

**Background Paper for the
Timor-Leste and
Development Partners Meeting**



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EXECUTIVE SUMMARY

Timor-Leste has progressed well on NDP implementation with impressive achievements in the petroleum sector governance framework.

Timor-Leste can now fully finance an annual budget at the level of the sustainable income, consistent with its savings policy.

While oil production is boosting national income, poverty is in all likelihood increasing.

Improving services at the district level will be critical to fight poverty.

To improve household incomes and combat unemployment, Timor needs to improve the environment for doing business.

Timor-Leste has made impressive progress in implementing the National Development Plan since the last TLDPM in May 2004. Most prominently, following broad-based consultations, the Government has completed a state-of-the-art policy and legislative framework for petroleum production, taxation, and revenue management. The associated texts are currently being debated by the National Parliament. The framework was praised at a high-level meeting of the Extractive Industries Transparency Initiative in March. The specific arrangements for petroleum sector management will only be successful in safeguarding public resources for both current and future generations when combined with continued strengthening of the overall governance framework and a focus on the fight against corruption.

Bayu Undan petroleum production is benefiting from historically high oil prices and Timor-Leste can now fully finance an annual budget at the level of the sustainable income. Petroleum revenues are significantly higher than expected, increasing from USD 41 million in FY04 to a projected USD 243 million in FY05 and as compared to a budget of about USD 79 million – they are expected to remain around 200 million for the next four years. Domestic revenues have also increased – the result of much improved tax and customs administration. Consistent with the savings policy, Government will save the lion's share of these revenues and allocate only the sustainable portion to the annual budget. Annual sustainable spending equals the sum of domestic non-oil revenue and the permanent income from petroleum wealth. These are estimated at USD 30 and 100 million, respectively, though the latter part remains highly vulnerable to oil price changes.

While oil production is boosting national income, non-petroleum GDP is growing only modestly. At the same time, recent data point to a very high population growth rate. Together, these trends imply that ***poverty is in all likelihood increasing***. Service delivery is improving gradually, yet social indicators remain among the lowest in the world. This highlights the enormous challenges Timor-Leste faces in achieving the Millennium Development Goals. In order to make a dent in poverty levels, it will be important to emphasize the delivery of tangible services at the district level and to consider policies to curb the high rate of population growth.

To improve household incomes and combat unemployment, Timor-Leste will need to pursue vigorous action to enable private enterprise, especially in the rural areas. The recent approval of the domestic and foreign investment laws and submission to Parliament of the insurance law are a commendable achievement in this regard, as well as the imminent launching of the Investment and Export Promotion Agency. These will need to be complemented by reduced administrative requirements for business operation, as well as streamlining of business registration, property titling, and customs procedures, improved access to electricity and practicable roads, and strengthening of the justice system.

To achieve the MDGs Timor-Leste needs the development partners' continued support.

The Government has asked development partners to extend budget support through FY08 to support the integration of off-budget spending onto the national budget.

Budget execution will need to improve considerably for the CSP to become an attractive financing mechanism.

Meeting the challenges of improving budget execution and ensuring the functioning of key state institutions, such as the justice sector, will require capacity building and urgent technical assistance.

Increasing harmonization and coordination, starting with the provision of useful financial data, will be important to ensuring the effectiveness of aid in Timor-Leste.

To achieve the MDGs the Government will need the continued support of development partners. Even the currently sustainable budget will not suffice to implement the NDP or achieve the MDGs. In the context of the Sector Investment Programs (SIPs), the Government has estimated that expenditures will need to grow to USD 320 million in FY15 in order to aggressively pursue these poverty reduction goals. Moreover, Government would like to ***shift a greater proportion of off-budget expenditures onto the national budget.*** To support this shift, and recognizing the important contributions of the current Transition Support Program to policy dialogue and donor coordination, the Government has ***requested an extension of budget support*** under the Consolidation Support Program (CSP) for FY06 through FY08.

While there is broad support for the CSP, budget execution needs to improve considerably to make it a highly attractive financing instrument. Budget execution needs to improve across the board, but particularly in capital development spending. Government has proposed a sharp increase in public investment for FY06 and has greatly improved the transparency of the capital expenditure program, especially for health and education. Effectively implementing these planned expenditures will contribute not only to improved access to basic services, but also to short-term job creation associated with the related construction activities.

Improvements in budget execution require ***capacity building in planning and financial management.*** A long-term capacity building program for public resource management is under preparation. Pending its effectiveness, and in the face of the expected reduction of the United Nations Mission in East Timor (UNMISSET), there is a pressing need to ***identify transition arrangements for international staff.*** This is equally important for the justice system, as its functioning depends on international court actors while national judges participate in full time training.

Development partners will need to take increasing responsibility for harmonizing their assistance with Government systems and procedures and coordinating their activities across sectors in order to maximize the effectiveness of their interventions and minimize the burden on Government. Supporting the production of an accurate and comprehensive combined sources budget will require a commitment on the part of donors to provide information on disbursements and medium-term financing in a format that is useful for Government. As another vehicle for donor harmonization, the newly established Sector Working Groups (SWGs) could be a useful forum not just for mobilizing financial resources but engaging in coordinated dialogue with interested donors over sector policy, strategy, and programs.

DEVELOPMENTS SINCE LAST MEETING AND PLANS FOR THE FURTHER IMPLEMENTATION OF THE NATIONAL DEVELOPMENT PLAN

Considerable progress has been made since May 2004, as witnessed by progress against the TSP III action matrix.

In FY06 NDP implementation will continue to be guided by a comprehensive planning framework.

Priority actions for FY06 are collected in the CSP I results matrix.

Bayu Undan oil production is in full swing and there are good prospects for the exploration of new petroleum fields.

After two years of decline, the economy has made a modest recovery, growing at 2 percent in 2004. Yet per capita GDP is decreasing and poverty is most likely increasing.

Since the last TLDPM, Timor-Leste has made solid progress in the implementation of the NDP. As is now customary, annual priority actions are collected in the TSP action matrix. Progress against actions laid out in TSP III is reported in Annex 1.

In addressing the challenges over the next fiscal year, agencies will be steered by their FY06 Annual Action Plans (AAP), which are based on the NDP and the SIPs. The latter provide detailed plans to guide combined sources expenditure in each of 17 sectors. Government is in the process of establishing joint Government-donor SWGs for implementation and monitoring of the SIPs. SWGs in agriculture, infrastructure, and health have already been launched.

The most pressing among the FY06 AAP actions are presented in the results matrix of the proposed First Consolidation Support Program (CSP I) which is attached as Annex 2. The matrix constitutes the basis for a budget and balance of payments support program. As with its predecessor programs, CSP I will be financed entirely on the basis of grants. The Government hopes to generate the interest of the same financing partners that have been active in the TSP and welcomes all partners as observers.

Macro-economic Developments and Outlook

Liquids production at the Bayu Undan oil and gas field began in April 2004 and is fully operational. Following the approval of the petroleum production regime by Parliament, licensing for the ***exploration of reserves on-shore and in non-disputed waters*** along Timor-Leste's southern coast is expected to begin before the end of 2005. Finally, ***negotiations*** with Australia over the petroleum reserves in areas of overlapping claims are progressing at a faster pace, improving the prospects for the exploitation of the Greater Sunrise field.

With the initiation of petroleum production, Gross National Income is rising considerably. At the same time, non-oil Gross Domestic Product (GDP) is expected to grow only modestly. A recent revision of national accounts indicates that non-petroleum GDP has fallen by about 6 percent in both 2002 and 2003, following growth of about 16 percent in 2001. It is estimated that non-oil GDP has grown modestly at about 2 percent in 2004, reflecting an increase in agricultural productivity following a period of drought as well as a significant expansion in banking sector activity. At the same time the 2004 census and the 2003 Demographic and Health Survey point to a population growth rate well above 3 percent – considerably higher than previously projected. Hence it is clear that ***per-capita GDP – currently measured at USD 405 – is decreasing and poverty is in all likelihood increasing.***

Unemployment is most likely increasing as well and the wage level for unskilled labor remains high.

Unemployment is probably increasing as well, particularly as members of the rapidly growing youth population approach working age. It reaches at least 20 percent in urban areas and 43 percent for urban youth. The wage level remains high in comparison with neighboring countries, undermining competitiveness and limiting job creation for unskilled labor.

Inflation declined to 1.8 percent in December 2004; the trade deficit has expanded.

Inflation fell to 1.8 percent in December 2004 and is expected to remain at around 2.5 percent on the basis of low international inflation and limited pressures from domestic demand. Non-oil exports rose to USD 8 million in 2004, of which USD 7 million was coffee. Coffee exports are expected to rise over the medium term in response to higher international prices and improved marketing; other exports are growing faster but from a much lower base. The **trade deficit** has expanded to USD 187 million in 2004, amounting to about 56 percent of GDP.

Productive employment – especially in the rural areas – is critical to poverty reduction.

Creating Productive Employment through Financial and Private Sector Development, Agriculture, and Infrastructure

To make a significant dent in income poverty and unemployment, GDP growth rates need to rise well above current levels and must exceed the population growth rate, currently estimated at well above 3 percent per year. There is a critical need for new jobs to absorb the growing number of youths entering the workforce. Fostering an **enabling business environment** will be critical to encouraging private sector development. Given that most of the poor reside in rural areas and migration to cities is already placing pressure on urban employment, **productive rural jobs are particularly crucial for poverty reduction**. There is a need to expand power services to the districts, improve roads, and promote food security and agribusiness development. The new private coconut oil-processing operation in Viqueque, perhaps the largest recent source of private employment, provides a successful example of rural job creation. In the meantime, while private sector activity is taking hold, the public sector will continue to play an important role in job creation, particularly through the contracting out of public works programs.

The financial sector continues to expand ...

Financial sector activity has expanded rapidly in the last year. Bank deposits increased to USD 84 million (25 percent of GDP) in 2004, up from USD 72 million the previous year. Bank lending grew seven-fold between January 2003 and March 2004. As of January 2005, the largest bank, Caixa Geral de Depositos held USD 63 million in outstanding loans (19 percent of GDP). Micro-finance is also gaining momentum, with four micro-finance institutions, several savings and credit cooperatives, and an Association of Microfinance Institutions in operation. Among AMFITIL members, total outstanding loans amounted to USD 1.86 million in December 2004, with 19,000 active borrowers. To further facilitate credit expansion, Government plans to establish a credit and collateral registry, with the BPA taking initial responsibility.

Though interest has been shown in concessions for natural resource exploitation, there has been little new investment thus far. Encouraging

...and work continues on establishing an enabling business environment ...

...though cumbersome administrative procedures continue to constrain private sector growth.

Jobs are being directly created through the Emigrant Workers Program and community-based maintenance of roads.

The agriculture, forestry, and fisheries sector will begin FY06 with a new policy and institutional arrangements, as well as an increased budget.

this needed investment, and thus creating jobs, will require a transparent private sector regulatory framework. Significant progress has been made in preparing the **enabling legislation for the private sector**. The laws on domestic and foreign investment have been passed by Parliament, and the insurance law is being discussed; the associated regulations have already been drafted. A draft law on bankruptcy has been prepared, but is undergoing further revisions. The decree law on the leasing of Government property has been promulgated, and the draft law on leasing between private parties has been submitted to Parliament. The process for **business registration**, however, remains complex and unclear. The **Investment and Export Promotion Agency (IEPA)** is expected to start functioning in mid-2005 and will serve as a one-stop shop for information and services related to private investment. In addition it would be important to reduce administrative requirements for business, and streamline property titling and customs procedures. Timor-Leste's participation in the "Doing Business" surveys will be helpful in guiding this process. The Government is also working to enhance entrepreneurial skills and increase awareness of procedures and challenges involved in starting a business in Timor-Leste. The **Business Development Center network** has far exceeded its targets in providing entrepreneurial training. Having held several informal meetings with small business people around the country, the Government plans to conduct more formal **Business-Government Forums** beginning in May 2005.

The Government is also pursuing initiatives for **direct job creation** both domestically and abroad. Under the **Emigrant Workers Program**, a contract has been signed with a South Korean company, and the first batch of 100 to 200 workers is scheduled to depart in mid-2005. A similar agreement with Malaysia is under preparation. The **community-based road maintenance program** created just over 600 jobs in FY05 and is expected to expand in FY06-08. If the program is to reach its potential in providing employment, however, greater attention will need to be paid to funding needs, time schedules, and performance indicators. Under-execution of the Government's capital development budget, with only 9 percent of appropriations spent on a cash basis in FY04 and only 13 percent spent by end-February FY05, presents a missed opportunity for job creation through Government-financed construction and maintenance projects.

Since the last TLDP, the Government has adopted an **agriculture, forestry, and fisheries** sector policy and strategy and produced a SIP on this basis. The Sector Working Group for Agriculture and Rural Development was established in November 2004, and for the first time, the Ministry of Agriculture, Forestry, and Fisheries has coordinated the Joint Donors' Mission for the sector. MAFF has made important progress in implementing a reorganization made necessary by the new policy, including establishment of three regional offices and a new Agribusiness Unit. Moving beyond its early success in livestock health programs, MAFF is making substantial progress in the testing and distribution of improved food-crop varieties. There is a need to enhance

the sustainability of upland management, strengthen agricultural extension services, improve the profitability of irrigated farming systems, and develop a program of offshore marine fisheries. The proposed FY06 budget includes a substantial increase in funding for agricultural programs, and for the first time CSP I will establish and monitor a floor on spending in the sector.

Extension of infrastructure services in power, roads and water and sanitation will be critical in the years ahead ...

Development of **infrastructure** remains critical to enabling economic growth, private sector development, and the delivery of other priority services. Cost recovery in the **power** sector continues to improve, with 19,500 pre-paid electricity meters installed between July 2003 and January 2005. As a result, power subsidies, which are highly regressive, have dropped from 13 percent of budget spending in FY02 to 7.5 percent in FY05. In order to build on this successful record, there is a need to improve power efficiency through establishment of a loss monitoring system and development of a plan for the full and timely payment of Government electricity dues. Having made considerable progress in access and cost recovery in Dili, it is now important to address the same issues in the districts. The **road network** is extensive, but in poor condition. The finalization of the Roads Strategy and Investment Plan will be a critical next step. Development of the domestic contracting industry and arrangements for the leasing of Government equipment will also be important. Progress on **water and sanitation** is hampered by the lack of a sector strategy, and the efficiency of service delivery would be enhanced by the corporatization of the Water and Sanitation Service. At the same time, access to clean water in rural areas needs to be expanded and will contribute significantly to improving the livelihoods of the poor, especially women.

...requiring the development of targeted strategies and a redefinition of the State's optimal role in service delivery.

Delivering Sustainable Services in Health, Education, and Veterans Affairs

The population is poised to double in only 17 years, based on an annual growth rate of well over 3 percent.

Recent estimates of population growth point to the formidable challenges ahead in delivering sustainable services across the country. At 7.8 children per woman, Timor-Leste has the highest fertility rate in the world. The corresponding population growth rate is estimated at well over 3 percent per year. If this rate is maintained, the current population of 925,000 will double in 17 years. These factors will place tremendous pressure on health facilities and schools, as well as challenging food security and enhancing the risk of serious environmental degradation.

The health sector continues to perform well against targets, but revised population estimates indicate that services may not be reaching as many as previously thought.

Substantial progress has been made on most fronts of the **health** program. The development of micro-policies and District Health Plans is well advanced, and Hospital Annual Activity Plans are expected to be developed by June 2005. The Ministry of Health has prepared a 24-program budget for FY06 in order to separately monitor expenditures in each of the 13 districts, 5 hospitals, central specialty services, and major functions at the Ministry level. This initiative will improve the ability of managers to assess service delivery efficiency and performance and accurately pinpoint areas for improvement. MOH has exceeded its targets for DPT3 and measles vaccinations, skilled attendance at birth, and annual outpatient visits per capita. In the upcoming months the

Ministry will update the performance indicators to take into account the 2004 census data. While this is expected to result in a substantial downward adjustment of the performance indicators, it should be underlined that the performance trends are positive.

Progress in the education sector has been modest...

...with continued challenges in administrative capacity, low budget execution, and limited distribution of materials.

In an effort to improve primary education, the Government will join the Education for All Fast Track Initiative.

The registration of veterans of the resistance is proceeding, a veteran's law is being drafted, and recognition measures are underway.

A recent seminar on Building Integrity in the State demonstrates the Government's commitment to fighting the emerging corruption.

Progress in the **education** sector has been modest. The policy and legislative framework is still in draft and is under revision based on feedback from the Council of Ministers. The primary school curriculum has been adopted, and block grants have been distributed to a small number of schools as part of a pilot program. The availability of school materials continues to be a serious concern. The *Lafaek* children's magazine has served as a highly successful interim measure, reaching an estimated 200,000 school children around the country and sparking the creation of a junior edition, *Lafaek Ki'ik*. At the same time, the management of the sector remains problematic. Key Ministry positions remain unfilled. Budget execution rates are poor, with about half of sector appropriations going unspent while poor parents are contributing school fees to cover costs. The Government has committed to join the Education for All Fast Track Initiative and will develop an action plan for achieving universal primary completion by 2015. Through the EFA-FTI program, the Government plans to increase access to primary education; enhance curriculum development in line with the National Framework for Learning; expand teacher training; improve distribution of learning materials; strengthen system and school management; enhance policy, finance, and planning in the sector; and emphasize maintenance of facilities.

Sound progress has been made in the recognition of **veterans** of the resistance. Parliament is drafting legislation on the basis of the recommendations put forth by the veterans' commissions, and public hearings will be held before promulgation. The process of registering the members of the civilian resistance has advanced considerably, with criteria defined, a questionnaire developed, and interviewers trained. Following the passage of the law, the Direccção Nacional Veteranos will define and implement a veterans' assistance policy. The databases created in the registration process are expected to be transferred to the DNV to help this process. The Metinaro Park cemetery for victims is nearly complete, and a study has been prepared to inform the construction of 100 houses for veterans with long years of service.

Strengthening Governance

Following a fruitful dialogue last year over a Government-commissioned paper on *Strengthening the Institutions of Governance in Timor-Leste*, the Government has continued to demonstrate its commitment to strengthening governance and minimizing corruption. In March 2005, the Prime Minister chaired a **seminar on Building Integrity in the State** to explore ideas of conflict of interest, codes of conduct, income and asset declaration, and the anticorruption agenda of the *Provedor* with a wide audience of senior Government officials, development partners, and issue experts. It is recognized that **corruption is an emerging problem and that there is a short window of**

opportunity to put in place a strong framework for preventing its expansion. Government has submitted ten cases of alleged criminal wrongdoing to the Prosecutor General, but none have been acted upon so far. Media, civil society, and Parliament have all spoken out on governance issues. A leading NGO, Associacao HAK, has publicized cases of alleged corruption in the prosecution services.

If the continued presence of international court actors is not secured in advance of the reduction of UNMISSET in May 2005, there is a risk that the justice sector will grind to a halt.

The **justice** sector continues to focus on the development of human resources. In a recent evaluation, all national judges failed to meet the established qualifications, and their subsequent removal from the court system to participate in full time training has created serious gaps in staffing. There is a critical need for human resource planning to define a staged training process in order to ensure that some local personnel are working while others are in training. The appointment of international judges has led to some improvements in the efficiency of case resolution, but this is insufficient to ensure proper functioning of the justice system. The Government recognizes the need for a renewed focus on results and plans to design a case management system to strengthen the efficiency and consistency in the application of justice. Though district courts in Suai and Oecusse have reopened, their operation depends heavily on UNMISSET support. Progress on the creation of a new legal framework for the justice sector continues. The Public Prosecutor Organic Law is under consideration by Parliament, and the Public Defender Organic Law is being debated by the Council of Ministers. The draft law on domestic violence is expected to be submitted to Parliament by June 2005. Finally, the development of a penal code, criminal procedure code, and civil procedure code are well underway.

The Provedor (Ombudsman) has been nominated...

The Government continues to make progress in establishing the **governance architecture set out in the Constitution**. The *Provedor* was appointed at the end of March 2005. Preparations are underway for the official inauguration, after which work will begin to set up the Office of the *Provedor* and appoint key staff. The Organic Laws for the Office of the President, the Council of State, and the Supreme Council for Defense have been promulgated, paving the way for creation of the latter two institutions. The Government plans to undertake a study outlining arrangements for enhancing the independence of external audit of Government accounts. Though the ongoing harmonization of Organic Laws will ensure the constitutionality and consistency of the legal framework, it will be important to complete this work in a staged manner so as to allow other legal programs to progress. These include the development of an effective and transparent policy and legislative process and the approval of the Organic Law of the Office of the Inspector General (OIG).

As part of the effort to ensure **integrity in the State**, a recent seminar proposed that the Government explore income and asset declarations for Parliamentarians, the Judiciary, Ministers, and certain civil servants. At the same time, transparency could be strengthened through the development of a freedom of information policy, including guidelines on information dissemination and arrangements for access to

...and the Inspector General has completed 35 investigations with four recommended for criminal prosecution and one referred directly to the Prosecutor General.

The Civil Service Act was promulgated and disseminated widely, and good progress has been made in laying the foundations for human resource management...

...but hiring delays show the need for a review of recruitment procedures.

The police services are working to improve professionalism, accountability and community relations.

Respect for 72-hour preventative detention has increased markedly, though critical backlogs still exist in obtaining lawful extensions.

information. Since Independence the OIG has successfully completed 35 investigations at the request of the Prime Minister and recommended four cases for prosecution. In March 2005, the Prime Minister extended to the OIG the authority to refer all criminal cases directly to the Prosecutor General. Since then, one case has been referred, but no prosecutorial action has yet been taken. The OIG's work on education and outreach has continued through the National Institute of Public Administration (INAP).

Excellent progress has been made in the area of **public sector management**. The Civil Service Act, including an ethics code and a section on disciplinary procedures, was promulgated in June 2004. The Act was disseminated throughout the civil service in both Portuguese and Tetum, and related training is being conducted by INAP. The Ministry of State Administration is now preparing supplementary legislation, regulations, and procedures so that the Act can become fully operational. The foundations of a human resource management system are being established. Cleaning of data files was completed in January 2005, and bids have been received for automation of the Personnel Management Information System. The Government intends to conduct an evaluation of civil servants' skills and qualifications and assess the fit between individuals and their jobs. Criteria and procedures are being developed for this evaluation. Significant delays in hiring staff demonstrate the critical need for a review of recruitment procedures. The program of *suco* elections has been launched, with votes conducted in six districts so far. After reviewing a study of options for devolution to local administrations, the Council of Ministers has asked for a more in-depth review of one of the options. This study is close to completion and will be submitted to CoM for review by September 2005. The decision to allow a longer time for this process to unfold is wise.

The system of **law and order** continues to make slow but steady progress as the Timor-Leste National Police (PNTL) strives to enhance its professionalism and accountability and improve its links with the community. Significant progress has been made in reducing the number of people in illegal detention and in deepening police understanding of the use of the 72-hour preventative detention. However, when necessary it is often impossible for police to obtain a court order for continued detention, and the resulting release of suspects has a negative impact on community perceptions of the justice system and police competence. The relevant agencies will need to assess what measures can be taken to ensure that judges are available to grant detention orders within the 72-hour limit. The PNTL is working to improve community relations through an emphasis on community policing. An Inspectorate has been established to review complaints of police misconduct, and once the Office of the *Provedor* is established, it will be important to establish liaison mechanisms between the two bodies. Capacity-building focuses on training of trainers, review of course curriculum, and enhanced gender sensitivity.

Performance in **planning and public expenditure management** has varied across phases of the budgeting process. There have been

Progress has been made in the formulation of a combined sources budget...

important improvements in planning and budget formulation. The Budget Call Circular was issued earlier in the fiscal year – in November as compared to February the year before. The Government has made progress in developing a combined sources budget but will be unable to achieve its goal unless development partners produce the necessary information on disbursements. In this regard, development partners under CSP I have committed to providing Government with information on past disbursements and medium-term indicative commitments in economic and functional classifications. There has also been progress in outlining a more detailed capital development budget for FY06, especially for education and health. It is intended that the budget will be submitted to Parliament early this year in order to allow sufficient time for parliamentary analysis. The execution of the budget, however, is a continuing area of weakness. Budget execution rates are at best static and in some cases very low or falling. Quarterly budget execution reports are being provided on time, and financial reporting has broadly been comprehensive and timely. The Government continues to work toward mainstreaming gender in the planning process. It plans to strengthen transparency and communications – an important element of good governance – by publishing key information on public expenditures, including budget allocations and budget execution rates.

...yet the execution of the budget remains poor.

A state-of-the-art savings policy and petroleum fund law are poised to safeguard the country's wealth for current and future generations...

The Government has developed a state-of-the-art policy and institutions for the prudent **management of oil and gas revenues** based on the Norwegian model. This framework is consistent with the Extractive Industries Transparency Initiative, for which Timor-Leste is a pilot country. Broad-based consultations, both external and internal, have contributed to the creation of a national consensus over the policy and law. True to stated principles, the Government has adhered to a provisional savings policy for petroleum revenues ahead of the adoption of a more permanent savings policy and has thus already demonstrated its capacity to implement a savings rule. The Petroleum Fund legislation has been approved by the Council of Ministers and submitted to Parliament. Once the law is promulgated, it will be necessary to establish the Investment Advisory Board and the Consultative Council called for in the law. Important progress has also been made in developing a **legislative framework for petroleum production**, with the Mining Code and Model Production Sharing Contract for the Joint Petroleum Development Area and a Petroleum Law and model contract for onshore and offshore production currently being considered by Parliament.

...and the legislative framework for petroleum production and taxation is nearing completion.

RESOURCE UTILIZATION AND MOBILIZATION

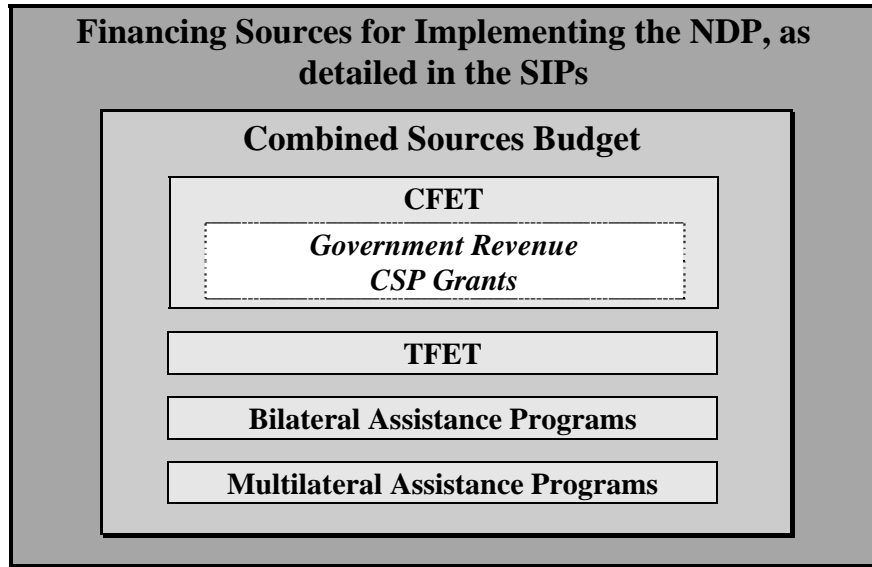
Comprehensive planning underlies the preparation of Timor-Leste's Combined Sources Budget.

The Government of Timor-Leste has developed a system of planning underpinning the preparation of the Combined Sources Budget, which comprises CFET (supported by TSP/CSP), the undisbursed balances of TFET, and other multilateral and bilateral assistance programs (see figure 1). In the medium term, this is guided by the **National Development Plan** and the **Stability Priorities** issued in early 2003, structured around governance (law and order, justice and the

legitimization of local authorities); employment creation; and service delivery for poverty reduction.

As an additional set of planning instruments, Government has recently developed 17 *Sector Investment Programs*, which are designed to present strategy, program, and expenditure for the rest of the mandate of the current Government.

Figure 1: The NDP and the SIPs Guide the Combined Sources Budget



CFET Budget Execution in FY05

FY05 budget execution has seen higher than expected revenues and slower than projected expenditures

At mid-April 2005, Timor-Leste's FY05 *budget execution is characterized by higher than expected revenues and slower than projected expenditures*. At the time of the Supplementary Budget put forward in December 2004, the Government estimated *total revenue* for FY05 to reach USD 169 million (including autonomous agencies own revenue), with domestic revenues contributing USD 40 million and Timor Sea revenues contributing USD 130 million. The Government is now expecting total FY05 revenues to reach USD 276 million, with domestic revenues totaling USD 33 million, and Timor Sea revenues USD 243 million.

Domestic revenues are higher, helped by improved tax and customs administration, and several factors have significantly boosted Timor Sea revenues.

Domestic revenues benefited from improved administration in both the revenue and customs services, assisted by the implementation of an audit system in the former and the computerized ASYCUDA system in the latter. Revenue collection in the power sector has also continued to improve. *Timor Sea revenues* have increased dramatically owing to a significant boost in world oil prices, deferred implementation of tax depreciation schedules, and good progress in the development of the Bayu Undan oil and gas field.

The FY05 budget was strongly pro-poor in its structure

FY05 *budget allocations indicate a strong pro-poor focus* (see table 1) and are consistent with the parameters specified under TSP III.

Table 1: FY05 CFET Spending by Ministry

	Budget Allocation		Budget Execution to end-Feb			
	USD		Total ¹		Cash	
	('000)	% total	('000)	%	('000)	%
Office of the President	380	0.5%	213	56%	194	51%
National Parliament	930	1.2%	603	65%	558	60%
Office of the PM and President of the COM	1,004	1.3%	494	49%	411	41%
Secretariat of State for Defense	6,640	8.4%	3,066	46%	2,405	36%
Secretariat of State for the COM	380	0.5%	111	29%	89	23%
State Administration	2,975	3.8%	1,915	64%	1,397	47%
Interior (mostly police) ²	9,296	11.8%	5,140	55%	4,525	49%
Development and Environment	480	0.6%	196	41%	146	30%
Commerce and Industry	177	0.2%	112	63%	97	55%
Justice	1,782	2.3%	1,015	57%	846	48%
Agriculture, Forestry and Fisheries	1,670	2.1%	944	57%	705	42%
Education, Culture, Youth and Sports, <i>of which</i>	16,488	21.0%	10,366	63%	8,248	50%
<i>Salaries and Wages</i>	11,828	15.0%	7,377	62%	7,377	62%
<i>Goods and Services</i>	3,500	4.4%	2,023	58%	846	24%
<i>Minor Capital Expenditure</i>	217	0.3%	184	85%	24	11%
<i>Capital Development</i>	943	1.2%	781	83%	0	0%
Health	9,806	12.5%	5,592	57%	4,325	44%
<i>Salaries and Wages</i>	3,013	3.8%	1,807	60%	1,807	60%
<i>Goods and Services</i>	5,714	7.3%	3,405	60%	2,479	43%
<i>Minor Capital Expenditure</i>	479	0.6%	296	62%	2	0%
<i>Capital Development</i>	600	0.8%	84	14%	36	6%
Labor and Solidarity	490	0.6%	295	60%	243	50%
Foreign Affairs and Cooperation	2,436	3.1%	1,275	52%	1,198	49%
Planning and Finance	6,175	7.8%	1,866	30%	1,663	27%
Transport, Communications, Public Works, <i>of which</i>	16,235	20.6%	10,467	64%	5,715	35%
<i>Salaries and Wages</i>	1,446	1.8%	736	51%	736	51%
<i>Goods and Services</i>	8,289	10.5%	5,880	71%	4,715	57%
<i>Minor Capital Expenditure</i>	235	0.3%	96	41%	36	15%
<i>Capital Development</i>	6,265	8.0%	3,755	60%	227	4%
Judiciary	360	0.5%	138	38%	124	35%
Banking and Payments Authority	620	0.8%	620	100%	620	100%
Timor-Leste Radio and Television	350	0.4%	170	49%	167	48%
Total	78,674	100%	44,597	57%	33,675	43%

Source: Budget Execution Report, February 2005.

Health and education made up 35.4 percent of the recurrent CFET budget, just above the 35 percent minimum parameter. Police and defense budgets were restricted to 20.7 percent of the recurrent CFET

¹ Includes actual expenditures (cash) and commitments. Target execution for the end of February is 67 percent.

² The police budget makes up over 85 percent of the budget of the Ministry of Interior. Though allocations for MOI and the PNTL were reported separately in the December 2004 Supplementary Budget, monthly budget execution reports do not disaggregate them.

budget, well below the 25 percent ceiling. 47 percent of the core CFET education budget is allocated to primary education, slightly exceeding the 45 percent floor, and hospital expenditures are maintained at no more than 40 percent of the core CFET health budget as required by TSP III. The execution of expenditures in these areas is in line with these parameters.

...but difficulties in budget execution have plagued sectors that are critical for poverty reduction.

Yet ***slow budget execution in key ministries has limited the pro-poor focus of actual spending***. Budget execution is slow overall, with particular problems in service delivery sectors. At end-February, total execution of cash and commitments was only 57 percent as compared to a target of 67 percent. On a cash basis, budget execution was only 43 percent of appropriations. The goods and services budgets of the Ministry of Education, Culture, Youth, and Sports and the Ministry of Health are being executed at a particularly slow rate, which poses challenges for effective service delivery in these priority sectors.

Of particular concern are low rates of actual capital spending across the board.

Execution of capital development budgets is slow across ministries, with only 4 percent of capital development spending executed on a cash basis by the end of February 2005 (see table 2). When commitments are included, capital development budget execution rates rise to 57 percent, indicating that the critical bottlenecks occur in translating commitments into actual spending.

Table 2: FY05 CFET Budget Execution by Expenditure Category

	Budget Allocation		Budget Execution to end-Feb			
	USD m	% total	Total ³		Cash	
	USD m	% total	USD m	%	USD m	%
Recurrent Expenditure (Core CFET)						
<i>Salary and Wages</i>	28.3	36%	16.8	59%	16.8	59%
<i>Goods and Services</i>	39.5	50%	21.8	55%	16.2	41%
<i>Minor Capital</i>	2.2	3%	1.0	47%	0.3	13%
Capital Development Expenditure	8.7	11%	5.0	57%	0.4	4%
Total	78.7	100%	44.6	57%	33.7	43%

Source: Budget Execution Report, February 2005.

Budget execution may be eased by improved coordination, looser ex-ante controls coupled with stronger ex-post audits, contracting out, and use of TFET-trained staff in executing capital expenditures.

The Government has begun to implement important measures to ***improve budget execution***. An inter-ministerial commission was established in April 2004 to address issues of budget execution. The Ministry of Planning and Finance (MPF) has conducted a study on budget execution processes and the causes of spending bottlenecks, the results of which are eagerly awaited by development partners. For the FY06 budget, Government has defined the capital development budgets for several ministries in great detail, thus allowing for increased transparency and monitoring. In some ministries, the Government has begun to assign responsibility for execution of capital development budgets to staff and advisers who have developed capacity in processing capital expenditures through implementation of projects financed by the

³ Includes actual expenditures (cash) and commitments. Target execution for the end of February is 67 percent.

Trust Fund for East Timor (TFET). This allows for short-term improvements in budget execution while longer-term capacity in planning and financial management is being built up, and the Government may wish to consider expanding this practice to other agencies. Other remedies may include enhancing coordination between the MPF, line ministries, and districts, and devolving spending responsibilities while shifting away from ex-ante spending controls to ease budget execution and implementing ex-post audits to guard against misuse of funds. Contracting out the delivery of services in some sectors and seeking creative partnerships with non-government actors may also ease the burden on Government staff while capacity is still being developed. Finally, if the Bobonaro pilot local development program is successful, the Government may want to consider expanding to other districts through increasing budget allocations.

The Proposed FY06 Budget

The FY06 budget is considerably larger than in previous years...

The *Government proposes a budget of USD 118 million in FY06*, considerably higher than the current budget of USD 79 million. The ***increase in the capital development budget is particularly large***, growing from 11 to 29 percent of the total budget. Effectively implementing this increase in the capital budget would considerably contribute to improvements in services and creation of short-term employment in the districts. Achieving these goals, however, will require vast improvements in capital development budget execution.

The budget maintains a strong pro-poor focus.

The ***budget for FY06 reflects a reorganization of some Government agencies but maintains a strong pro-poor focus*** (see table 3). After discounting a few important one-off expenditures such as building up petroleum stocks to avoid the vagaries of the current fuel provision system, the FY06 budget continues to respect the pro-poor spending parameters set out in the CSP. Health and education make up at least 35 percent of the proposed CFET recurrent budget, with primary education spending at more than 45 percent of the education budget and hospital spending less than 40 percent of the proposed spending on health. The budget allocation for agriculture, forestry, and fisheries has grown considerably from 2 to 4.4 percent of the CFET recurrent budget. At the same time, the combined defense and police allocations remain under the 25 percent target.

Once the Office of the Provedor is established, the Government may wish to consider extending its budget.

A budget of USD 83 thousand has been outlined for the Office of the Provedor. Once the office is fully established and operational, it will be important to increase this budget in order to allow for effective and complete execution of its duties in the interest of strengthening governance.

Table 3: Proposed FY06 CFET Spending by Ministry⁴

Ministries/Programs	FY06
	Proposed US \$ thousands
Office of the President	595
National Parliament	1,311
Office of the Prime Minister	5,448
Defense	9,777
Council of Ministers	393
State Administration	4,107
Interior, <i>not including police</i>	1,456
Police	8,843
Development	404
Tourism and Environment	177
Justice	5,641
Agriculture, Forestry, and Fisheries	4,450
Education and Culture	18,209
Health	14,305
Labor and Solidarity	860
Foreign Affairs and Cooperation	2,678
Planning and Finance	8,356
Transport and Communications	2,617
Natural Resources, Minerals, and Energy Policy	7,982
Public Works	7,350
Youth and Sports	430
Judiciary	503
Banking and Payments Authority	10,740
Provedor of Human Rights and Justice	83
Broadcasting Service of Timor-Leste	826
Total	117,541

The Medium-Term Combined Sources Budget and Financing Options

At the time of the last TLDPM it was projected that there would be a financing gap of about USD 30 million over FY05-08, though significant uncertainties in price and production indicated a “low case” scenario with a deficit of USD 138 million and a “high case” scenario with a surplus of USD 90 million. Taking a cautious approach, the Government requested an extension of multi-donor budget support for an additional three years.

The financing gap as previously defined no longer exists, and the Government could fund a budget of USD 100 to 130 million...

Now, with Bayu Undan in full production and oil prices at historically high levels, ***the financing gap as previously defined no longer exists*** (see table 4). Based on appropriately conservative projections of oil and gas revenue over the life of Bayu Undan, and taking into account the Government’s prudent savings policy for petroleum revenues as well as improvements in domestic revenue collection, the sustainable income is estimated at USD 100 to 130 million – a 27 to 65 increase from the current budget of USD 79 million. This range takes into account the risks associated with high oil price volatility and capacity limitations. Approximately USD 30 million of the sustainable income is expected to come from non-petroleum revenues.

⁴ These numbers are provisional, reflecting the most recent draft of the Government’s budget papers.

...based on the safeguards inherent in its savings policy and petroleum legislation...

The Government's *model framework for petroleum revenue management*, consistent with the Extractive Industries Transparency Initiative, will safeguard these revenues for the benefit of current and future generations. A *savings policy* has been adopted to preserve the real value of petroleum wealth by spreading expenditures over an infinite time horizon, maintaining a sustainable budget in perpetuity. The conditions under which the Government can withdraw funds above the estimated sustainable income will be restricted. A *Petroleum Fund* will be established to collect all direct and indirect petroleum revenues, which will flow into an earmarked account. Expenditures funded from petroleum revenues will be *integrated into the budget process*. In each fiscal year, transfers from the Fund cannot exceed a ceiling set by Parliament as part of the approval of the regular Government budget. Revenue and expenditure figures are recorded as part of Government's consolidated reporting and made publicly available. Assets *will be managed prudently in safe, offshore investments*, under the oversight of an Investment Advisory Board. An independent *Consultative Council will be established as a watchdog* over the operation and allocation of the Fund.

Table 4: CFET Financing (as per current savings policy), USD millions⁵

Component	FY05 Budget	FY06 Proposed	FY07 Budget	FY08 Allocation	FY09	FY06-09 Total
Revenue	306.5	205.6	234.9	232.5	262.7	935.7
Domestic Revenues	33.2	36.4	38.6	40.8	43.7	159.5
Timor Sea Revenues	242.6	158.7	185.7	181.2	218.5	744.1
Grants	30.7	10.5	10.5	10.5	0.5	32.0
CFET Expenditures (including BPA capitalization)	78.7	119.6	106.1	112.0	109.6	436.7
Overall Balance (-deficit)	227.8	86.0	128.8	120.5	153.1	488.4
Financing "Gap"	0	0	0	0	0	0
Memorandum: Balances end of period						
Non-oil Fiscal Balance (% non-oil GDP)	-5.0	-19.0	-18.7	-18.7	-18.7	
Cumulative Oil/Gas Savings	63	161	274	361	467	

Source: Draft Budget, April 2005.

...but this would not be enough to meet national development goals.

However, the *currently sustainable budget will not suffice to implement the NDP or achieve the MDGs*. The CFET budget represents less than half of combined sources spending, which amounted to around USD 200 million in FY04. In developing the SIPs, the Government has estimated that combined sources expenditures will need to grow to USD 320 million in FY15 in order to meet these goals. Moreover, many of the bi-lateral and multi-lateral programs encompass expenditures that are ultimately liabilities for Government, such as pharmaceuticals, maintenance of irrigation perimeters, and educational materials. Finally, the multiplicity of procedures to be followed for different sources of funding imposes a large burden on a low-capacity Government.

In order to improve planning of all sources of funding in support of the NDP, SIPs, and the achievement of the MDGs, the *Government has*

⁵ These numbers are still provisional and will be updated on the basis of draft budget papers currently under revision by Government.

...but the CSP can only become an attractive financing instrument if budget execution improves considerably.

The SIPs guide the alignment of the combined sources budget with the NDP.

To improve the combined sources budget, the Government needs donors' help.

Institutional capacity continues to be weak in Timor-Leste...

At the same time, the CSP can only become an attractive financing instrument if budget execution improves considerably. Until such time only moderate continued budget support is justified. Should budget execution improve dramatically, the CSP could be the principal instrument of harmonized support to the SIPs.

In order to ***align the combined sources budget fully to the NDP***, as is currently the case for CFET, the Government has prepared ***Sector Investment Programs*** (SIPs) for 17 sectors, clarifying sector goals (including national MDGs), policy and strategy, and medium-term expenditure programs covering both investment and recurrent expenditures. The sectors covered are: agriculture, forestry, and fisheries; communications; education; external relations; health; housing; local government and civil society; natural resources and environment; other pillars of state; power; private sector development; public sector management; rights, equality and justice; security, peace building and reconciliation; social, civil, and heritage protection; transport; and water supply and sanitation. ***Fifteen SIPs have been finalized and made publicly available*** following a recent revision by the Council of Ministers of intra- and inter-sector priorities in the context of a combined medium-term resource envelope. The two remaining SIPs are expected to be completed in the next few months, after which results will be incorporated into the overall SIP framework.

The Government has made progress in putting together the framework for a ***comprehensive and accurate combined sources budget***. However, information provided to MPF by donors on planned sectoral expenditure is still incomplete and insufficiently disaggregated. In many cases, expenditure figures are not broken down into recurrent and capital expenditure, requiring the Planning Department to estimate the correct amounts. Since AAPs are now framed in a combined sources context, and given the importance of basing decisions on a complete knowledge of total expenditures in each sector, it is vital that donors provide more complete information on their planned sectoral commitments over the medium term.

CAPACITY BUILDING

Building institutional capacity will be necessary to ensure successful implementation of the NDP and SIPs for sustainable growth and poverty reduction. Though the Government has made great strides, ***institutional capacity remains weak*** in Timor-Leste. Systems are relatively new, and there is still a need to streamline and familiarize staff with procedures. The skill levels of staff are improving, but low levels of education and professional experience have meant that this is a gradual and long-term process. Sectors that perform well benefit from a well-outlined policy and/or strategy and SIP, a corresponding institutional and legal framework, qualified staff, clearly defined systems and processes, and sector-wide output and outcome indicators to monitor results across the country – including in the districts. Early on, these well-performing sectors defined human resource development plans providing for

international staff but with explicit succession planning supported by training of national actors – abroad if necessary. The Banking and Payments Authority, the Ministry of State Administration, and the Ministry of Health provide successful examples of this approach, as do isolated units in other agencies. Over the past year, the Ministry of Agriculture, Forestry and Fisheries has made impressive progress in this direction as well.

...and capacity-building efforts have not yet fulfilled their promise.

Many early capacity-building efforts failed to achieve the desired results. Capacity-building initiatives have often operated in the absence of a clear sectoral strategy and institutional framework, and without reference to the development and streamlining of systems and processes. In-line technical assistance was most often provided without careful succession planning to ensure that local staff acquired the qualifications needed to take over internationally staffed positions. Due to the emergency situation and the shortage of qualified national staff, international advisers tended to focus mainly on re-establishing administrative functions and performing line functions. As a result, the impact of these advisers on the capacity of their counterparts has been variable and highly dependent on the technical and inter-personal skills of advisers and advisees alike. Training programs have almost exclusively targeted the development of knowledge and skills, at the expense of critical guidance on leadership, management, attitudes and behaviors, and systems and processes. The lack of a systematic approach to capacity development has therefore left many institutions with limited capacity.

Under the leadership of CDCU, important steps have been taken for improved capacity building.

Recently, ***under the leadership of the Capacity Development Coordination Unit (CDCU) a capacity building strategy was developed*** underlining three inter-related pillars — skills and knowledge, systems and process, and attitudes and behaviors. A comprehensive Government-wide assessment was undertaken, collecting information on the demand for training and need for advisors from all agencies of Government. The preliminary results show a significant demand across agencies for training in the Civil Service Act and public service ethics, and in critical skills areas such as human resource management and financial management. The capacity building strategy is being developed with a greater emphasis on the role of on-the-job training and targeted workshops, in contrast to a prior exclusive focus on the use of advisors.

The impending reduction and eventual withdrawal of UNMISSET urge the definition of transition arrangements for continued technical assistance...

The ***United Nations Mission in East Timor is expected to reduce in scope considerably on May 20, 2005, adding a sharp note of urgency*** to capacity development efforts in Timor-Leste. UNMISSET currently provides 15 advisers in MPF, including in key in-line positions such as the Director of Treasury. In the area of justice, UNMISSET currently funds seven international judges who have recently assumed responsibility for almost all cases while Timorese judges are in training. While succession planning is underway, the departure of UNMISSET may leave critical short-term gaps.

...in anticipation of multi-donor initiatives in public resource management...

The Government of Timor-Leste has therefore requested assistance from its development partners to jointly elaborate a ***program of capacity building in planning and financial management***. Program activities will be designed around the capacity-building framework currently used by MSA for civil service-wide capacity-building, which is structured around three interrelated pillars: systems and processes, skills and knowledge, and attitudes and behaviors. The program will support the continuation of international technical assistance, including in-line positions, in key areas related to planning and financial management. At the same time, international fellowships and local training will be provided to develop the basic professional qualifications of local staff, including skills in accounting, public finance, and project management. The program will also offer on-the-job training to build the capacity of staff to perform their daily tasks. Though the design of this program is in its final stages, ***it will be critical to identify interim arrangements to finance key international advisers*** in the period between the UNMISSET reduction in May and the effectiveness of new programs.

...and international technical assistance in the justice sector.

In the justice sector, under the auspices of the Council on Coordination, the Government, the courts, and the prosecution plan to elaborate a ***human resource development plan to establish the number of international court actors needed to fill the gaps created while national staff are in training***. This will be an important first step in anticipating financing needs and mobilizing resources, and would ideally cover the next three to five years. Such a plan could also encompass contingency plans, should desired levels of international assistance not be available. Once such a plan is drawn up, ***it will be important to identify an appropriate financing mechanism and interested donors prior to the withdrawal of UN support for the international court actors***. Developing a human resource plan is critical to ensuring that gaps left by training programs do not unduly hinder access to justice, and accurately assessing the cost of international expertise.

CHALLENGES IN THE YEAR AHEAD

Despite remarkable progress in the three years since its independence, ***Timor-Leste is at a crossroads***. Most post-conflict countries fall back into conflict within five years of the original conflict, but Timor-Leste has avoided that trap, and from a base of fragile human resources and devastated physical and institutional infrastructure has made impressive gains. Based on the Constitution, the NDP, the Stability Program, and the newly completed SIPs, the Government has made solid progress in nation building, and in restoring public services and private sector activity. Still, Timor-Leste is among the world's poorest countries, and lags behind the rest of the region in achieving MDGs.

In 2004, census results indicated that the population of Timor-Leste had reached nearly 925,000, a much higher level than previously estimated. At the same time, the population is growing at one of the highest rates in the world and is expected to double by 2022. The growing numbers will

Demand for public services, food supplies, and jobs will continue to increase with the rapid expansion of the population.

This challenge will need to be faced with long-term investments in capacity, service provision, private sector development and agricultural extension along with short-term measures such as improvement of the execution of the capital development budget.

Urgent attention is needed to maintain international staff while medium-term capacity-building programs are being finalized.

*Key actions on the governance front will center on petroleum arrangements, the *Provedor*, the justice sector, and customs administration.*

place **increasing pressure on public services, on food security, and on the labor market** and it will be important to consider policies to curb the rapidly increasing rate of population growth. Service delivery has steadily improved, yet services are reaching a smaller proportion of the population than had previously been thought. Unemployment rates are high and growing in the face of a rapidly expanding youth population. In this context, enhancing the provision of sustainable services and creating productive employment, especially in rural areas, within a framework of good governance will be critical to ensuring economic growth and poverty reduction in the years to come.

Meeting these important challenges will require a **combination of long-term investment and short-term quick wins**. Over the longer term, service delivery improvements will arise from increased institutional and technical capacity and continuing investment in the service sectors. Employment creation will depend on establishing an enabling environment for business and encouraging private investment. In the meantime, measures to improve budget execution can improve the availability of services and create needed jobs in the near term. Of particular concern is the low level of capital development spending, which is constraining the Government's ability to expand the availability of key services such as schools, health facilities, and roads and to contribute to short-term employment creation.

Building institutional capacity will be necessary to ensure the efficient and accountable delivery of public services in the near term and to sustain results over time. There is an **urgent need to bridge the critical gaps that will be created with the expected departure of UNMISSET advisers**. It will be important to prioritize the continuation of international staff in critical positions, such as planning and financial management – both within MPF and in line ministries – as well as in the justice sector. Immediate action on this front will allow the continuation of crucial government functions while medium-term capacity building programs are being prepared.

A continued focus on **strengthening governance** will be needed to maintain forward momentum in nation building. Of particular importance is the promulgation and implementation of legislation for petroleum sector production and revenue management in order to safeguard Timor-Leste's rapidly growing oil and gas wealth for the benefit of current and future generations. Improvements in customs administration are important for business activity. Now that the *Provedor* has been nominated, it will be critical to proceed with the establishment of the office, including appointing key senior staff and ensuring that the office has an adequate budget. In the justice sector, there is a need for continued capacity building, along with improvements in case management.

Annex 1: Status of TSP III (FY2005) Programmed Actions

TSP III	Output/Indicator and Target	Completed by March 31 ⁶	In Progress ⁷	Re-scheduled to CSP I ⁸
Section A.1. Governance Strengthening Oversight Institutions				
A.1.1	Provedor nominated and office established			
Section A.2: Governance – Core Government Functions				
A.2.1	Draft proposal for policy and legislative process submitted to CoM			
A.2.2	Organic Law of Office of Inspector General approved, including competencies, division reporting requirements, referral of criminal cases			
A.2.3	Study on arrangements for independent audit			
A.2.4	Meetings between Government and media representatives commenced.			
A.2.5	Draft Petroleum Fund and savings policy published and consultations launched			
Section A.3: Governance – Public Sector Management				
A.3.1	Selection of Local Administration Option			
A.3.2	Civil Service Act and Ethics Code and disciplinary procedures disseminated			
	Plan for supplementary legislation and regulation of Public Service Statue approved by MSA			
A.3.3	Plan for implementation of a manual and computerized filing system approved			
Section A.4: Governance – Strengthening the Justice Sector				
A.4.1	Public Registration Decree law submitted to CoM			
	* SCJ resolves inspection reports on disciplinary cases among judges and court staff, and assures recording in personnel files			
	* Enforcement of the SCJ resolutions on disciplinary cases brought up by inspection reports			
	Public Prosecutor Organic Law submitted to Parliament			
	*Implementation program for Organic Law Approved			
	Public Defender Organic Law submitted to the CoM			
	* Public Defender Organic Law approved by the CoM			
	* PDSC appointed and regulations and procedures approved			
	* Pending result of evaluation/Appointments of Public Defenders and Public Defender Assistants			
	* Implementation program for Organic Law approved			
	Draft Domestic Violence Law harmonized with penal code and consultation undertaken			
	Draft Domestic Violence Law submitted and approved by the CoM			

⁶ Activities that have been completed or are expected to be completed by March 31, 2005.

⁷ Activities that have commenced and are expected to be completed by June 30, 2005.

⁸ Activities to be scheduled for CSP I.

Annex 1: Status of TSP III (FY2005) Programmed Actions

TSP III	Output/Indicator and Target	Completed by March 31 ⁶	In Progress ⁷	Re-scheduled to CSP I ⁸
	Key staff for SCJ, CoA and Offices of Public Prosecutors recruited and offices equipped			
	At least 50% of international and Timorese judges, & staff recruited			
	Backlog cases analyzed and measures to reduce them taken by CoA, District Courts			
	* Oecussi and Suai District Courts reopened and operating			
	* Assistance on budget preparation and human resources management by MoPF and MSA			
	* Review of case filing, statistics, reporting, monitoring and management for consideration by CoA with PPO/ PNTL and CoC			
	* 3 international and 7 Timorese public prosecutors recruited			
	* Analysis of cases of violence against women and proposals for action made			
	Back log cases analyzed and measures to reduce them taken by PPO			
	* Oecussi and Suai District PPOs reopened and operating			
	* Review of case filing, statistics, reporting, monitoring and management for consideration by PPO with CoC / PNTL			
Section A.5: Governance – Strengthening the Police Services				
A.5.1	Training strategy includes gender sensitivity and community oriented principles			
	Evaluation and revision of training courses, policies, and procedures			
	Pilot awareness programs including domestic violence have been developed			
	Community consultation mechanisms under development			
	Pilot awareness programs including domestic violence are being delivered at 4 pilot sites			
	Community consultation mechanisms in place at each of the pilot sites			
A.5.2	Promulgation of the law on police discipline			
	Stakeholder consultation on the independent review commission including civil society and the Provedor			
	Professional Standards unit of PNTL procedures and policies under review to reflect the law on discipline			
	Independent review commission is established and includes representative/s from civil society			
	PSU staffing and training requirements identified and documented			
	PSU policies and procedures review completed			
	The G-RDTL develop a policy on policing for consultation with all stakeholders			
	Stakeholder consultation is occurring			
	Identification of most appropriate liaison and coordination approach			

Annex 1: Status of TSP III (FY2005) Programmed Actions

TSP III	Output/Indicator and Target	Completed by March 31 ⁹	In Progress ⁷	Re-scheduled to CSP I ⁸
	Liaison Mechanism established			
A.5.3	Gender perspective situational analysis in PNTL			
	Gender analysis of the SIPs (OPE/GFP line ministries)			
	Monitoring progress mainstreaming gender into AAP in PNTL completed (OPE w/ PNTL)			
Section A.6 : Governance – Planning and Public Expenditure Management				
A.6.1	*FY05 MoPF training program for budget, expenditure management and procurement prepared			
	*Succession plans for all MoPF UN funded posts approved			
	Report on MoPF training program implementation			
A.6.2	* FY05 expenditure and procurement plan for education, health and roads approved by MoPF			
	FY05 MYBU submitted to Parliament ⁹			
	Report on procurement processing against targets ¹⁰			
A.6.3	MYBU completed taking into account CSB processes			
A.6.4	FY03 Financial Statement submitted to auditor			
	FY03 Audit Statement and Management Letter submitted to Parliament ¹¹			
	FY04 Q2 Execution Report completed			
A.6.5	Gender perspective situational analysis completed in 3 ministries (MoE, MoH, MoJ)			
	Gender analysis of the SIPs (OPE/GFP line ministries)			
	Monitoring progress in mainstreaming gender into AAPs in 3 ministries completed (OPE w/ ministry)			
Section B.1 : Service Delivery for Poverty Reduction - Health				
B.1.1	2 draft health policies/strategies developed			
	1 draft health policy approved			
B.1.2	Hospital Activity Plan draft process prepared			
	Internal and external consultation of Hospital Activity Plan process completed, with agreement on draft process			
	Tools for six-monthly reporting designed and disseminated			
	Follow-up of DHP implementation and identification and support for implementation issues			
	Introduction of effective prioritisation of district activities and resource allocation, incl.inter-sectoral coordination/gender focus			
B.1.3 ¹²	DPT3: 71% Measles: 69%			

⁹ Review of receipts and economy done in place of a formal MYBU. Legislation related to Supplementary Budget for urgent expenditure passed by 31 March 2005.

¹⁰ Monthly updated procurement reports are being produced.

¹¹ The audited statement has been submitted to Parliament and the Government plans to submit the management letter by March 31, 2005.

¹² CSP I targets have been rebased on the basis of census and DHS information. This report's achievements against targets are set on the basis of pre-census and DHS data used in TSP III.

Annex 1: Status of TSP III (FY2005) Programmed Actions

TSP III	Output/Indicator and Target	Completed by March 31 ⁶	In Progress ⁷	Re-scheduled to CSP I ⁸
	Percent of deliveries attended by skilled health staff; 50%			
	Outpatient visits per capita 2.35			
Section B.2 : Service Delivery for Poverty Reduction - Education				
B.2.1	Basic and Organic Laws submitted to CoM			
	Education Policy Framework submitted to the CoM and Laws drafted			
	Education Policy Framework approved by CoM			
	Education Basic Law submitted to CoM. Drafted, currently under revision.			
	Regulations drafted on tertiary education and private schools			
	Education Basic Law submitted to Parliament			
	MECYS Organic law submitted to CoM			
	Consultation on tertiary education and private schools regulations			
B.2.2	Study of main causes of dropout and repetition			
	Action plans for repetition and drop out reduction prepared			
	EMIS installed, data of 2004 Census taken into account.			
	Data from 2004 Census captured in EMIS, EMIS project launched			
B.2.3	Improving the quality of education			
	Mathematics and science materials distributed			
	Teachers for pilot grant mechanism program trained			
	Distribution of health and physical education materials (grade 2)			
	Distribution of health and physical education materials (grade 3)			
	New syllabuses tested (6-8 subjects)			
B.2.4	Management training for Pilot Schools completed			
	Funds for pilot schools distributed to District Finance officers (under MPF)			
	Schools have completed pilot and submitted liquidations			
	Procurement plan for FY05 prepared			
	1st Q budget execution report; commitments in line with EANs			
	* Procurement Plan for FY06 initiated			
	Recruitment of an administrative and financial advisor (TA)			
	Recruitment of highly educated national counterpart; On-job-training			

Annex 1: Status of TSP III (FY2005) Programmed Actions

TSP III	Output/Indicator and Target	Completed by March 31 ⁶	In Progress ⁷	Re-scheduled to CSP I ⁸
B.2.5	Internal decision on application to Education for All (EFA) - Fast Track Initiative (EFA-FTI), made			
B.2.6	Education SWG in the context of preparation of SIP's discussed			
B.2.7	Mapping of youth organizations			
	Ongoing youth stakeholders consultation			
	* Printed newsletter in Tetun and Portuguese			
Section B.3 : Service Delivery for Poverty Reduction -Vulnerable Groups (Veterans Issues)				
B.3.1	Decision regarding use of database			
	Decision on registration of quadro-civil and clandestinos by President			
	Commencement of House Project for 100 veterans			
	Commencement of scholarship Project for 300 veterans			
Section C.1 : Job Creation – Private Sector Development				
C.1.1	Employment agreements with Malaysian companies and preparatory training of initial batch of voluntary workers			
	Sign MOU with Malaysia			
	Ensure reporting of numbers of workers, work sector details			
	Employment agreement with South Korea; beginning May-June 2005; 1 st batch 100-200 workers per month will be sent to Korea			
C.1.2	CoM approval of bankruptcy law			
	CoM approval of cooperative law (passed 10/1/2004; needs complementary regulations in order to become operative)			
	Drafting of laws on contract and collateral			
	Approval of policy on credit and collateral registry (agreements between banks and BPA)			
	CoM approval of draft contract and collateral laws			
	First Business Forum held (scheduled for April 2005)			
	MoJ adopted international system of classification			
	MoJ assuming new notarization and registration functions (new notarization assumed, but functioning rudimentary)			
	CoM approval of draft law on leasing			
	Development of combined credit and collateral registry			
	Closure of BRU in view of new Law on Commercial Societies (will only close when there is new commercial registry under MoJ)			
	Insurance law approved by Parliament			
C.1.3	Public awareness campaign and building focus on entrepreneurial activity as substitute for job search			

Annex 1: Status of TSP III (FY2005) Programmed Actions

TSP III	Output/Indicator and Target	Completed by March 31 ⁶	In Progress ⁷	Re-scheduled to CSP I ⁸
	Ongoing entrepreneurship programs, inclusion in secondary and tertiary business studies curricula			
C.1.4	Staffing of IEPA commenced			
	Appointments to IEPA Board			
	Operational arrangements of IEPA confirmed			
	IEPA strategy prepared and approved			
	Investment Information Management System set up			
C.1.5	Implementation of CBM roads program and capturing and recording job creation statistics			
C.1.6	Land Law – Titling Policy, Law and Issuance; Policy Development on Sale of State-owned Property (Leasing of Gov property been passed/approved)			
	Land Law Projects on: 1) Land Rights and Title Restitution			
	2) Foreign Owner Compliance with Constitution			
	3) Cadastral Act			
	Passage of laws on 1)			
	Passage of laws on 2)			
	CoM Approval of Decree Law on 3)			
	Law Projects on Natural Resources Agriculture Use of Land / Implementation of Land Registration System			
Section C.2 : Job Creation - Agriculture				
C.2.1	MAFF Policy and Strategy and Sector Investment Program finalized			
	Role and operation of SWG defined and agreed			
	Develop timetable for departmental and sub-sector action plans			
C.2.2	Action Plan for licensing and monitoring designed.			
	Begin to issue licenses and reporting database developed			
C.2.3	Evaluate rice yield reports and adjust methods as needed			
	Begin seed and tuber multiplication system planning			
	Final Report on Agriculture Water Policy			

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
SECTION A.1: GOVERNANCE – STRENGTHENING OVERSIGHT INSTITUTIONS								
A.1.1 Raise awareness of citizens’ rights and respect for rule of law, defend citizens from abuse of power by public administration; and safeguard against corruption and nepotism. ¹⁴ <i>(NDP pages 109 and 111-112)</i>	<i>(Matrix to be reviewed once the Provedor is inaugurated)</i> <ul style="list-style-type: none"> Office of Provedor established, equipped, staffed and operational 			Office of the Provedor de Direitos Humanos e Justica (WB; UNDP)	<i>Provedor appointed by Parliament March 29, 2005</i>			
SECTION A.2: GOVERNANCE – CORE GOVERNMENT FUNCTIONS								
A.2.1.a: Ensure implementation of annual legislative program; A.2.1.b State entities and Ministries operating on consistent and lawful basis <i>(NDP page 119)</i>	<ul style="list-style-type: none"> Policy and legislative process approved Prosecutor-General and OIG operating with full powers, ministries operating according to harmonized Organic Laws 	<ul style="list-style-type: none"> Policy and legislative process followed by all entities Organic Laws for Ministries and OIG harmonized and approved 	<ul style="list-style-type: none"> Clear legislative timetable reflecting Cabinet priorities established; availability of draft laws and consultation on key laws. All entities fully empowered and operating on consistent and lawful basis 	SSCoM (UNDP, AusAID)	<i>[Draft proposal for policy and legislative process submitted to CoM by June 2005]</i> <ul style="list-style-type: none"> Policy and legislative process approved by CoM Adequate full-time support for harmonization of laws 	<ul style="list-style-type: none"> Manual and guidelines developed on new policy and legislative process for all relevant entities OIG Organic Law approved by CoM 	<ul style="list-style-type: none"> Workshops and training on new policy and legislative process for all relevant entities Public dissemination of new policy and legislative process Submission of harmonized laws for approval 	<ul style="list-style-type: none"> Policy and legislative process followed by all entities Public dissemination of harmonized Organic Laws

¹³ Underlined text indicates areas that are awaiting confirmation from Government.

¹⁴ This section will be elaborated once the Provedor is inaugurated.

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
A.2.2: Create a lean, effective, and efficient civil service free of corruption and nepotism. <i>(NDP pages 21, 107, 138)</i>	<ul style="list-style-type: none"> Organic Law on Office of the Inspector General passed Summary reports on investigations, inspections and corrective measures published 	<ul style="list-style-type: none"> 20 reports on investigations completed OIG initiates 10 investigations OIG refers 3 cases to the P-G 	<ul style="list-style-type: none"> OIG reinforces integrity and accountability through inspections and investigations, recommendations are implemented and reports are published 	Office of Inspector General (WB; UNDP)	<p><i>[Organic Law of OIG approved, incl competencies, reporting requirements and referral of criminal cases]</i></p> <ul style="list-style-type: none"> Summary reports of investigations and corrective measures published (in accordance with Organic Law) 	<ul style="list-style-type: none"> OIG initiates at least 6 new investigations 	<ul style="list-style-type: none"> OIG initiates at least 2 inspections of ministries and 6 new investigations 	<ul style="list-style-type: none"> Reports published on results, corrective measures recommended and follow-up actions taken; appropriate cases referred to Prosecutor-General
	<ul style="list-style-type: none"> <u>Options study on income and asset register and other instruments to fight corruption in Timor Leste completed</u> 	<ul style="list-style-type: none"> <u>Study published and discussed within government and with civil society</u> 	<ul style="list-style-type: none"> <u>A light system for disclosure established and enforced for selected officials of the State</u> 	Minister of State for President of CoM; Inspector-General (WB)	<ul style="list-style-type: none"> <u>Options study submitted to CoM</u> 	<ul style="list-style-type: none"> <u>CoM selects option(s) and asks for feasible implementation plan</u> 	<ul style="list-style-type: none"> <u>Staged implementation plan prepared, disseminated and discussed</u> 	<ul style="list-style-type: none"> <u>Pilots implemented including disclosure for selected high level officials in high risk areas</u>
A.2.3: Ensuring adequate oversight over public funds through independent audit <i>(NDP pages 5, 24, 59-63)</i>	<ul style="list-style-type: none"> Implementation plan for transfer of audit arrangements from Treasury and creation of independent management of external audit 	<ul style="list-style-type: none"> Capacity of Court of Appeals to handle audit increased 	<ul style="list-style-type: none"> Independent audit arrangements in place, with continuing services from Treasury if needed 	Court of Appeals/ MoPF	<ul style="list-style-type: none"> Transition study submitted to Court of Appeals and CoM 	<ul style="list-style-type: none"> Confirmation by Court of Appeals, CoM of arrangements for transfer of external audit arrangements to Court of Appeals 	<ul style="list-style-type: none"> Transfer starts with support from Treasury 	<ul style="list-style-type: none"> Capacity building under way in Court of Appeals
A.2.4 Nurturing a responsible, independent and effective media <i>(NDP pages 107,109)</i>	<ul style="list-style-type: none"> <u>Government commences discussion on media and freedom of information issues with leading journalists, media owners and public</u> 	<ul style="list-style-type: none"> <u>Process established of monthly press bulletins issued by Government</u> <u>Freedom of information framework available</u> 	<ul style="list-style-type: none"> <u>Legal framework for freedom of information developed and implemented</u> 	Minister of State for President of CoM	<ul style="list-style-type: none"> <u>Schedule of meetings between Government and media, NGOs underway;</u> <u>Cabinet minutes and Gazette available in Tetum</u> 	<ul style="list-style-type: none"> <u>Preliminary draft framework on freedom of information prepared and subject to consultations</u> 	<ul style="list-style-type: none"> <u>Final draft submitted to CoM</u> 	<ul style="list-style-type: none"> <u>CoM approves freedom of information framework and guidelines for all State entities and dissemination to public including at village level</u>

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Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
A.2.5 Effectively manage oil and gas revenues and savings to benefit present and future generations <i>(NDP pages 7, 24, 30, 67, 78-79, 89-91, 213)</i>	<ul style="list-style-type: none"> • Successfully implement the Petroleum Fund and savings policy • Strengthened skills, staff numbers and international support for ETRS Timor Sea revenue division; MoPF Macroeconomics Unit; BPA; and Parliament 	<ul style="list-style-type: none"> • Petroleum Fund key issues explained in Budget and Budget updates • Public dissemination of information and consultation on the Petroleum Fund • Capacity building program under implementation 	<ul style="list-style-type: none"> • Petroleum Fund established, savings policy implemented • Effective collection of Timor Sea revenues 	MoPF/ Development Partners	<p><i>[Draft PF Law submitted to and approved by Parliament]</i></p> <ul style="list-style-type: none"> • Investment Advisory Board members appointed and operational • ETRS and Macroeconomics Unit recruit suitable local staff 	<ul style="list-style-type: none"> • Consultative Council appointed and operational • 5-year capacity-building program designed for petroleum taxation 	<ul style="list-style-type: none"> • <u>Consultative Council defines work program</u> 	<ul style="list-style-type: none"> • <u>Consultative Council report produced, disseminated and discussed</u> • Significant external support secured and in place for capacity-building program; local staff trained
SECTION A.3: GOVERNANCE – PUBLIC SECTOR MANAGEMENT								
A.3.1: Decentralize government and empower communities to manage their local affairs <i>(NDP pages 40,44 and 138)</i>	<ul style="list-style-type: none"> • Draft Policy and implementation plan for Local Administration submitted to CoM 		<ul style="list-style-type: none"> • Draft policy and implementation plan for Local Government approved by CoM for widespread consultation; legislation being prepared. 	MSA/NDTA (Ireland, UNDP)	<ul style="list-style-type: none"> • In-depth study on selected option submitted to CoM 	<ul style="list-style-type: none"> • CoM approves proposal defining the roles, function, composition, dimensions of the new decentralized structure. 		<ul style="list-style-type: none"> • Preparation of draft policy paper and implementation plan for submission to the CoM
A.3.2: Development of the legal and regulatory framework for the civil service	<ul style="list-style-type: none"> • Public Service Statute supplementary legislation and regulations disseminated including disciplinary regulations and manual • Criteria and impartial process for evaluation of civil servants established 	<ul style="list-style-type: none"> • Disciplinary proceedings conducted as per regulation • Accountability of managers and supervisors established • Training in duties of civil servants, ethics and conflict of interest 	<ul style="list-style-type: none"> • Legislative and regulatory framework for civil service in place and applied • Civil service career development and pay structure established 	MSA/NDPS (UNDP, WB)	<ul style="list-style-type: none"> • <i>[Civil Service Act Disciplinary regulation submitted to COM]</i> • Manual on disciplinary procedures [already discussed with Directors] submitted to CoM • Technical advisers in place for career development and pay structure 	<ul style="list-style-type: none"> • CoM approves manual on disciplinary procedures • Approval of regulation on supervisory accountability • Approval of regulation on criteria and impartial process for evaluating civil servants <p align="right">(ii)</p>	<ul style="list-style-type: none"> • Dissemination of disciplinary manual including workshops in all relevant entities • Regulation on evaluation disseminated to relevant civil servants • Public consultation on draft policy on career development and remuneration 	<ul style="list-style-type: none"> • Manual used in all ministries and other relevant entities • Regulation on evaluation is widely used by Government Ministries • Finalization of draft policy on career development and remuneration, to be submitted to COM by Sept 2006

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006	
A.3.3: Development of human resources management system	<ul style="list-style-type: none"> Plan for personnel filing system for Public Servants approved, funded, and implemented 	<ul style="list-style-type: none"> Training of HR focal points on use of PMIS underway 	<ul style="list-style-type: none"> 100% of public servants with up-to-date personnel files in PMIS; ministries fully trained; system operating successfully 	MSA/all government departments/institutions (UNDP, WB, DPs)	<ul style="list-style-type: none"> [DP funding secured] Winner of the PMIS starts the implementation of PMIS 	<ul style="list-style-type: none"> Implementation of PMIS (25 % of the civil service's data entered in the PMIS) 	<ul style="list-style-type: none"> Continuation of implementation of PMIS (50% of the civil service's data entered in PMIS) 	<ul style="list-style-type: none"> Continuation of implementation of PMIS (75% of the civil service's data entered in PMIS) HR focal points from Line Ministries are capacitated on how to use PMIS 	
A.3.4: Strengthen the capacity of the Government to manage for and monitor the achievement of results on the ground (Public Sector Management SIP, August, 2004)	<ul style="list-style-type: none"> Official responsibilities of Government Planning Offices include M&E QMRs include an analytical section Poverty assessment in process NDP mid-point review completed 	<ul style="list-style-type: none"> Mandate for M&E issued and reflected in AAPs Problem-solving carried out based on analysis of quarterly performance LSMS Part I data used in NDP review Surveys data used to inform decision-making 	<ul style="list-style-type: none"> M&E activities regularly implemented as per mandate and AAPs Poverty assessment concluded and incorporated into planning and NDP follow-up NDP final review linked to MDG planned 	Senior Minister, President of CoM, MoPF, line agencies, Statistics Directorate (WB, ADB, JICA, WFP, AusAID, UNDP, UNICEF)	Sequencing will be specified in line with government reorganization schedule				<ul style="list-style-type: none"> LSMS completed PPA and Suco data-collection in process
A.3.5: Promotion of gender equality in all aspects of public administration (NDP pages 26, 115,116, 149,154, 169)	<ul style="list-style-type: none"> Gender responses & core principles integrated into AAPs of MoH and MoE 	<ul style="list-style-type: none"> Action Plans of MoH and MoE with gender principles, actions, and matching budget available 	<ul style="list-style-type: none"> Gender responses & core principles applied at service delivery points (at least 50%) 	NDPEAC, MPF, MoH, MoE, OPE (Ireland)	<ul style="list-style-type: none"> Gender integrated into SIPs NDPEAC staff equipped GM tools 	<ul style="list-style-type: none"> Key gender issues identified through analysis of sex-disaggregated data in MoH and MoE 	<ul style="list-style-type: none"> Identification of gender responses in health and education Sectoral gender action plan 	<ul style="list-style-type: none"> Gender responses incorporated in AAP MoH, MoE 	

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Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
SECTION A.4: GOVERNANCE – STRENGTHENING THE JUSTICE SECTOR								
A.4.1: Administer justice of technical quality independently, with respect for citizenship rights, sensitivity to cultural values and popular participation and involvement <i>(NDP pages 21 and 108)</i>	<ul style="list-style-type: none"> Human resource development plan contributes to decision-making and coordination across institutions of justice sector. 	<ul style="list-style-type: none"> Number of trainees successfully complete JTC training course. Gaps created by training filled by international staff. Reduction in number of detainees released due to lack of 72 hour hearing 	<ul style="list-style-type: none"> Trained national court actors. Justice system has sufficient trained national staff and international mentors to ensure access to justice. 	CoC (MoJ, CoA, OPG) (UNMISSET, UNDP, USAID, AusAID)	<ul style="list-style-type: none"> Human resource training, recruitment, and succession plan finalized Funding mechanism established, donors identified, essential commitments for FY06 obtained. 	<ul style="list-style-type: none"> Long-term human resource development plan finalized. Ongoing training of 40 national court actors through JTC 	<ul style="list-style-type: none"> Full complement of required international staff recruited commitments for essential funding for international court actors for FY07 obtained. 	<ul style="list-style-type: none"> Assessment of TL court actors upon completion of JTC training provisions for mentoring of court actors who have completed JTC training during probationary period established
	<ul style="list-style-type: none"> Adherence to existing procedures Improved. Transparency and public understanding of justice sector Increased. Case management system established. 	<ul style="list-style-type: none"> Quarterly reports. Weekly court schedules posted. Improved attendance of all court actors. 	<ul style="list-style-type: none"> Improvement in efficiency. Improvement in timely delivery of justice. Improvements in sectoral planning. 	OPG, CoA, CoC, MoJ, PNTL (UNDP, USAID, AusAID)	<ul style="list-style-type: none"> process of designing case management system based on existing civil and criminal procedure started ongoing reinforcement of procedure based on existing law. 	<ul style="list-style-type: none"> case management system design finalized quarterly prosecution, court, and prison statistics publicized. 	<ul style="list-style-type: none"> case management templates approved national staff trained in compilation of statistics 	<ul style="list-style-type: none"> training for court clerks, administrators, and administrative staff in case management system commenced review of statistics from first, second, third quarters to assess progress and identify bottlenecks
	<ul style="list-style-type: none"> Prosecution makes timely determination of need for extended pre-trial detention. 	<ul style="list-style-type: none"> Backlog in prosecution reduced. Number of detainees released due to inability to place evidence before a judge reduced. 	<ul style="list-style-type: none"> Improvement in timely prosecution of crimes. Reduction in backlog in prosecution. 	OPG, SCPP	<ul style="list-style-type: none"> Recruitment of administrative staff for OPG System for case assignments reviewed 	<ul style="list-style-type: none"> Staff training commenced SCPP appointed 	<ul style="list-style-type: none"> Disciplinary guidelines developed 	<ul style="list-style-type: none"> Disciplinary procedures in place and functioning.
	<ul style="list-style-type: none"> Improved administrative, financial, and procurement systems established. 	<ul style="list-style-type: none"> Working phones, generators, computers, and photocopiers in courts and offices. 	<ul style="list-style-type: none"> Improved access to budgeted equipment, goods, and services. 90% of MoJ budget executed. 	CoA, MoJ, OPG (USAID, UNDP)	<ul style="list-style-type: none"> Development of improved administrative, financial, and procurement policy for CoA, MoJ, and OPG commenced 	<ul style="list-style-type: none"> collaboration with MoPF to improve expenditure training commenced weekly court schedules posted in all courts 	<ul style="list-style-type: none"> list of MoJ staff completed inventory of MoJ assets completed 	<ul style="list-style-type: none"> database of MoJ staff completed Improved administrative, finance, and procurement systems, elaborated.

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	<ul style="list-style-type: none"> • Law on domestic violence passed 	<ul style="list-style-type: none"> • Cases of domestic violence resolved according to the law 	<ul style="list-style-type: none"> • Law on domestic violence enforced by PNTL, PPO judiciary and local authorities 	OPE, MoJ, PNTL, PPO (UNFPA, UNMISSET)	<ul style="list-style-type: none"> • law on domestic violence passed • analysis of GBV cases undertaken 	<ul style="list-style-type: none"> • plan for gender training for court actors completed 	<ul style="list-style-type: none"> • measures taken to prioritize serious GBV cases 	<ul style="list-style-type: none"> • gender training for court actors completed
	<ul style="list-style-type: none"> • Public defender assistants trained and deployed. • Disciplinary procedures for public defenders established. 	<ul style="list-style-type: none"> • Number of public information activities undertaken in prisons and public. 	<ul style="list-style-type: none"> • Improved access to justice, particularly in districts. 	MoJ/Public Defense (UNMISSET, UNDP)	<ul style="list-style-type: none"> • 13 public defenders assistants recruited • training for public defender assistants in JTC commenced 	<ul style="list-style-type: none"> • disciplinary body for public defenders as defined by law established. • plan for public information regarding PD function completed 	<ul style="list-style-type: none"> • public defenders assistants training completed • public defender assistants appointed, based on results of training course 	<ul style="list-style-type: none"> • public defenders assistants stationed in district courts • informational activities on public defense undertaken in 3 prisons
	<ul style="list-style-type: none"> • Improved public understanding of justice system. 	<ul style="list-style-type: none"> • Number of district administration offices with law compilations. • Number of aldeias with law abstracts. • Number of media programs on justice system. 	<ul style="list-style-type: none"> • Improved public access to and utilization of justice system. 	MoJ/Citizen-ship unit (UNMISSET, UNDP)	<ul style="list-style-type: none"> • compilation of laws started • creation of abstracts of laws initiated • public info plan completed 	<ul style="list-style-type: none"> • visits to 20 districts/sub-districts • with V-M for development and environment, public information on laws related to private sector development 	<ul style="list-style-type: none"> • 3 media programs on radio and television completed 	<ul style="list-style-type: none"> • visits to 25 districts/sub-districts • abstracts of laws distributed to aldeias; compilation of laws to district administration offices
SECTION A.5: GOVERNANCE – STRENGTHENING THE POLICE SERVICES								
A.5.1: Strengthening the capacities of the institutions responsible for internal and external security <i>(NDP pages 109, and 111-113, 117)</i> a) Service Delivery a) Service Delivery	<ul style="list-style-type: none"> • Enhanced relationship between the police and the community 	<ul style="list-style-type: none"> • Level of satisfaction with policing service • Number of community consultation mechanisms established • Level of training and support provided to community policing initiatives 	<ul style="list-style-type: none"> • Improved responsiveness to community needs and concerns in PNTL service delivery 	MOI – PNTL (AusAID, UK, UN, UNICEF, others to be confirmed)	<ul style="list-style-type: none"> • Training strategy includes gender sensitivity and community oriented principles 	<ul style="list-style-type: none"> • Evaluation and revision of training courses, policies, and procedures to ensure Community Oriented Policing (COP) principles and gender sensitivity are included in all police policies, procedures and training courses 	<ul style="list-style-type: none"> • Ongoing training provided on COP gender sensitivity 	<ul style="list-style-type: none"> • Evaluation of effectiveness of training delivered and policies implemented

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Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
		<ul style="list-style-type: none"> • Number of Community Awareness programs implemented in partnership with community and women's groups • Number of Domestic Violence and Crime Prevention Awareness programs implemented 	<ul style="list-style-type: none"> • Greater engagement with the community by the PNTL and improved responsiveness to the needs of women • Mapping of incidence and prevalence of reported Domestic Violence as a result of Police Program 	MOI – PNTL (AusAID, UK, UN, others to be confirmed)		<ul style="list-style-type: none"> • Community awareness programs and community consultation mechanisms operating at 4 pilot sites 	<ul style="list-style-type: none"> • Community awareness programs and community consultation mechanisms operating at 4 pilot sites evaluated • Community consultation mechanisms developed, documented, recommendations made 	<ul style="list-style-type: none"> • Community awareness programs expanded for delivery at community level • National strategy for community awareness program and community consultation developed, including monitoring and evaluation process • Implementation Plan developed
<p>A.5.2: Raise awareness of citizens' rights and respect for rule of law, defend citizens from abuse of power by public administration; and safeguard against corruption/ nepotism (NDP pages 109, and 111-112) a) Oversight mechanisms</p>	<ul style="list-style-type: none"> • Independent review commission for police discipline (complaints) is established 	<ul style="list-style-type: none"> • Number of investigations into complaints against police subject to an independent review 	<ul style="list-style-type: none"> • Increased confidence and trust in PNTL and continued refinement of the complaint investigation and independent review process 	MOI – PNTL (UNMISSET, AusAID, UK, USA, UN, others to be confirmed)	<ul style="list-style-type: none"> • Promulgation of the law on police discipline • Stakeholder consultation on the independent review commission including civil society and the Provedor • PNTL Professional Ethics Office procedures and policies under review to reflect the law on discipline 	<ul style="list-style-type: none"> • PNTL Professional Ethics Office (PEO) procedures and policies under review to reflect the law on discipline • PEO staffing and training requirements identified and documented • Liaison mechanisms established with Provedor • Liaison mechanism between National Investigations Unit & the Office of the Provedor established 	<ul style="list-style-type: none"> • PEO policies and procedures review completed • Review of investigations into complaints about police conducted • Investigations being initiated by the independent commission where appropriate • Ongoing training for PNTL PEO members 	<ul style="list-style-type: none"> • Evaluation of independent review commission including stakeholder consultation • Ongoing training for PNTL PEO members

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Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
b) Policy and coordination	<ul style="list-style-type: none"> Agreed G-RDTL policy on policing in Timor-Leste approved 	<ul style="list-style-type: none"> Policy document drafted and approved by G-RDTL Agreed G-RDTL policy on policing in Timor-Leste implemented 	<ul style="list-style-type: none"> Clear definition of police role and approach for all stakeholders 	MOI – PNTL (UNMISSET, AusAID,UK, UN, others to be confirmed)	<ul style="list-style-type: none"> Policy outline developed based on consultation with stakeholders Policy outline drafted 	<ul style="list-style-type: none"> Draft policy reviewed with stakeholders 	<ul style="list-style-type: none"> Stakeholder consultation is continuing. Draft policy submitted to Minister PNTL Manual development process begun 	<ul style="list-style-type: none"> G-RDTL finalize development of a policy on policing for consultation with all stakeholders Stakeholder consultation PNTL manual being developed
	<ul style="list-style-type: none"> Mapping of causes of delays in the present investigation and court process Liaison mechanism with the public prosecutor established 	<ul style="list-style-type: none"> Reduction in backlog of investigations and court cases 	<ul style="list-style-type: none"> Timeliness of management of investigations through the use of improved standards and benchmarks Improved standard and timeliness of investigations 	MOI – PNTL (UNMISSET, AusAID,UK, UN, others to be confirmed)	<ul style="list-style-type: none"> Identification of most appropriate liaison and coordination approach 	<ul style="list-style-type: none"> Identification of most appropriate liaison and coordination approach 	<ul style="list-style-type: none"> PNTL participate in review of backlog of cases processes Identification of most appropriate liaison and coordination approach Mechanisms established 	<ul style="list-style-type: none"> Evaluation and review of mechanism Effective mechanism in place Development of Standards Development of Benchmarks
A.5.3: Promotion of gender equality in the police <i>(NDP pages 26,115, 116,149,154,169)</i>	<ul style="list-style-type: none"> Case study for gender mainstreaming in PNTL completed 	<ul style="list-style-type: none"> Case study available 	<ul style="list-style-type: none"> Significant reduction of cases of gender discrimination in PNTL Standards to manage gender related crimes established 	PNTL, Police Academia, MoI,OPE (UK/AusAID, Ireland Aid)	<ul style="list-style-type: none"> Case study design objectives and components identified and outline completed 	<ul style="list-style-type: none"> Case study part I: PNTL gender analysis completed 	<ul style="list-style-type: none"> Case study part II: interventions and monitoring system designed 	<ul style="list-style-type: none"> Case study draft completed and revised by stakeholders

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
SECTION A.6: GOVERNANCE – PLANNING AND PUBLIC EXPENDITURE MANAGEMENT								
A.6.1: Strengthen the capacity of the MoPF and line agencies to manage public finances (NDP pages 24 & 62) (RM pages 9 & 26)	<ul style="list-style-type: none"> Capacity building program in place for MoPF, line agencies and districts with clear components Critical financial management staff in place in MoPF and agencies 	<ul style="list-style-type: none"> CB program for MPF, line ministries and districts approved by GoTL Critical TA posts in MoPF and line agencies confirmed and plan agreed & implemented to fill the posts 	<ul style="list-style-type: none"> Procurement delays reduced, enhanced revenue collections and improved line agency budget submissions Finl management system staffed by personnel trained and proficient in GoTL procedures 	MoPF (HR) (WB, AusAID, UNMISSET, Portugal, Ireland, UK)	<ul style="list-style-type: none"> CB program finalized and approved by GoTL Agreement reached on successor arrangements for critical TA posts (by July 05) 	<ul style="list-style-type: none"> Capacity building program implementation arrangements confirmed Job descriptions for critical posts written & approved and recruitment process agreed 	<ul style="list-style-type: none"> Capacity building program in place and initial actions underway Recruitment for critical posts underway 	<ul style="list-style-type: none"> Additional staff and advisers in place in MoPF and line agencies
A.6.2: Improve implementation of pro-poor budget in line with the savings policy (NDP pages 43, 49-56, 59, 62-63, 2658, 281 and 283-287) (RM pages 9, 12 & 26)	<ul style="list-style-type: none"> A reduction in unspent FY06 appropriations compared to FY05 Combined Sources Budget (CSB) for FY07 prepared & published <u>CSB, Audit data & Budget Execution report available on GoTL websites</u> 	<ul style="list-style-type: none"> FY06 half-year budget execution figures show spending > 80% of appropriations FY06 CFET Budget respecting CSP I allocations for health, education & agriculture¹⁵ 	<ul style="list-style-type: none"> FY08 budget execution figures show overall spending >90% of appropriations CSB published including medium-term donor commitments broken down by sector and economic classification 	MoPF (Treasury, NDPEAC, Procurement & Budget) MoH, MECYS & MAFF [WB, AusAID, Norway, NZ]	<ul style="list-style-type: none"> Sectoral FY06 donor figures by economic classification with indicative medium term commitments Agree key staff & systems to be in place for delegation to be effective 	<ul style="list-style-type: none"> Delegated limits for ministry approval of goods & services raised to \$2,500 Half-year reports by MAFF, MoH, MECYS & MTCPW on spending versus appropriations Improved rules agreed for district access to resources 	<ul style="list-style-type: none"> Updated donor figures broken down by economic classification provided for CSB 	<ul style="list-style-type: none"> FY07 CSB finalized Report produced by all line agencies comparing: <ul style="list-style-type: none"> (i) actual spending with appropriations; (ii) results achieved with plans (AAPs)
A.6.3: Ensure transparency and accountability of public finances to the legislature and public (NDP pages 24 & 67-69) (RM pages 9 & 25-26)	<ul style="list-style-type: none"> Timely, comprehensive and transparent financial reporting Approved external audit of state accounts Budget Execution Report submitted to Parliament and DAs 	<ul style="list-style-type: none"> Timely submission of Finl Statements and Quarterly Budget Execution Reports to Parliament Timely submission of Audit accounts and Management Letter 	<ul style="list-style-type: none"> Financial reports submitted on time and external audit of state accounts undertaken within 6 months of end of financial year 	MoPF (Treasury, Court of Appeals)	<ul style="list-style-type: none"> External auditor in place Arrangements in place for transfer of audit management to Court of Appeals 	<ul style="list-style-type: none"> Q1 Budget Execution report published Audit statement and Management Letter lodged with Parliament <u>Citizens Guide to Budget published</u> 	<ul style="list-style-type: none"> Q2 Budget Execution Report published 	<ul style="list-style-type: none"> Q3 Budget Execution Report published

¹⁵ Parameters - Health and education >35% of programmed CFET recurrent spending; primary education > 45% of programmed recurrent education spending; hospitals < 40% of programmed CFET recurrent spending on health; agriculture [>5%] of programmed CFET recurrent spending.

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
		to Parliament						
A.6.4: Effectively manage Customs administration to improve revenue performance, and private sector development <i>(NDP5.7, 43, 67)</i> ¹⁶	<ul style="list-style-type: none"> Automated cargo management at Dili seaport Improved risk assessment and valuation control 	<ul style="list-style-type: none"> Implementation of automated cargo manifest control Regular updates on selectivity criteria for high-risk shipments. 	<ul style="list-style-type: none"> Improved trade management Further reductions in clearance times for low risk shipments 	MoPF\ (UNDP, DPs)	<ul style="list-style-type: none"> Staff trained on risk assessment tools/ techniques Implementation plan for automated system at main entry points 	<ul style="list-style-type: none"> Regular updates of valuation database Code of conduct prepared and piloted 	<ul style="list-style-type: none"> Staff and private sector trained on automated manifest Valuation and post entry audit established 	<ul style="list-style-type: none"> Cargo control automated at Dili Seaport Code of conduct for staff implemented
SECTION B.1: SERVICE DELIVERY FOR POVERTY REDUCTION – HEALTH								
B.1.1: Improve delivery of health services (Denominator for attended deliveries 43,000 and immunization 40,000 and OPD visits 961,600 in FY06)	<ul style="list-style-type: none"> Reduced child mortality through immunization 	<ul style="list-style-type: none"> DPT3 rate: 50% and Measles rate: 50% 	<ul style="list-style-type: none"> DPT3: 55 and Measles: 55% 	MOH	<ul style="list-style-type: none"> DPT3: 45% Measles: 45% 	<ul style="list-style-type: none"> DPT3: 46% Measles: 46% 	<ul style="list-style-type: none"> DPT3: 48% Measles: 48% 	<ul style="list-style-type: none"> DPT3: 50% Measles: 50%
	<ul style="list-style-type: none"> Improved maternal and neo-natal health 	<ul style="list-style-type: none"> Percent of deliveries attended by skilled health staff; 32% 	<ul style="list-style-type: none"> Percent of deliveries attended by skilled health staff; 40% 	MOH	<ul style="list-style-type: none"> 28% 	<ul style="list-style-type: none"> 29% 	<ul style="list-style-type: none"> 30% 	<ul style="list-style-type: none"> 32%
	<ul style="list-style-type: none"> Increased utilization of services 	<ul style="list-style-type: none"> Outpatient visits per capita 2.25 	<ul style="list-style-type: none"> Outpatient visits per capita 2.5 	MOH	<ul style="list-style-type: none"> 2.0 	<ul style="list-style-type: none"> 2.07 	<ul style="list-style-type: none"> 2.15 	<ul style="list-style-type: none"> 2.25
B.1.2: Strengthen planning and resource allocation to improve service delivery	<ul style="list-style-type: none"> Effective resource allocation, leading to continued emphasis on Primary Health Care 	<ul style="list-style-type: none"> Hospital expenditure less than or equal to 40% of CFET recurrent budget 	<ul style="list-style-type: none"> Hospital expenditure less than or equal to 40% of CFET recurrent budget 	MOH, MOPF	<ul style="list-style-type: none"> ≤ 40% 	<ul style="list-style-type: none"> ≤ 40% 	<ul style="list-style-type: none"> ≤ 40% 	<ul style="list-style-type: none"> ≤ 40%

¹⁶ This issue is included under Public Expenditure Management as of now. Government of Timor-Leste will decide whether this issue should be included in Public Sector Management or remain in Public Expenditure Management. Changes will be made accordingly.

ANNEX 2: First Consolidation Support Program (CSP-I), DRAFT Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
	<ul style="list-style-type: none"> Further develop management tools to improve performance of hospitals within established resource constraint Donor project financing presented by budget program 	<ul style="list-style-type: none"> Service Package Hospitals finalized & disseminated Hospital Annual Activity Plans and monitoring tools for FY07 revised in light of full services package Donor project budgets & exps supplied on quarterly basis 	<ul style="list-style-type: none"> Hospital Activity Plans are prepared on routine basis based on hospital services package and are used to guide resource allocation and budget monitoring Donor budgets and expenditures supplied on quarterly basis. 	MOH (TFET) All MOH Donors	<ul style="list-style-type: none"> FY05/06 initial hospital annual activity plan finalized based on initial services package and monitoring tool agreed Donor budgets supplied by project in agreed format 	<ul style="list-style-type: none"> 1st Quarter review of hospital AAPs & actions agreed Hospital Services package finalized Finalize hospital FY07 AAP using revised services pkg. Donor budgets & 1st Qr expenditure supplied by project in agreed format 	<ul style="list-style-type: none"> 2nd Quarter review of hospital AAPs finalized & action plan agreed Hospital AAPs for FY07 developed Donor budgets & 2nd Quarter expenditure supplied by project 	<ul style="list-style-type: none"> 3rd Qt review of AAP finalized & agree future actions Dissemination of Hospital AAPs to key stakeholders Monitoring tools for hospital AAPs finalized Donor Budgets & 3rd Q expenditure supplied by project
	<ul style="list-style-type: none"> National health policies increasingly drive prioritization of district health plan activities and resource allocation - including inter-sectoral coordination & gender focus 	<ul style="list-style-type: none"> Quarterly district plan monitoring reports with more extensive reports for December and June. Reports to included focus on why not meeting targets At least Quarterly meetings of MOH and DHOs to discuss reports 	<ul style="list-style-type: none"> Multi-annual reports to monitor DHP implementation are prepared and used to improve district-level outcomes Quarterly & bi-annual monitoring reports continue. MOH and DHOs meet to review DHPs & review reasons for variation in district outcomes 	MOH (TFET)	<ul style="list-style-type: none"> Follow-up of DHP monitoring reports & identification of actions and support needed to address implementation constraints At least quarterly meeting of MOH and DHOs to review reports 	<ul style="list-style-type: none"> Tools for six-monthly reporting designed and disseminated Follow-up of DHP implementation and identification and support for implementation issues At least quarterly meeting of MOH and DHOs to review reports 	<ul style="list-style-type: none"> First six-monthly implementation reports prepared in all districts and reviewed by MOH. Actions agreed to be included in FY07 DHP At least Qtly meeting of MOH and DHOs to review reports 	<ul style="list-style-type: none"> District health Plan agreed for FY07 incorporating revisions based on progress At least quarterly meeting of MOH and DHOs to review reports
B.1.3: Improve MOH organizational (functional) structure	<ul style="list-style-type: none"> Conduct facilitated organizational review of MOH 	<ul style="list-style-type: none"> Study Takes Place 	<ul style="list-style-type: none"> Revised structure of MOH in Place 	Donor Support Requested	<ul style="list-style-type: none"> Initial TORs Drafted 	<ul style="list-style-type: none"> TORS finalized 	<ul style="list-style-type: none"> Study Initiated 	<ul style="list-style-type: none"> Study finalized
SECTION B.2: SERVICE DELIVERY FOR POVERTY REDUCTION – EDUCATION								
B.2.1: Improve planning capacity and human resources development in the education sector <i>(NDP- pages 9, 27, 44, 135-137, 152-15 and</i>	<ul style="list-style-type: none"> Reorganization plan based on institutional assessment captured in Organic Law of MECYS and 	<ul style="list-style-type: none"> Adequate qualified staff appointed Functions, responsibilities and delegations 	<ul style="list-style-type: none"> MECYS efficiency increased due to the reorganization, better trained staff and better planning 	MECYS MPF World Bank TFET / FSQP UNICEF	<ul style="list-style-type: none"> TOR for functional structure reviewed Consultant recruited Timeline for 	<ul style="list-style-type: none"> MECYS institutional assessment completed Preparation of capacity-building 	<ul style="list-style-type: none"> Institutional assessment reviewed with stakeholders National EFA/FTI plan 	<ul style="list-style-type: none"> Reorganization plan based on institutional assessment approved Staff members

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
160-162)	approved by CoM <ul style="list-style-type: none"> Capacity-building (CB) plan based on institutional assessment ready for implementation National EFA/FTI plan of action drafted 	specified as per reorganization <ul style="list-style-type: none"> Timely planning and reporting Training carried out in accordance with institutional assessment and CB plan First phase of EFA/FTI plan of action implemented 	<ul style="list-style-type: none"> Human resources efficiency increased due to training and better organization of the sector Second phase of EFA/FTI plan of action implemented 		<ul style="list-style-type: none"> institutional development established National EFA/FTI plan of action approved EFA/FTI independent monitors contracted TOR & TA for CB plan preparation approved 	<ul style="list-style-type: none"> plan based on institutional assessment started EFA/FTI monitoring plan agreed by MECYS and EFA donors 	<ul style="list-style-type: none"> reviewed against performance indicators 	<ul style="list-style-type: none"> trained in the areas of budget and human resources for education sector Capacity-building plan approved by MECYS National EFA/FTI annual report prepared by independent monitors and publicized
B.2.2: Ensure that education budget is fully executed and timely reported <i>(NDP – pages 44 and 161)</i>	<ul style="list-style-type: none"> Annual execution rate 15% higher than in FY2005 Procurement plan elaborated CoM reaches agreement on school fees policy Strategy for expanding block grants to schools finalized 	<ul style="list-style-type: none"> Budget execution rate in total and by programs Timeliness of budget execution and budget reporting 	<ul style="list-style-type: none"> Capital expenditure execution rate over 50% (overall 60%) Improved access to grants by schools 	MECYS MPF World Bank UNICEF Portugal Australia	<ul style="list-style-type: none"> Technical staff recruited Block grants to pilot schools and school fees policy analyzed 	<ul style="list-style-type: none"> Work plan for improving budget execution rates prepared; TA identified and on-the-job training plan prepared Review of school fee alternatives with stakeholders 	<ul style="list-style-type: none"> Level of budget reviewed and correction measures introduced MECYS school fees and block grants proposal submitted to CoM 	<ul style="list-style-type: none"> Public expenditure management in education sector evaluated
B.2.3 Increase the access and improve the efficiency and quality of basic education <i>(NDP- pages 9, 27, 44, 135-137, 152-15 and 160-162)</i>	<ul style="list-style-type: none"> New Junior High School (grades 7-9) curriculum drafted Schools construction and rehabilitation program prepared Program of school construction and maintenance in remote areas prepared 	<ul style="list-style-type: none"> Net enrolment rate increased from 75% to 80% Dropout rate reduced from 20% to 15% Repetition rate reduced from 25% to 20% 	<ul style="list-style-type: none"> Net enrollment rate increased from 80 to 90% Dropout reduced from 10% to 7% Repetition rate reduced from 20% to 15% 	MECYS World Bank EFA / FTI Program UNICEF UNESCO Plan International Australia Brazil Japan Portugal	<ul style="list-style-type: none"> National school mapping updated Internal discussions on teacher training for multi-grade classes started Discussion on National Plan of Action for EFA/FTI started 	<ul style="list-style-type: none"> Teacher training program established Distribution of textbooks and other reading materials appraised and report provided 	<ul style="list-style-type: none"> School construction program for remote areas finalized Multi-grade teacher training program implemented Textbooks production plan outlined 	<ul style="list-style-type: none"> Construction and rehabilitation plan reflected in budget Net enrolment rate increased to 80% 50% teachers trained or in training programs School map updated EFA/FTI action plan prepared

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
SECTION B.3: SERVICE DELIVERY FOR POVERTY REDUCTION – INFRASTRUCTURE								
POWER SECTOR								
B.3.1: Ensure the availability of reliable power in the districts <i>(NDP pages 3, 4, 12, 45, 61, 235, 263, 284-7)</i>	<ul style="list-style-type: none"> Power development strategy for each district center. Baseline developed. 	<ul style="list-style-type: none"> Preparation of strategy studies and baselines Identification of funding Preparation of bidding documents 	<ul style="list-style-type: none"> Increased availability of power in district towns District economic growth kick-started 24 hour/day target for June 2008 	EDTL/CEM ADB Japan Portugal	<ul style="list-style-type: none"> Strategy reports / costs prepared for 6 district towns DPs approached for assistance CFET allocations made 	<ul style="list-style-type: none"> Strategy reports prepared for remaining 7 district towns 	<ul style="list-style-type: none"> Initial bidding procedures in process Bidding documents prepared for initial equipment 	<ul style="list-style-type: none"> Initial bids under evaluation
	<ul style="list-style-type: none"> Program for rehab/ operation of 34 rural power systems Assignment of responsibility 	<ul style="list-style-type: none"> Recovery plan prepared & responsibilities set for: (i) revenue collection; (ii) fuel purchase; and (iii) maintenance 	<ul style="list-style-type: none"> Normal operation of community power systems 	EDTL ADB Japan Portugal	<ul style="list-style-type: none"> Recovery plan approved Central take-over of rural systems Equipment rehab lists prepared. 	<ul style="list-style-type: none"> 20% of community systems in operation 	<ul style="list-style-type: none"> 50% of community systems in operation 	<ul style="list-style-type: none"> 80% of community systems in operation
B.3.2: Improve power efficiency in Dili, and improve Government collections. <i>(NDP pages 3, 4, 12, 45, 61, 235, 263, 284-7)</i>	<ul style="list-style-type: none"> Monthly computation of efficiency in Dili Identification of high-loss areas. Plan for full timely payment of Government dues. 	<ul style="list-style-type: none"> Inspection & theft detection teams Monthly system loss analysis reports Revenue received per liter of fuel used and kWh power sent out 	<ul style="list-style-type: none"> Significant system loss reduction, strict control on fuel use, and strict assessment of fuel used versus generation and sales 	EDTL/CEM ADB Japan	<ul style="list-style-type: none"> Monitoring loss system set up . Theft detection teams mobilized Plan for full timely payment of Government dues. 	<ul style="list-style-type: none"> System loss reduction in process to meet agreed targets 	<ul style="list-style-type: none"> System loss improvements accomplished in accordance with agreed targets 	<ul style="list-style-type: none"> System loss improvements accomplished in accordance with agreed targets
B.3.3: Improve the affordability of power <i>(NDP pages 3, 4, 12, 45, 61, 235, 263, 284-7)</i>	<ul style="list-style-type: none"> Plan for purchase of fuel for electricity generation, storage and delivery to power plants 	<ul style="list-style-type: none"> Agreement on fuel delivery plan and implementation schedule 	<ul style="list-style-type: none"> Less costly fuel supply for power generation 	MTCPW EDTL/CEM	<ul style="list-style-type: none"> Policy agreed in consultation with Government and time-bound action plan agreed 	<ul style="list-style-type: none"> Implementation of the plan 	<ul style="list-style-type: none"> Implementation of the plan 	<ul style="list-style-type: none"> Implementation of the plan
B.3.4: Ensure an enabling legal, regulatory, and institutional environment for the power sector <i>(NDP pages 3, 4, 12, 45, 61, 235, 263, 284-7)</i>	<ul style="list-style-type: none"> Legal Regulatory and Institutional Study conducted & recommendations implemented Rural Electrification Master Plan developed 	<ul style="list-style-type: none"> Active participation by Govt in studies Agreement on recommendations of studies Initial implementation 	<ul style="list-style-type: none"> Restructuring of power sector Possible creation of Regulatory Authority, Rural Electrification (RE) entity, RE Fund and corporatization of EDTL 	EDTL/CEM (WB; PPIAF; ESMAP)	<ul style="list-style-type: none"> Studies well advanced Initial decision making on critical items Active participation in seminars 	<ul style="list-style-type: none"> Agreement on schedule/logistical arrangements for implementation of studies Initial implementation of agreed recommendations 	<ul style="list-style-type: none"> Further implementation of agreed recommendations 	<ul style="list-style-type: none"> Further implementation of agreed recommendations

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Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
TRANSPORT SECTOR								
B.3.5: Road, bridge, and river embankment maintenance <i>(NDP pages 3, 4, 12, 263-5, 271-5; AAP)</i>	<ul style="list-style-type: none"> Roads and bridges maintained and river banks rebuilt. 	<ul style="list-style-type: none"> Measurement of actual performance: Km of roads; # bridges & river embankments (subject to funding) 	<ul style="list-style-type: none"> Further annual maintenance according to findings of ADB TA and per funding available 	MTCPW DRBFC Japan ADB	<ul style="list-style-type: none"> 25% of annual planned and funded work accomplished 	<ul style="list-style-type: none"> 50% of annual planned and funded work accomplished 	<ul style="list-style-type: none"> 75% of annual planned and funded work accomplished 	<ul style="list-style-type: none"> 100% of annual planned and funded work accomplished
B.3.6: Improved capacity for local construction <i>(NDP pages 3, 4, 12, 263-5, 271-5)</i>	<ul style="list-style-type: none"> Policy developed incl. use of media, equipment leasing company creation, simplified local contractual arrangements. 	<ul style="list-style-type: none"> Govt formally adopts measures to accelerate performance of domestic contractual industry 	<ul style="list-style-type: none"> Creation of equipment leasing company and new conditions for local contracts, etc 	MTCPW MPF Procurement Department Etc.	<ul style="list-style-type: none"> Indicative and/or formal decisions by Government on each component 	<ul style="list-style-type: none"> Implementation of agreed actions 	<ul style="list-style-type: none"> Implementation of agreed actions 	<ul style="list-style-type: none"> Implementation of agreed actions
B.3.7: Five-year road strategy / investment program (arising from ADB TA: "Road Improvement Strategy" <i>(NDP pages 3, 4, 12, 263-5, 271-5)</i>)	<ul style="list-style-type: none"> Detailed 5-year road strategy and investment program and 10-year indicative program is endorsed by MTCPW and CoM 	<ul style="list-style-type: none"> Completion of ADB TA Study Formalization of implementation strategy with MTCPW and CoM 	<ul style="list-style-type: none"> 5 & 10 Year Strategy studies established Implement Study recommendations 	DRBFC ADB Japan	<ul style="list-style-type: none"> Close cooperation with study implementation and development of recommendations 	<ul style="list-style-type: none"> Agreement on ADB Study recommendations Time-bound implementation program agreed 	<ul style="list-style-type: none"> Implementation of agreed ADB Study recommendations 	<ul style="list-style-type: none"> Implementation of agreed ADB Study recommendations
WATER SUPPLY AND SANITATION SECTOR								
B.3.8: Establish the legal and institutional framework for water and sanitation. <i>(NDP pages 3, 4, 12, 121-2, 263, 275-80)</i>	<ul style="list-style-type: none"> Initial steps towards financial and managerial autonomy of WSS/SAS and eventual full corporatization 	<ul style="list-style-type: none"> MTCPW and CoM endorse and finance a WSS/SAS Corporatization Road Map and regulatory policy 	<ul style="list-style-type: none"> WSS/SAS reconstituted as a public corporation Regulatory framework in place 	MTCPW WSS/SAS	<ul style="list-style-type: none"> Steps taken and decisions made for Corporatization Roadmap and regulatory authority 	<ul style="list-style-type: none"> Corporatization Roadmap prepared and regulatory authority formulated 	<ul style="list-style-type: none"> Corporatization Roadmap and regulatory authority endorsed by MTCPW/CoM 	<ul style="list-style-type: none"> Initial Corporatization Roadmap and regulatory actions commence
B.3.9: Establish a WSS/SAS Benchmarking System <i>(NDP pages 3, 4, 12, 121-2, 263, 275-80)</i>	<ul style="list-style-type: none"> WSS/SAS monitors, evaluates and reports/ disseminates performance against appropriate industry comparators 	<ul style="list-style-type: none"> WSS/SAS has joined IBNet and has a functioning performance benchmarking system in place 	<ul style="list-style-type: none"> WSS/SAS management decisions / budgets based primarily on international performance standards 	WSS/SAS (ADB; WB IBNet)	<ul style="list-style-type: none"> WSS/SAS has joined IBNet and the South East Asian Water Utilities Network (SEAWUN) 	<ul style="list-style-type: none"> Performance Benchmark System under preparation 	<ul style="list-style-type: none"> Performance Benchmark system under trial 	<ul style="list-style-type: none"> Performance Benchmark system in place

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
B.3.10: Improve water supplies to Timor-Leste residents and business (NDP pages 3, 4, 12, 121-2, 263, 275-80)	<ul style="list-style-type: none"> Reduced costs and time taken to get adequate supplies of clean water 	<ul style="list-style-type: none"> 41% of Dili residents/businesses connected to 24-hr safe water; & 36% small towns /villages clean water 	<ul style="list-style-type: none"> Water supply service in Dili and rural areas increasing 3-4% annually subject to satisfactory funding 	WSS/SAS ADB Japan	<ul style="list-style-type: none"> 35% continuous water supply coverage in Dili, and 34% in rural villages 	<ul style="list-style-type: none"> 39% continuous water supply coverage in Dili, and 35% in rural villages 	<ul style="list-style-type: none"> 41% continuous water supply coverage in Dili, and 36% in rural villages 	<ul style="list-style-type: none"> New targets set depending on fund availability
B.3.11: Improve solid waste management (SWM) collection and disposal (NDP pages 4, 12, 121-2, 263, 275-80)	<ul style="list-style-type: none"> Urban neighborhoods are regularly cleared of solid waste 	<ul style="list-style-type: none"> 60% of areas in Dili, & 50% in district towns cleared solid waste twice a week 	<ul style="list-style-type: none"> New targets set as funding becomes available 	MTCPW WSS/SAS Cities Alliance	<ul style="list-style-type: none"> Solid Waste (SW) cleared in 50% of neighborhoods in Dili, 40% in district towns 	<ul style="list-style-type: none"> SW cleared in 55% of neighborhoods in Dili, 45% in district towns 	<ul style="list-style-type: none"> SW cleared in 60% of neighborhoods in Dili, 50% in district towns 	<ul style="list-style-type: none"> New targets set depending on fund availability
SECTION B.4: SERVICE DELIVERY FOR POVERTY REDUCTION – VULNERABLE GROUPS (VETERANS ISSUES)								
B.4.1: Recognize veterans of the resistance. (NDP page 132)	<ul style="list-style-type: none"> Veterans legislation approved 	<ul style="list-style-type: none"> Policy and programs of DNV finalized Registration of Veterans of civilian resistance finalized 	<ul style="list-style-type: none"> Veterans recognized in accordance with law, and Government, NGO, and donors follow national policy in efforts to assist veterans 	SLSS/VAU Office of the President Parliament (WB, USAID, UNDP, Thailand, Japan, Portugal, China)	<ul style="list-style-type: none"> Registration of veterans of the civilian resistance under CAQR complete Veterans law, including use of database, approved by Parliament Recognition measures as defined by law commenced 	<ul style="list-style-type: none"> Definition of veterans policies and programs by DNV according to law, commenced Database (CAAC-CAVF and CAQR) transferred to DNV Study for house project completed Development of professional training for DNV staff 	<ul style="list-style-type: none"> DNV staff trained in database management DNV 100 houses project started 	<ul style="list-style-type: none"> DNV elaboration of programs and policies for veterans and their families completed, including available programs in other ministries and NGO assistance Ongoing institutional development within DNV
SECTION C.1: JOB CREATION - PRIVATE SECTOR DEVELOPMENT								
C.1.1: Emigrant Workers Program (NDP pages 26, 27 114, 226, 227)	<ul style="list-style-type: none"> Operational emigrant workers program 	<ul style="list-style-type: none"> 1,000 workers placed overseas 1st batch of 100-200 workers sent by mid-2005 	<ul style="list-style-type: none"> Creation of jobs overseas for 1000 workers/year Increased earnings 	SSLS (UNDP, Ireland)	<ul style="list-style-type: none"> Continue preparatory training of workers 	<ul style="list-style-type: none"> Number of overseas workers per sector monitored 		<ul style="list-style-type: none"> Workers sent to additional countries

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Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
C.1.2: Improved private sector enabling environment with greater regulatory certainty, lower costs of doing business, fewer administrative barriers, and better consultation between Government and the private sector <i>(NDP p 24, 28-29, 66, 119, 230-232)</i>	<ul style="list-style-type: none"> Improved consultation between Government and private sector MoJ assuming new notarization/ registration functions & closure of BRU as per Commercial Societies Law Combined credit & collateral registry 	<ul style="list-style-type: none"> Business Forums (4) Government-Private Sector (PS) Working Group meetings (8) Reduction in business start-up time Reduction in business start-up cost 	<ul style="list-style-type: none"> Strengthened private sector enabling environment that has led to increased levels of investment, trade and business activity 	MDE, STI, MoJ, BPA (WB, UN, Portugal, IMF, USAID)	<ul style="list-style-type: none"> 2 Business Forums held, resulting in increased awareness of procedures and challenges 4 Government-PS Working Groups meetings MoJ assuming notarization and registration functions and closure of BRU 	<ul style="list-style-type: none"> MoJ adopts international system of classification of businesses Law on equipment leasing drafted 	<ul style="list-style-type: none"> Development of combined credit & collateral registry concept Directorate of Notarization and Registration functional Law on equipment leasing approved by CoM 	<ul style="list-style-type: none"> 4 Business Forums (total) 8 Government-PS Working Groups meetings Approval of policy on credit and collateral registry Law on equipment leasing submitted to Parliament
C.1.3: National Program for Entrepreneurship <i>(NDP pages 242, 243, 235, 237)</i>	<ul style="list-style-type: none"> Greater public awareness of the scope for employment through entrepreneurial activities 	<ul style="list-style-type: none"> National Forum on entrepreneurship conducted Dedicated know-how programs - 10 courses/300 participants New entrepreneurs - 100 	<ul style="list-style-type: none"> Contribution to the economy by creating 200 entrepreneurial jobs 	MDE, STI, MECYS (WB, USAID, UNIDO)	<ul style="list-style-type: none"> Continuing training in entrepreneurship through BDCs and training by private orgs, secondary and tertiary educational institutions 	<ul style="list-style-type: none"> Continued progress 	<ul style="list-style-type: none"> Continued progress 	<ul style="list-style-type: none"> Continued progress
C.1.4: Investment and Export Promotion <i>(NDP pages 139, 141, 143, 242, 243, 246)</i>	<ul style="list-style-type: none"> FDI promotion body successfully attracting new investment 	<ul style="list-style-type: none"> New FDI - \$2m New jobs – 200 Develop targets for domestic investment 	<ul style="list-style-type: none"> Target of \$10m in new FDI; \$20m in exports; 1,000 jobs 	MDE (WB, USAID)	<ul style="list-style-type: none"> Foreign and domestic investment information management system set up 	<ul style="list-style-type: none"> IEPA fully operational, with MoJ authorization 	<ul style="list-style-type: none"> Transfer of skills and capacity to IEPA counterparts 	<ul style="list-style-type: none"> FDI and domestic investment levels significantly increased
C.1.5: Community-Based Maintenance of Roads <i>(NDP pages 37, 133-134, 137, 230-231, 273, 275)</i>	<ul style="list-style-type: none"> 1,000 annualized jobs created and programmed road maintenance completed 	<ul style="list-style-type: none"> Approximately 2,800 km of roads maintained 	<ul style="list-style-type: none"> Road maintenance targeted at maximizing labor content 	MTCPW	<ul style="list-style-type: none"> CBM roads program capturing and recording job creation statistics 	<ul style="list-style-type: none"> Continued progress 	<ul style="list-style-type: none"> Continued progress 	<ul style="list-style-type: none"> Continued progress

ANNEX 2: First Consolidation Support Program (CSP-I), **DRAFT** Results Matrix FY2006¹³

Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
C.1.6: Land Law – Titling Policy, Law and Issuance; Policy Development on Sale of State-owned Property <i>(NDP pages 61,62, 63 66, 196, 226, 243)</i> <i>(RM pages 8-10, 17, 25)</i>	<ul style="list-style-type: none"> 6 main law projects completed: land rights/titling, foreign owner compliance, cadastre, natural resources, and agricultural use Implementation of pilot land registration 	<ul style="list-style-type: none"> Approval of laws Report on registered properties from pilot sector 	<ul style="list-style-type: none"> Laws functioning Titling and cadastral system development in progress Private market in land and property transactions Land and property used as collateral for finance 	LPU (MoJ) (TA: USAID)	Land Law submitted to NP by CoM on: <ol style="list-style-type: none"> Implementation of Land Registration System Land Rights & Title Restitution Foreign Owner Compliance with Constitution Research reports on Natural Resources and Agricultural Use of Land completed <ul style="list-style-type: none"> Pilot titling process in defined areas 	<ul style="list-style-type: none"> Land Law approved by NP on (1), (2) and (3) Draft Decree Law on Cadastral Act sent to CoM Draft on policy and proposal on administration and sale of state-owned property 	<ul style="list-style-type: none"> Decree Law on Cadastral Act approved by CoM Submission to CoM of policy and proposal on administration and sale of state-owned property 	<ul style="list-style-type: none"> Agreed policy and proposal on administration and sale of state-owned property Full juridical regime adopted
SECTION C.2: JOB CREATION – AGRICULTURE								
C.2.1: Policy and Legislation Development <i>(NDP pages 174, 176 and 190-197)</i> <i>(AAP: Policy and planning PC 1 and 3: Forestry 3.2;3.3; Food Crops 3.0;4.0)</i>	<ul style="list-style-type: none"> Forestry Policy, Strategy, Laws and Regulations finalized Forest Inventory in progress 	<ul style="list-style-type: none"> Forestry Sector Policy and Strategy finalized Forestry Law and Regulations based on revised Policies 	<ul style="list-style-type: none"> Forest Inventory completed Protected Natural Areas identified and assessed Upland Resource Management plans developed 	MAFF Directorate of Forestry and Water Resources; DPPPS; (FAO, EU, ARP)	<ul style="list-style-type: none"> Forestry Policy and Strategy revision in progress 	<ul style="list-style-type: none"> Forestry Policy and Strategy finalized and Laws/Regulations in draft Forest Inventory in progress 	<ul style="list-style-type: none"> Forestry Policy and Strategy approved by COM, with Laws and Regs drafted Forest Inventory in progress 	<ul style="list-style-type: none"> Forestry Policy and Strategy, Laws/Regulations finalized and approved by COM Forest Inventory in progress
	<ul style="list-style-type: none"> Food Security Monitoring and Evaluation system established 	<ul style="list-style-type: none"> MAFF's MIS database established, current & accessible Baseline yields for upland crops established 	<ul style="list-style-type: none"> Outcome and Impact assessments in progress Timely reports in support of food security monitoring 	MAFF DPPPS, Division of Food Crops; (CFET, ARP, FAO)	<ul style="list-style-type: none"> Food security monitoring system in MIS database Protocol estd for food security data collection Baseline and seasonal surveys in progress 	<ul style="list-style-type: none"> Data collection in progress 	<ul style="list-style-type: none"> Data collection processing, analysis and reporting in progress 	<ul style="list-style-type: none"> First report on outcomes for Food Security Program

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Program Components (NDP Goals, Ministry AAP)	Expected Outputs and Outcomes (FY05-06)	Performance Indicators and Targets (FY05-06)	Expected Outcomes (FY07-08)	Agency/ Donor Responsible	Achieved by 30 Sept 2005	Achieved by 31 Dec 2005	Achieved by 31 March 2006	Achieved by 30 June 2006
C.2.2: Sustainable Resource Management <i>(NDP pages 187-188, 191-192, and 206)</i> <i>(AAP: Fisheries and Aquaculture Development PC 2)</i> Extension systems for integrated upland agriculture and forestry <i>(AAP Forestry 2.3: Research-Extension: Extension Support sub- program)</i>	<ul style="list-style-type: none"> Development of offshore marine fisheries industries initiated Fisheries Monitoring, Control & Surveillance (MCS) system agreed At least one licensed boat operating 	MCS system in use: <ul style="list-style-type: none"> Total Allowable Catch (TAC) for Tuna Number of vessel licenses (TAC/vessel) Number of licenses issued 	<ul style="list-style-type: none"> MCS system operational 20 licensed boats operating under the MCS License adjustments based on MCS 	MAFF Dept. of Fisheries and Aquaculture (AusAID)	<ul style="list-style-type: none"> Begin to issue licenses MCS system designed and agreed, and training in progress 	<ul style="list-style-type: none"> MCS system designed with reporting databases developed 	<ul style="list-style-type: none"> MCS system operating and monitoring reports produced 	<ul style="list-style-type: none"> Evaluation report on the first year of offshore licensing and monitoring
	<ul style="list-style-type: none"> Review of regional models completed, key lessons identified and incorporated into 2 pilot designs Pilots in progress 	<ul style="list-style-type: none"> Two pilot extension models in place, with Forestry and Agriculture staff cooperating in field work 	<ul style="list-style-type: none"> Timorese model for integrated extension services operational at District level 	MAFF Research & Extension; Dir. of Forestry & Water Resources (ARP, FAO, ACIAR, EU, NGOs)	<ul style="list-style-type: none"> Review of international models for extension services on an integrated, watershed basis 	<ul style="list-style-type: none"> Pilot studies designed and in progress MAFF guidelines for working with communities 	<ul style="list-style-type: none"> Pilot studies in progress and being monitored 	<ul style="list-style-type: none"> Pilot studies in progress and being monitored
C.2.3 Food Production and Food Security <i>(NDP pages 181-182 and Rain-fed upland food crops Sub- Programs 1 and 2)</i>	<ul style="list-style-type: none"> National protocols agreed for food crop, seed and tuber testing, multiplication and distribution Extension program to farmers in place 	<ul style="list-style-type: none"> Number of improved plant types released to growers Adoption rates; yield increases and farmer evaluation/acceptability of new varieties 	<ul style="list-style-type: none"> Food-crop seed and tuber multiplication & distribution system established as per protocols 4 MAFF stations/sites developed for seed testing & early-stage multiplication with farmers Coordinated national system established for seed/tuber testing and distribution 	MAFF Division of Food Crops, DPPPS (AusAID, ACIAR, GTZ, JICA, FAO, UNDP)	<ul style="list-style-type: none"> Protocols for planting materials drafted Results from 2004-05 harvest analyzed and published Planting materials for 2005-06 in store Extension program to farmers designed 	<ul style="list-style-type: none"> Consultations/ planning for 2005-06 testing program New varieties being distributed Extension program to farmers in progress 	<ul style="list-style-type: none"> Protocols finalized and being applied 2005-06 program planted at all sites New varieties distributed Extension program and monitoring in progress 	<ul style="list-style-type: none"> Protocols being applied Evaluation of 2005-06 program in progress Extension program and monitoring in progress