessible to literate than to illiterate people, although they do include photographs and sketches. The use of community radio has been appropriate because it overcomes the problem of illiteracy, but the team heard evidence from district officials in Bobonaro and Baucau that the mountainous rural areas that make up the central spine of the country are not well covered by community radio, due to transmission problems.
186. Part of the work on Communications and Civic Education has supported the LGSP’s piloting of the LDP in the districts. Within the framework of a Ministerial Decree issued in 2005, the LGSP developed procedures and mechanisms through which information could be conveyed directly to the communities.\footnote{Using Section 8 of Ministerial Decree No. 8/2005,} These included the use of information boards in district and sub-district offices and other public places, the distribution of minutes to Sub-district and Suco representatives and information boards at project sites.\footnote{Implementation Guidelines. Directive No 10, 2008.} Suco council representatives who are members of District Assemblies (DAs), Sub-District Assemblies (SDAs) and Sub-District Development Committees (SDDCs) are responsible for communicating information on planning, project selection and procurement to their councils and for posting information on public boards on Suco council boards.

187. From its questioning of community members, the evaluation mission established that they are highly appreciative of the new infrastructure / services provided, as reported in previous sections of this report, but have little or no knowledge of district level decision taking or, more broadly, of the state of play with the national decentralization process and their likely future role within it. Participants in focus group discussions expressed a strong desire to be kept informed of these issues. The weak downward flow of information to the sub-districts, and even more so to the Suco councils, and from them to the service user communities, was also reported in the Interim Mid Term Review of the LGSP.\footnote{Slater (2008), p 8 and Garrigue (2009) p 12.} This is an area requiring further attention by the LGSP, as will be suggested in the recommendations provided later in this report.

188. Judging from the materials the mission inspected, the LGSP has done very substantial further preparatory work on a Communication, Civic Education and Information campaign in anticipation of the installation of the new municipal system. This includes a civic education programme, TV talk shows, community surveys, a “lessons-learned” booklet and a short documentary. This work has had to be put in mothballs, pending the go-ahead for implementation of the new system.

189. The other activities envisaged in this output have been suspended, pending the passage of the decentralisation laws. However, the LGSP, working with the MSATM and UNCDF’s Bangkok office have been pro-active in formulating the outlines of a Joint National Programme (JNP) to take up these pending areas of work as soon as the legislation is passed.

4.8.5. A Joint National Programme in the making; timely response to current opportunities & challenges

The rationale for the JNP is that the municipalities will require considerable support to build their capacities to manage finances and deliver services, that the legislative and regulatory framework for decentralisation requires improvement and that the line ministries will require support to adapt themselves to the new institutional arrangements accompanying decentralisation.

190. The MSATM’s draft concept note argues that donor efforts need to be coordinated to ensure that financial and technical support aligns with the national programme, rather than being undertaken separately and bits by bits, which would reproduce geographic and sector unevenness and development fragmentation.
191. The draft concept note calls for the establishment of a full time management unit, embedded within the MSATM. This unit would report to a high level steering committee or executive board made up of government, donor partners and perhaps also of civil society representatives. The management unit would be supported by a Technical Support and Piloting Unit (TSPU) embedded within the MSATM, whose task would be to monitor the progress and assess the capacities of the municipalities to take on new functional assignments and provide and commission targeted technical support.

192. Conscious that the sustainability of decentralisation reforms depends ultimately on the financial and technical capabilities of the Timorese government and its social partners themselves, and not on filling capacity gaps with externally recruited personnel, the JNP concept note seeks to establish a balance between increased external financial and technical support, to get the system up and running, and the absorptive capacity of local and national government.

193. The JNP nascent logical framework envisages three outputs, each having a short and long term dimension: 1) The strengthening of the capacity of national government to implement decentralisation and that of the municipalities to manage finances and implement services through the boosting of technical and financial support in the short term and through building national civil service training institutions to establish sustainable national training capacity in the long term. 2) Further developing policies, procedures and piloting to support legislative and regulatory revision, as further learning is gained from piloting and as municipal capacities are built to take on new functions. 3) Strengthening planning and financing by mobilising financial resources and providing capacity building in these two areas of activity.

194. In terms of the influence of piloting on national policy development, how should the JNP be assessed? In the view of this team, the JNP is a timely, rightly ambitious and well conceived concept that flows from the remarkable success of the programme to date, particularly the way in which piloting has run ahead to become, in effect, a sub-programme of the LGSP in its own right. This and the holding up of the passage of decentralisation legislation has created the pressure and the opportunity to re-conceive and upscale outputs 2 and 3 within a longer and more realistic time frame.

195. The section on recommendations provides more detailed comments on the JNP.
4.9. **Gender Equity pursued in Pilots, not fully integrated into legislative and regulatory framework; Women’s participation in Assemblies weak**

**SUMMARY OF RESPONSE TO EQ 9: “How well has the programme promoted gender equity and women’s empowerment?”**

Gender equity is highlighted in the programme document and appears at the level of activities in output 1. In practice, the LGSP has promoted women’s participation in the district and sub-district assemblies and in the sub-district committees, but their level or representation in the meetings is very low compared to men and their ability to express themselves limited by lack of experience, cultural views on the role of women and practical difficulties in getting to meetings. The LGSP does not have a gender mainstreaming strategy and this this inhibits pursuit of a systematic gender strategy. It accounts for the lack of gender issues being raised in key legislation and policy documents.

Gender is highlighted in the context of Output 1, which states that the LGSP will promote affirmative action, establish gender standing committees for district and sub-district assemblies, provide women assembly members with special training in leadership, awareness raising, support greater use of media, and link women assembly members with national gender networks. There is no specific reference to gender in outputs 2 and 3.

4.9.1. **Background**

196. There are sharp gender disparities in Timor Leste. Women’s participation in decision making bodies is limited and women are concentrated in the lower income-generating areas of the informal workforce. The government of Timor Leste has expressed strong political will to address these disparities. Gender equality is guaranteed under the Constitution and the Government is a signatory to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). The country has adopted the MDG gender and women’s empowerment targets and indicators in national planning. The government has committed itself to mainstreaming gender in its national programmes and has set up the office of the Secretary of State for the promotion of equality in its ministries. It is pursuing a 30% target quota for women in key decision making bodies.

**Gender in the LGSP design**

- a) The programme highlights gender equity and the issue is incorporated within output 1 in particular. The following activities are foreseen by the programme document: putting in place affirmative action policies ensuring women’s representation in local decision making bodies, (Local Assemblies, Municipal Assemblies);
- b) Establishing Standing Committees on Gender in all Local and Municipal Assemblies, with a mandate to ensure that women’s needs are being adequately addressed in local infrastructure and service delivery by taking into account the potential and actual contributions of women and their specific concerns and interests as development partners and beneficiaries;
- c) Providing women assembly members with special training in leadership, in gender, confidence building, etc., so as to enable them to be more actively involved in assembly discussions and better informed, thus increasing their capabilities and expanding the range of choices open to them;
- d) Linking up women assembly members with national gender networks in an effort to enhance their political empowerment;
- e) Supporting greater use of local media (community radios, etc.) as a way of highlighting gender issues and informing local citizens about the role, needs and contribution of women;
- f) Creating greater awareness and acceptance by male representatives in the Assemblies of the importance of women’s participation in local development and decision-making processes.

---

60 UNICEF 2003, MDG report, 2009  
4.9.2. Specific programme activities between 2007 and 2009

197. In practice, not all the activities envisaged in the programme document under output 1 were undertaken.

198. Affirmative action was introduced into the guidelines regulating the composition of DA, SDA & SDDC, ensuring that at least half of those elected to the assemblies were women. The mission observed in the districts visited and from the M&E data that these guidelines were being adhered to.

199. The LGSP has monitored and collected data on the actual attendance of women in these committees. The participation of women in the district assemblies was low compared to men (33% as against 67% in Bobonaro and 21% as against 79% in Baucau), and only slightly higher in the sub-district assembly of Bobonaro and sub-district committee of Baucau. (See Table 3, Chapter 4.3) These differences are due to the greater distance, on average, that representatives have to travel to district centres than to sub-districts centres. Women have benefitted from a transport allowance to overcome this problem, but this has not been sufficient to ensure high levels of attendance.

200. The programme organised a series of district dialogues in 2007 between women leaders from the National Parliament, Government and women members of the 4 Local Assemblies who were part of the programme at the time. The meetings were facilitated by a local NGO dealing with training related to women leadership issues. Around 30 to 60 women participated in each meeting. In total 188 women local authority members and women’s groups’ representatives participated in these dialogues. Although the programme supported this activity in an attempt to encourage women to play a larger role in the political sphere, the initiative mainly provided local assembly members with an opportunity to meet national women leaders and to discuss women’s roles and the challenges that they are facing in the local authorities.

201. The LGSP does not have a gender mainstreaming strategy to guide the treatment of gender in a systematic manner through all the programme outputs. The activities implemented so far do not go beyond increasing the number of women in the committees and creating awareness among women leaders of women’s roles and the challenges they face in representing their constituencies.

202. Even the M&E data and analysis of gender participation in the LGSP annual reports has mainly been on the basis of headcount of attendance rates. Our view is that participation needs to be looked at in a broader sense to include the quality of women’s engagement in the committees. While affirmative action to increase the number of women in the various committees is an important first step, barriers to their full participation are still in place.

203. In all the national, district and sub-district consultations it held, the team noticed that, with few exceptions, women kept quiet.62 In the focus group discussions at the district and sub-district level in Bobonaro and Baucau, women revealed that there are a number of factors that prevent them from participating effectively in local assembly activities. These included domestic chores, shyness, cultural beliefs about a woman’s place in society, illiteracy, and the long distances to meeting places. The women emphasised that the whole planning process is a kind of competition and it very much depends on representatives’ ability to speak, negotiate, and defend their interests. Thus for many women who have spent

62 These were cases where the women involved were educated, particularly at the national level or had been members of a district or sub district committee for a long time and had gained some skills over time.
a good part of their life in the private arena - the home, this is a new experience for which they are ill prepared. They also stated that the training in planning processes which the LGSP provides is too general and assumes that individual women members have the requisite ability to discuss and articulate interests in public bodies where men and women are present. In other words, the view expressed by the women interviewed is that the training does not deal with women’s unique problem, notably their lack of experience in expressing themselves in public forums.

204. More importantly, the women interviewed indicated that as representatives they feel discouraged from making any further contributions during local assembly meetings because women’s main priority projects do not seem to be taken into account in the planning processes. Many of them indicated that even though women value infrastructural projects such as schools, clinics, they are more interested in activities that will help them boost their family incomes as this is their immediate problem. This is an issue that is related to the LDP menu of projects. This issue was also raised by the Interim Evaluation of 2008. This issue is taken up in the recommendations of the present report dealing with Local Economic Development.

205. The evaluation team also observed a lack of a shared understanding of gender issues and gender mainstreaming among LGSP/MSATM staff, who are the main drivers of the programme. The MSATM gender focal point person does not feature in many of the programme activities, whereas this is needed to systematically provide advice on gender issues.

206. The absence of a gender mainstreaming strategy makes it difficult for the LGSP to treat gender in a clear and comprehensive way and this is especially evident in the framework for the new Local Government, which does not provide a consistent and clear position of gender issues. The Local Government Law which is pending in Parliament is silent on gender issues. Similarly, little attention is given to gender issues in some key draft documents, such as the Municipal Planning Report (2009), Investment guidelines and Capacity Building Strategy (2009). The Municipal Electoral Law, Article 12, requires parties to have one woman for every 3 candidates on their lists, but there is no mechanism to ensure that elected women will actually be represented in the municipal assemblies, as no quota is established.
5. CONCLUSIONS AND LESSONS LEARNED

5.1. CONCLUSIONS

207. The hypothesis underlying the LGSP was that decentralisation, by endowing accountable local government bodies with greater responsibilities for planning, budgeting and implementation of infrastructure and service delivery, would result in greater allocative efficiencies, better implementation arrangements and enhanced responsiveness to pro-poor service delivery. This standard LDP hypothesis, may be extended in Timor Leste to include the idea that installation of a decentralised governance system, delivering services in this way, helps stabilise and legitimise the state.

208. Building on the foundations laid by the predecessor LDP, the LGSP successfully introduced systems and procedures and provided comprehensive and sustained capacity building and training to district and sub-district authorities in planning, financial management, procurement and to assembly members in their roles as decision takers. Areas in which some weaknesses remain are in the performance of timely and accurate auditing of district finances and in downward reporting from the districts and sub-district levels to the Suco levels, where knowledge of decisions made at higher levels is absent. The LGSP also successfully introduced bottom-up participatory planning in which community members identify priority investments. However, the absence of a geographically based service information system hampered the efforts by the sub-districts and districts to plan strategically, an area of weakness in the programme.

209. The LGSP delivered structurally sound infrastructure that has benefited surrounding communities, including poor people, at a pace far exceeding expectations as reflected in the PD. The focus of investment has been in line with the national development objectives and is consistent with the UNCDF’s global objective of localizing social development, but has not taken up local economic development or environmental sustainability, priorities for the country and the UNCDF that were not incorporated in the PD. Notwithstanding the high quality of infrastructure, some basic complementary facilities such as toilets and water supply are missing and O&M structures are not in place at the level of local projects.

210. Government funding for investment, operations and maintenance in the pilot areas establishes one of the financial foundations for long term sustainability of infrastructure and service delivery. Building blocks for institutional sustainability are being laid in the pilot districts through the introduction of planning, finance management and procurement systems, but infrastructure sustainability requires operationalisation of O&M structures at local level. Economic and environmental sustainability have not yet been addressed by the LGSP, and the sustainability of the local governance system depends on the successful implementation of the municipal assemblies, a step that is awaiting passage of the decentralization laws by the National Assembly.

211. The number of pilot districts doubled from the planned 4 districts to 8 between 2007 and 2009 and all districts will become pilots in 2010, which means the LDP will have been replicated throughout the country. Drawing on experience from the pilots, a substantial body of policy, legislation and subsidiary legislation has been produced by the Government with strong LGSP support, (among these the Policy Guidelines on Decentralisation and a revised Decentralisation Strategic Framework in 2007; the Law on Administration and Territorial Division, the Law on Local Government and the Law on Municipal Elections in
2009); legislation that requires revision and consolidation. Apart from the Information and Education Campaign, activities relating to the implementation of the municipal assemblies have been suspended, awaiting the passage of the decentralization laws through the national assembly. The Joint National Programme proposes to mobilise resources and coordinate efforts to step up implementation of the new local government system once the decentralisation laws are passed.

212. Bearing in mind that the programme is at mid-term, it may be fairly concluded that the LGSP has moved a long way in achieving its objectives. Piloting has far surpassed expectations (output 1). A robust policy framework for decentralisation has been put in place, and a substantial foundation of legislation and regulations has been formulated (output 2), but remains to be revised once the decentralisation laws are passed. It is only in the area of implementation of the new municipal system, notably the elected district assemblies, under output 3, that the work of the programme has been held up, a consequence of political contestation over the content and timing of implementation of the local government options chosen by the government, and not of a lapse in the performance of the programme. In response to the delays in the passage of the decentralisation legislation, the LGSP, working with the GoTL and the UNCDF’s Bangkok office, has been proactive in formulating a Joint National Programme.

5.2. LESSONS

213. The following lessons may be drawn from the experience of the LGSP.

L1. The generic UNCDF LDP programme provides a robust model for piloting accountable, local-government driven service delivery. It is only in contexts where it represents an innovation and where the government is genuinely committed to decentralisation that the LDP model can exploit its potential competitive advantages.

L2. LDPs have the potential to help stabilize and legitimate states that are fragile and vulnerable to conflict if decentralisation is introduced in a way that is perceived to be fair to those contesting for power and it results in improved service delivery meeting the needs of citizens. Promoting national and local dialogue and the building of consensus around decentralisation is one way of ensuring this. Another is ensuring that accountability mechanisms are not only designed into the systems and procedures of the LDPs, but actually result in the intended knowledge flows that are needed to enable informed participation of the ultimate beneficiaries.

L3. Realising the full potential of a local development programme in a fragile state context requires the establishment of trust and respect between the programme and its government partners and the donor community, as well as broad consensus amongst contending political parties and the wider population that decentralisation is the best way of achieving improved, accountable service delivery. There is no room for unhealthy competition and unproductive intra-donor tensions in these contexts.

L4. Particular sensitivity is needed around decisions as to the form, sequencing and timing of implementation of a local government system to ensure that the capacity building activities of donors are well matched with the absorptive capacity of government and its social partners. It is important to ensure that the timing and sequencing is perceived to be fair not only to the political parties in power, but also to those in opposition.

L5. Decentralisation affects central government institutions as much as it does local ones. It is a large scale, complex and slow moving process. To address this requires a carefully
thought out capacity building strategy that distinguishes between the human and institutional dimensions, is well synchronized, timed and sequenced, and is well matched with the absorptive capacity of local and national government. The concentration of resources on local government alone, without a parallel process of re-building of national government institutions, and a clear definition of the roles of the two, could undermine the legitimacy of the state.

L6. The LGSP has brought out the importance not only of UNCDF’s investment capital fund but also its high level technical expertise, to the success of decentralization programmes. Technical experts need a solid grasp of UNCDF’s LDP model, international experience of decentralization and a strong sensitivity to context dynamics.

L7. The traditional LDP model’s focus on social infrastructure and service delivery remains potentially relevant in contexts where this kind of intervention is not being undertaken by other donors, but a more holistic approach is needed to local development, including the economic and environmental dimensions. This is an area for innovation in holistic local development.
6. RECOMMENDATIONS

214. In considering these recommendations, the reader should bear in mind that:
- although the LGSP is at mid-term, it has moved forward very rapidly in terms of replicating the LDP in the districts;
- while a substantial base has been laid in terms of establishing the legislative framework, this still needs revision and passage through the National Assembly,
- a decision has recently been taken by the government to postpone the local government elections until 2013, providing more time for the implementation of the new municipal system.

Finally, it should also be borne in mind that although only at mid-term, the LGSP has used up 90% of its budget.

215. With this background in mind, this section has been divided into two parts, the first setting out the mission’s main recommendations within the time remaining to the programme and the second setting out its recommendations for the longer term. In addition, section 6.3 provides a number of perspectives and suggestions on the JNP for the consideration of the actors involved in formulating the programme.

216. The recommendations provided in this section are a summary. Detailed recommendations, along with time frames, an indication of who should be involved and explanatory notes, are provided in the Management Response Matrix in Annex 4.

6.1. SUMMARY OF RECOMMENDATIONS FOR PERIOD ENDING DECEMBER 2011

1. Support for LGSP to complete is work to December 2010

The UNCDF should provide the LGSP with the financial means to ensure that costs of staff, equipment and other running costs are met until the programme’s termination date. (A later recommendation deals with a suggestion programme revision that would extend its term by two further years)

2. Infrastructure and services

- LGSP to establish and implement minimum standards for infrastructure and services, covering equipment, staffing and materials and ensure they are being effectively implemented by providing training, implementation support and careful monitoring. These standards could then be considered by the GoL as a possible basis for setting national guidelines.
- LGSP to ensure that O&M arrangements are being put into operation by providing training followed by monitoring of their implementation.

3. Planning

- LGSP, in collaboration with MSATM, to introduce integrated area-based planning at local level and strategic planning at district level.
- LGSP, in discussion with MSATM, to consider introducing a Service Delivery Information System to enable evidence-based decision taking on service delivery needs, linked to the LGSP’s existing M&E system and to government development priorities.
4. Fiscal decentralisation
LGSP to integrate the recommendations of the Savage (July, 2009) and Winter et al (April, 2009) reports to establish a coherent fiscal decentralization strategy, systems and procedures for fiscal transfers. This may require the contracting of external technical expertise to complete the work.

5. Information flows and downward accountability
- LGSP to make sure that the procedures contained in the existing guidelines are effectively followed and that this results in improved information flows to communities. This means building strong downward reporting and accountability of elected municipal members to communities beginning first by ascertaining why downward reporting has not been occurring and by then providing training to promote downward accountability. LGSP to intensify monitoring of local level activities to ensure that information flows are occurring as intended and that the community members have the knowledge and understanding of their roles to enable them to participate effectively in decision-taking and play their intended watchdog roles.
- LGSP to include a substantial training component on reporting and downward accountability within the Capacity Building Strategy of 2009.

6. Information, civic education and communication
- LGSP to revise the preparatory work that has been done in anticipation of the implementation of the municipal system so that it accords with the local government legislation in the form eventually passed by the National Assembly.
- LGSP to review the existing materials and means of communication to ensure that they are accessible to all, including illiterate people in the remote rural areas.
- LGSP to use the civic education campaign to re-enforce the measures to promote downward accountability and deepened community participation recommended in 4 above.

12. Local government laws
- The Law on Administration and Territorial Division and the Law on Local Government require revision to clarify two outstanding issues: the roles of the Suco Councils in the proposed municipal system and the principles of service delivery re-assignment accompanying decentralisation. The LGSP should provide the MSATM and inter-ministerial committee support with the reformulation of these laws to include these dimensions.
- This work should be followed by the revision and consolidation of the subsidiary legislation already existing in draft form, a process that the MSATM, through the Inter-Ministerial Committee on Decentralisation can help guide through the National Assembly.
- The LGSP could commission short term, mission-based technical experts with skills in writing legislation and subsidiary legislation in the relevant areas could be contracted to do this work.

13. Gender
- In consultation with the MSATM, with the assistance of the UNDP gender advisor and UNIFEM, LGSP should, firstly, organize a gender orientation workshop for LGSP and MSATM staff to create a shared understanding of gender issues.
- Secondly, the LGSP in collaboration with its partners should:
a) Identify key gender issues that need attention in relation to decentralisation and local government reform that have been raised by various reports/evaluations e.g. Slater (2008); Garrigue (2009), including this mid-term evaluation.

b) Identify the gender gaps in the local government policy framework currently developed (Laws, subsidiary legislation, guidelines, strategies).

c) Discuss and prioritise the issues and gaps identified in order to gain consensus on which issues should the gender mainstreaming strategy address.

d) Develop an implementation, monitoring and evaluating plan.

e) For sustainability, incorporate the gender focal point person for the MSATM and other government counterparts in all these processes.

It is important that the gender strategy development process is used as an opportunity to build consensus and deepen the shared understanding of gender issues with ministry and district gender focal points in order to promote ownership.

6.2. SUMMARY OF RECOMMENDATIONS FOR THE LONGER TERM

1. Joint National Programme
The evaluation team recommends that the UNCDF HQ, Irish Aid and other interested donors support the JNP initiative being mounted by the GoTL with the aid of the LGSP and UNCDF Regional Technical Advisor. The evaluation team’s perspectives on the JNP, with further suggestions relating to its embryonic logical framework, are provided in the Section 6.3.

2. Environmental sustainability
- After consultation with the MSATM and other relevant ministries, and other donor agencies promoting environmental sustainability, the LGSP should develop and pilot an approach to Natural Resource Management that is well integrated into its LDP work.
- This action will require capacity building in the pilot areas and sensitisation work with the relevant Ministries and other national stakeholders.
- The staff complement of the LGSP will need to be expanded by at least one full time post to take on this work.

3. Local Economic Development
After consultation with the MSATM and Ministries of Agriculture and Economy and Development, the LGSP should, drawing on the support of the UNCDF’s Bangkok Office and other relevant agencies promoting LED, develop and pilot an approach to inclusive, pro-poor LED that is well integrated with the LDP. This will require a concept mission, LED programme component design, followed by sensitisation and training for national actors, and the appointment of an LED advisor within the LGSP. The LGSP should ensure that women’s priorities are fully integrated into the LED approach.

5. Distinguishing human and institutional capacity building
- Within the proposed Capacity Building Strategy, the LGSP should draw a clear distinction between the human and institutional capacity building components needed at local and national level.
- Based on this distinction, develop an implementation plan that carefully sequences these four dimensions taking into account capacity needs and absorption rates that realistically reflect conditions within local and national government.
4. Policy and implementation capacity
After consultation with the MSATM, the LGSP should organise high-level capacity building on decentralisation champions within MSATM and other key ministries (Finance, Health, Education, Infrastructure) in policy analysis and implementation (fiscal, institutional & legal dimensions), to establish a critical mass of Timorese experts supporting decentralisation. A format should be developed that is appropriate for participants at such a high level within government. The training facilitation should be inter-active soliciting practical cases from the participants, based on their current experience and challenges.

6. Documentation and Resource Centre
- In consultation with the MSATM, the LGSP should consider setting up a Documentation and Resource Centre in an appropriate location within the MSATM and stocking it with programme documents, comparative literature and service delivery information data.
- This initiative would require on additional staff member for the LGSP on a six month contract to help set up the centre and to provide training for a counterpart in MSATM who would take over and run the centre.

6.3. Perspectives on the Joint National Programme
217. The JNP, as reflected in the GoTL’s concept note, already takes into account many of the issues reflected in the evaluation team’s recommendations above. The following perspectives are offered to support and strengthen the initiative.

i. The outputs for the JNP, as currently conceived, combine piloting with policy and procedures, two dimensions that have been pursued independently so far, the first with considerable success, the second taking longer than planned. It may be wise to keep these outputs separate, yet closely connected. Piloting would continue to inform policy and legislative reform. Legislation would endorse the roll-out of lessons from piloting, the two dimensions thereby re-enforcing each other.

ii. In contrast with the way in which it is conceptualised within the LGSP PD, capacity building is conceived as a single output in the JNP. In the view of this mission, the conception the JNP puts forward that to have a single, consolidated approach is an improvement on the LGSP PD. However, it would be helpful, the team believes, to separate out distinct dimensions of capacity building. Some capacity building will be undertaken in the context of piloting within the 13 districts, while some will be more directly focused on national implementation of the municipal system. At a national level there is a need for capacity building in policy analysis and implementation. Institutional capacity building will be needed to support the re-assignment of service delivery functions from the sector ministries to the municipalities. More broadly, it may be helpful to distinguish between capacity building that focuses on human resource development and management, on the one hand, and capacity building that focuses on institutional development, namely the structures and systems that give effect to functional re-assignment.

iii. The overall goal of the JNP is to accelerate the reduction of poverty and stimulate local economic development (LED). This seems entirely appropriate. However, LED does not appear as a specific component within the outputs as conceived so far for the JNP. It would be helpful, the team believes, to build LED in a specific component of the piloting.
iv. During the evaluation mission, environmental sustainability emerged as an important issue within Timor Leste, yet is neglected within the LGSP. It is mentioned in the context of support for policy development and appears as a cross-cutting issue within the JNP documents. The introduction of a component of Natural Resource Management (NRM) in the piloting would, the evaluation team believes, be important to ensure the environmental sustainability, and hence longer term, overall sustainability of local development in Timor Leste.

v. Gender issues are highlighted in the JNP documents. It would be important to ensure that gender is systematically woven into all relevant programme activities in the final version of the JNP.

218. Taking into account the perspectives listed under i-v above, Figure 10 presents a way of perceiving the intervention logic of the proposed JNP. It is offered as a contribution to the dialogue taking place on the JNP.

219. The order of presentation of the diagram is to move from the overall goal downwards to the outputs.

220. According to the evolving JNP, the overall goal of the programme will be to accelerate poverty reduction and pro-poor local economic development.

221. For reasons set out in discussing the LGSP intervention logic in Section 3.1.4, the evaluation team suggests that it would be helpful to introduce a development goal into the design. This goal could be defined as providing better, local, pro-poor social, economic and environmental services and the entrenchment of political accountability.

Figure 10: A perspective on the JNP

Source: Evaluation team, drawing on JNP concept documents.
222. As within the LGSP and JNP draft concept note, the purpose, or outcome, of the programme would be the establishment of a local government system in a form that stabilizes and legitimates the state and creates the capacity and momentum for improved service delivery.

223. Output 1 represents the Capacity Building Strategy proposed in the JNP concept note. As conceived in the concept note, capacity building would take the form of an overall strategy with its own output. However, the evaluation mission suggests that different components of capacity building should be distinguished: local and national, and human and institutional. The CBS would explicitly address each of these different components, setting out a carefully synchronized approach with a realistic time frame linked to the absorptive capacity of local and national government.

224. Outputs 2.1 and 2.2 represent a continuation of the LGSP’s piloting work, re-conceived in Figure 10 as a national roll-out of the LDP. The advantages of re-conceiving the LDP piloting in this way is that it builds on the momentum created by the LDP. It secures the step-by-step capacity building advocated in the JNP concept note. It builds the confidence of the district officials to manage finances and deliver services and the confidence in citizens that decentralization does, indeed, improve accountability and service delivery. In this way, the roll-out of the LDP further consolidates the foundations of the proposed new local governance system.

225. The piloting work would take on two new components: LED and NMR. The piloting of NMR and LED has not yet been designed into the JNP concept. Their inclusion, either as distinct outputs or sub-outputs, would give effect to the passages in the JNP documents that call for the promotion of these two areas. These are two distinct, yet connected areas of local development practice in which considerable experience has been built up internationally and within the UNCDF. There is therefore a body of experience based literature and a pool of expertise for the LGSP to draw upon.

226. Outputs 3.1 and 3.2 represent the continuation of the work originally conceived within outputs 2 and 3 of the LGSP. They give effect to the legislative framework and implementation strategy conceived within the JNP concept note. As emphasised in the JNP concept note, the timing and sequencing of the implementation of the municipal system to accord with the absorptive capacity of local and national government will be critical to the success of the programme.

227. Gender is represented as a cross-cutting issue. Gender issues should infuse all dimensions of the LGSP’s work and become a major focus of the JNP.

228. Environmental issues are also represented as cross-cutting, notwithstanding the inclusion of NMR as a component or sub-component under output 2. The reasoning behind this is that it is important to ensure that all programme activities are respectful of the environment, not merely the NMR dimensions. This would mean, for example, that infrastructure created by the programme meets environmental impact standards.
ANNEXES

Annex 1: ToR
Annex 2. Bibliography
Annex 3. List of people met
Annex 5. Orientation Note
Annex 6. LDP Timor Leste Evaluation Matrix
Annex 7. Evaluation hypothesis
Annex 8. OECD-DAC principles on fragile states