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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

April 2, 2009

H.E. Emilia Pires
Minister of Finance
Ministry of Finance
Dili
TIMOR-LESTE

Excellency,

*Subject: Timor-Leste National Priorities 2008 and 2009
Independent Peer Review II*

I am pleased to enclose the draft second Independent Peer Review (IPR) of the National Priorities that covers the second half of 2008 and the draft 2009 matrix.

We will share the draft with the international partners and look forward to discussing the findings with you and the partners at a time convenient to you. As discussed, we would expect that once the content of the IPR has been discussed and agreed to, the report be included in the proceedings of the Timor-Leste Development Partners Meeting (TLDPM) and be distributed to all participants.

I look forward to our continued collaboration in the context of the National Priorities and with you the best of success with the TLDPM.

Sincerely,



Homa Z. Fotouhi
Task Team Leader

cc: National Priorities Secretariat
Mr. Nigel Roberts, World Bank
Mr. Antonio Franco, Country Manager

Independent Peer Review #2
[July 2008 – March 2009]

World Bank,
Dili, April 1, 2009

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Terms of Reference

Independent Peer Review Mission – National Priorities Program

February 10 – 27, 2009¹

Background

At the Timor-Leste and Development Partner's Meeting on March 27 – 29, 2008, the Government of Timor-Leste presented the 2008 National Priorities (NP) representing its efforts to define critical goals and measure progress toward those through an agreed set of monitorable benchmarks and actions outlined in the 2008 NP Results-Oriented Matrix. The six National Priorities for 2008 were: (i) Public Safety and Security; (ii) Social Protection and Solidarity; (ii) Addressing the Needs of Youth; (iv) Employment and Income Generation; (v) Improving Social Service Delivery; and (vi) Clean and Effective Government.

The National Priorities Program will be continued in 2009 with seven NPs, as endorsed by the Council of Ministers on December 17, 2008.

At the request of the Government of Timor-Leste, an Independent Peer Review (IPR) of implementation, monitoring, and effect of corrective measures taken is to be carried out every six months by the World Bank, in close coordination with the Government and other development partners. Monitoring of the National Priorities should support the development of national monitoring systems for Timor-Leste, and should be integrated with them as they currently exist or are planned. Furthermore, achieving the National Priorities requires focused attention, regular monitoring, and proactive efforts to enable progress and resolve challenges. Collaboration across Government agencies and between Government, civil society, and Development Partners is required to meet these objectives.

Tasks

Working in close consultation with the Ministry of Finance, line agencies, Development Partners, and other stakeholders, the mission will:

- (a) *Assess the results of the implementation* of the Government's 2008 National Priorities and the revised Results-Oriented Matrix as presented at the 3rd Development Partners Meeting on October 21, 2008, both in terms of completion of actions as programmed and evaluation

¹ If the mission dates of the team members do not allow them to finalize their section of the IPR by February 27, they could exceptionally provide their inputs by March 6, 2009, but no later in order to ensure that the IPR is finalized in time for the discussion with the Government and partners and, subsequently, finalized in time for the TLDPM on April 2-4, 2009.

of outcomes achieved. This assessment will be based on the monthly reports of the six Working Groups (where available), as well as on the NP Secretariat's quarterly Progress Reports, a review of existing documentation, and discussions with the Government and other key stakeholders. The mission will also seek to determine causes of any delays or failures in program implementation. Where necessary, the report will include recommendations for completing outstanding targets. The findings of the mission will be formulated in a way to also inform the NP 2009 preparation and implementation, for example with regards to realism of targets, timeframes, and technical assistance and funding requirements. It will assess if and how recommendations of the first IPR mission were taken into account and implemented. The mission will then prepare a report that will include an assessment of the performance and an evaluation of actions taken.

- (b) *Assess the 2008 monitoring system*, which consists of six Working Groups, the NP Secretariat, and theoretically the IMCED. The mission will review arrangements; compare existing mechanisms with those originally envisaged; and recommend changes for 2009. The mission may also draw further lessons learned from the 2008 cycle, additional to those already prepared by the NP Secretariat.
- (c) *Review the formation process for the 2009 National Priorities Program*, as proposed in the Concept Note approved by the Council of Ministers on December 17, 2008, and currently in the process of being implemented. At the time of the mission, the newly-established 2009 NP Working Groups will discuss the 2009 Results-Oriented Matrix. The mission will – if necessary – recommend changes to the 2009 NP concept note and in the matrix formation process.
- (d) *Present the draft report* including findings and recommendations to the Government.

Deliverables

The mission will produce a report at the end of the IPR mission that will assess performance in implementing the 2008 NP, evaluate actions taken and mechanisms in place and envisaged for 2009. If and where applicable, the mission will produce proposals on needed corrective measures regarding NP monitoring mechanisms, the 2009 NP concept note and the formation process of the 2009 NP matrix.

Mission Arrangements

The Mission program will be as follows:

- (a) **Launching Meeting:** the Government will launch the IPR mission with the 4th Development Partners Meeting on the National Priorities 2008 scheduled to take place on February 10, 2009.
- (b) **Agency Meetings:** during the period of February 15 – 25, the mission will meet with the NP Secretariat, NP Working Groups and line ministry focal points to review progress on the implementation of the 2008 National Priorities. Prior to and during, the mission will also meet with Development Partners and civil society organizations.
- (c) **Wrap-up NP Meeting:** a wrap-up meeting with Government and development partners will be tentatively held on or around February 27, 2009. The meeting will be based on the draft IPR report to be presented by the mission team.

- (d) During March, the draft report will be disseminated to the Government and development partners for the review and comments with a view to distributing the final report at the TLDPM on April 2-4, 2009.

National Priorities 2008

2008: Key Findings – Process

1. The six National Priorities Working Groups (WGs) became fully operational in June 2008. Within weeks, Government Ministries started to engage and developed buy-in into the Government-owned and -led Program. This also contributed to improved dialogue with development partners and strengthened donor coordination. After in-depth discussion in the WGs, a revised monitoring Matrix was discussed, consolidated and approved in September 2008. Three Quarterly Development Partners Meetings reviewed progress made against the selected targets and provided broad support from the donor community.
2. Challenges remained in inter-ministerial coordination and high-level follow-through, in particular in the more complex areas. While the new NP Program was getting more firmly entrenched in the Government, ownership was not yet universal among participating Ministries.
3. Complete synchronization with the national budgeting cycle remained a challenge. The preparation of the NP09 targets following the completion of the budget process is not the ideal sequencing to ensure a full integration of the two processes. In addition to ensuring full reflection of the priorities into the budgets for each area, a better alignment of the two processes will facilitate stronger leadership and improve the framework for donor coordination.
4. Challenges also remained in the collection of relevant data for use by the WGs, which sometimes hampered monitoring of progress. The availability of timely and accurate data would enable better monitoring, more effective decision making, and increased transparency in the system. In addition to improved data collection and availability, it was felt that a more substantive review of existing planning and monitoring and evaluation systems would be warranted.
5. Awareness of the NP process and targets for each area was not consistently robust across line Ministries. In some instances, discussions with Director-level staff highlighted a lack of awareness of the NP program, even in NP areas where the targets had been completed.
6. Steady progress was made in increasing involvement of civil society representatives. However, the level of involvement was not consistent across WGs. Nevertheless, it was felt that more concerted efforts on the part of Government counterparts to fully integrate civil society into the process would lead to broader and more sustained commitment to the achievement of the targets.
7. Out of a total of 188 National Priorities targets, 117 were completed. Most delayed targets were either partially achieved or well on the way for completion in early 2009. This illustrates the viability of the Program.

2008: Key Findings – National Priority Areas

8. **NP 1: Public Safety and Security.** The security Ministries were responsible for a great number of ambitious and complex targets. Due to the busy legislative agenda in the National Parliament, movement on major reform legislation was slow. However, adoption of an Organic Law, including a new career and salary regime, strengthened PNTL reform. Over 100 police officers and instructors received training. PNTL law enforcement performance increased. Planning for the resumption of executive policing responsibility was well underway. F-FDTL leadership, accountability and management benefitted from passage of an amended Military Service Law that permits recruitment on a voluntary basis. A military career regime was submitted to the National Parliament, and a draft National Defense Law presented to Council of Ministers. Active discussions continued on a draft National Security Policy, which will define the roles and strategic framework for F-FDTL and PNTL cooperation.

9. In the Justice Sector, citizens' access to Justice has been improved through major capital works for infrastructure rehabilitation and staff training. Gleno and Becora prisons renovation continued and the Oecusse public defender's office was completed, with two more districts to follow. The Justice Sector connectivity project for greater decentralization of judiciary processes via VSAT internet access made steady progress. The legal framework for the Private Lawyers Act was approved by the Council of Ministers. Work will continue on adopting a Penal Code and a Juvenile Justice Law, as well as on electronic case management. Important steps were taken towards a comprehensive strategy for reducing the number of pending cases in the Office of the Prosecutor General.

10. Petitioners received generous final compensation payments in cash to allow their reintegration into society under an initiative from the Prime Minister's Office. Petitioners responded positively to this offer and became eligible for normal recruitment in the Police or Armed Forces. Their peaceful reintegration was a major achievement for stability in Timor-Leste.

11. **NP 2: Social Protection and Solidarity.** Very good progress was made in IDP return through payment of recovery support packages. A nationwide information strategy was developed and systematic IDP verification covered almost all of about 15,000 registered IDP families. Out of 58 IDP camps, 49 were closed as returns became a visible part of normalization of everyday life. About 11,700 families received resettlement packages. In addition to regular monitoring, eight MSS-led teams engaged in dialogue, mediation and community strengthening activities in three districts, including Dili. Almost 400 mediation interventions were carried out. Land authorization and identification from MOJ for construction of transitional shelter and social housing will make the return process fully sustainable.

12. Cash payment transfers to vulnerable groups, especially the elderly and disabled became fully operational. A complete database for eligible persons was established to cover both Dili and the districts. Some 72,000 beneficiaries were registered. Veterans and martyrs' heirs started to receive monthly pensions. Medals were awarded to about 11,000 combatants who participated in the independence struggle as civilian members. Administrative procedures for a new registration process were established to enlarge the circle of veterans' beneficiaries in the near future.

13. ***NP 3: Addressing the Needs of Youth.*** The Martial Arts Law official publication and submission of the Basic Sports Law to the CoM were milestones for Timor Leste's institutional framework for youth and sports. The SSYS acquired institutional capacity for distributing public grants in a systematic and transparent manner. Five regional as well as one national sports event were held. National Youth Council district/sub-district structures and priorities were put in place, with a view to preparing the National Youth Parliament. Violent incidents between youth groups were significantly reduced as a result of these activities. In addition, a Youth Conference, with some 300 participants from 40 different countries was organized in Dili in November 2008, enabling youth to exchange views on conflict, democracy, peace and stability. Nevertheless, the area of "youth" still needs attention and it is hoped that in NP09 more partners will make this part of their engagement in the country's development. Given the high percentage of youth in the country and the history of conflict, it is critical to continue to address this area for the medium- to long-term.

14. ***NP 4: Employment and Income Generation.*** The Working Group covering this very challenging part of the NP Program combined eight different Government actors and four priority areas. On balance, progress was better in public works infrastructure/employment and agriculture/food security than in private sector development and natural resources management. Thousands of short-term jobs were created mainly through implementation of the budget for rural road routine maintenance. A National Workforce Program was defined and resourced with an allocation in the revised 2008 State Budget.

15. In private sector development and improving the investment climate, several concrete steps were undertaken: a) a detailed mapping of business registration procedures began at the Ministry of Justice; the Ministry also tended to apply fewer bureaucratic registration procedures; b) preparations for a draft Land Law continued as a priority; MOJ passed a decree for systematic collection of land claims as part of the future cadastre; c) in order to enhance agricultural productivity, extension workers and farmers received training through several new extension centers in districts; a major irrigation system was rehabilitated in Maliana worth 6.6 million USD; d) the Government took a strategic decision to launch the Economic Stabilization Fund aimed at stabilizing the rice supply for Timor Leste while engaging the private sector in a program for enhanced domestic food production.

16. ***NP 5: Improving Social Service Delivery.*** Intensive teacher training was carried out for about 3,000 teachers following approval of a teacher training curriculum. Improvements were made to basic school facilities: upgrades to 40 primary schools and designs for some 80 basic schools. 76 school building projects were well on their way to completion and all emergency building projects were finalized. MOE developed a comprehensive building information management system, including water and sanitation needs.

17. Greater access and delivery of quality maternal and child health care was promoted through planning and development of an integrated community health services (SISCA) package, which is ready for dissemination in all districts. Basic emergency obstetric care became available in all 45 Community Health Centers across the country.

18. ***NP 6: Clean and Effective Government.*** Very good progress was made in this Program area, despite its complex and highly technical subject matter. The Civil Service Commission was

established under the revised Civil Service Act submitted to the CoM, and included in the 2009 Budget. In national planning towards a medium-term strategic development framework, a significant contribution was made by finalization of the State of Nation Report which was drafted for the first time by Timorese experts. An Aid Effectiveness Directorate was established at the Ministry of Finance. Preparations for an anti-corruption commission should strengthen institutions of accountability. The Ministry of Finance met all essential targets on documenting budget transparency. Regular quarterly budget execution reports were published. The budget execution rate showed a clear upward trend in obligations and cash, posting a total increase in cash spending of 268 percent compared to FY 2006/2007.

NP 2008: Recommendations

The main conclusions and recommendations are as follows:

- R 1. ***The second half of 2008 has seen stronger leadership by the Government in driving the NP process.*** International partners have appreciated the stronger leadership role exercised by the Government which, in turn, has increased the partners' commitment to the NP process and to harmonization and coordination of programs in the various NP areas. The NP process has strengthened the dialogue among partners and between Government and partners.
- R 2. ***The National Priorities process provides an effective framework for donor coordination; however, a medium- to long-term strategic development framework is needed to enable alignment of partner programs.*** Overall, the response of international partners to the NP process has been positive and they have shown stronger involvement in the process during the second half of 2008. Notwithstanding the improved coordination resulting from the NP process, the lack of a medium-term strategy has made it difficult for partners to align their strategies (generally defined for 3 to 5 years) with the Government's strategy currently formulated through a yearly NP process. Partners look forward to the preparation and presentation of the medium-term strategic framework in 2009 that will take incorporate under one umbrella the NP process, the budget and the annual action plans (AAPs).
- R 3. ***An earlier start of the NP cycle is critical to ensure alignment of the NPs with the budget and the annual action plans.*** The definition of NP targets in the first quarter of the year, as has been the case in 2008 and 2009, separate from the budget AAP processes results in a lack of synergy between the two and also reduces the implementation period for the NP of that particular year from 12 to 9 months. Therefore, if the NP process is to be continued in 2010, it is strongly recommended that the cycle be started earlier, as follows: (i) preliminary targets identified for NP10 and information included in the quarterly report due at the end of the 2nd quarter and in time for the launch of the budget process; (ii) formulation of priorities finalized and targets costed, and information included in quarterly report due at the end of the 3rd quarter; (iii) targets reviewed and adjusted based on budget revisions; Lead and Co-Assistants identified for each WG, and information included in quarterly report due at the end of the 4th quarter. It is suggested that the next IPR review the contribution of the WGs to the budget planning and AAP processes for 2010 and assess the degree of alignment and synchronization between the three processes. The

- need for stronger alignment of the NP process with the National Budget Cycle/Planning processes was also highlighted in the Lessons Learned review prepared by the NP Secretariat in November 2008.
- R 4. ***The roles of the Lead Assistant and Co-Assistant should be strengthened to support lead ministries in improving planning and monitoring and evaluation systems.*** The terms of reference for the Lead- and Co-Assistants should include support to line Ministries in undertaking capacity needs assessments and proposing a suitable strategy to develop national counterpart capacity for planning and monitoring and evaluation. In this regard, it is recommended that a baseline and a source of verification be established for each indicator, so as to facilitate the workings of the WGs. Proposed baselines for 2009 could be established by, and included in, the quarterly report due at the end of the 2nd quarter. For NP2010, identification of proposed baselines and sources of verification could be undertaken systematically during the formulation of targets, so that they can be included in the initial draft matrix for 2010. Strong and regular dialogue should take place between Lead- and Co-Assistant of related WGs, such as WGs 1 and 2 and WGs 5 and 7.
- R 5. ***Developing a focused matrix with few concrete targets and measurable indicators will significantly contribute to the achievement of the targets.*** This recommendation is closely related to the preceding one. Some of the WGs had difficulties in managing a large number of targets that were not clearly defined. This presented a serious obstacle in tracking progress and making necessary adjustments. It was felt that agreeing on a limited and realistic number of concrete targets with measurable indicators for each priority area would enable effective monitoring of performance by the WGs. This challenge was also identified in the Lessons Learned document prepared by the NP Secretariat in November 2009.
- R 6. ***Enabling a robust and systematic monitoring and evaluation of progress made against targets will also require regular, focused meetings.*** Some of the WGs did not meet regularly and this weakened their ability to effectively monitor progress against targets and, in particular, to undertake corrective action in a timely and efficient manner. It is suggested that regular, functional sub-working group meetings be instituted on a regular basis. This would also significantly facilitate the preparation of the quarterly reports.
- R 7. ***The next Independent Peer Review should review the level of alignment of partner programs with the Government's National Priorities.*** The next IPR should review and assess efforts made by partners for better alignment of their programs with the seven NP 2009 areas.
- R 8. ***Stronger involvement and participation of civil society organizations and non-governmental organizations in the Working Groups (WGs) would benefit the NP process.*** While there have been attempts to include CSOs and NGOs in the NP process, it was felt that these efforts were in some cases not sustained throughout the process or that they were not consistent across the various WGs.
- R 9. ***Communications beyond the Working Groups could be strengthened.*** Members generally felt that the NP process could be strengthened through better and more regular communications with National Parliament, civil society and other

stakeholders beyond the WGs. In this regard, it is recommended that the Secretariat prepare a communications strategy and that the Lead and Co-Assistants of each WG will support the line Ministry/Ministries in its implementation.

- R 10. *The provision of translation services in the Secretariat would further enhance communications and assist the integration of stakeholders into the NP process.* It was felt that the preparation of dissemination of relevant documents in Tetum would facilitate access to them and enable some stakeholders to play a more significant role in the NP process. These services would also be made available to Working Groups upon request for better and more inclusive exchanges during the WG meetings.

2008 Independent Peer Review

NATIONAL PRIORITY AREA 1. PUBLIC SAFETY AND SECURITY

Progress in National Priority Area 1 is regarded as moderate with 29 of the 56 targets being assessed as completed. The security ministries (SOSS and PNTL, SOSD) managed to make progress in meeting several outstanding targets from previous quarters, while fulfillment of certain Q4 targets was well underway. Good progress was made in the area of PNTL reform through adopting a career/salary regime as well as the PNTL Organic Law in the CoM. Implementation is still dependent on promulgation of these instruments by the President, which is also critical for establishing the Office of the PNTL Inspector General. Resourcing and functional preparations are already put in place for this Office. Agreement is imminent on the implementation of a joint plan with UNPOL for resumption of executive policing responsibility, including an assessment mechanism for PNTL readiness at station/unit level. Targets for maritime security joint training and formal adoption of a National Security Policy will continue as priorities in the 2009 NP Program.

F-FDTL made progress in strengthening its leadership and management, through submitting a military career regime and an amended Military Service Law (with a key provision for voluntary recruitment into F-FDTL) to Parliament, in line with a first planning cycle on Force 2020 implementation. F-FDTL Organic Law and revised disciplinary statutes are expected to be approved by the CoM in the first quarter of 2009 and will feature as priorities in the NP 2009 Program.

Similarly, the draft National Defense Law is now expected to be submitted to Parliament by April 2009, preceded by adoption of a National Security Law.

Overall progress on the justice aspects of NP1 has been moderate, with many targets outstanding at the end of 2008. While the working group provided an important opportunity for donors and government to share information and coordinate activities, the large number of targets and broad spectrum of issues covered in the group made it unwieldy. The group met infrequently, with limited participation by senior staff (and hence less buy-in by lower-level staff). There was some indication from working group members that the justice priorities identified were not linked to either a larger justice sector strategy or the 2008 budget allocations. Further, many felt that the purpose of the working groups was unclear, with the process often seeming more like a donor monitoring mechanism than a cooperative forum.

Achievements in the **improve access of citizens to justice** priority area include approval of a legal framework for the Private Lawyers Act by the Council of Ministers, completion of the justice sector connectivity project, and substantial capital improvements. These activities will be built upon in 2009 as part of a larger justice decentralization agenda. Progress on the passage of legislation has been mixed, with both the juvenile justice law and penal code still pending.

However, the 2009 matrix presents ambitious and achievable targets for passage of essential legislation and continuing improvements to facilities and communications in the districts.

Under the area of **reduction in Prosecutor's Office case backlog**, progress has been more limited. While a backlog reduction strategy was completed in Q1, additional prosecutors and clerks were recruited, and international support to backlog reduction was brought in, the case backlog in the Prosecutor's Office rose significantly in 2008. WG members have expressed concern that the backlog reduction strategy is still unclear, and that leadership uncertainty within the office made implementation a persistent problem.

PRIORITY AREA - PNTL AND F-FDTL PROFESSIONALIZED AND EARN PUBLIC TRUST

Goal:
Reform of F-FDTL
and of PNTL
implemented and roles
defined

The Q3 target *National Security Policy submitted to Parliament* has not been achieved. An NSP workshop was held in Honolulu on 9-12 September 2008, a revised draft paper has been prepared and consultations are continuing. It would appear that given the work undertaken to progress the key legislations this ultimately impacted on the further development and completion of the NSP.

Recommendation: Close cooperation between PNTL and F-FDTL is needed for swift finalization of the National Security Law, since it also conditions progress on the pending National Security Strategy.

The Q3 target of *disciplinary statutes of F-FDTL presented to CoM* is ongoing. Revised Disciplinary Codes are expected to be presented to the CoM in early 2009. A key challenge will be the implementation of these statutes to ensure that behaviors relating to issues of conduct are addressed and that disciplinary actions are enforced. Discussions with key stakeholders revealed that soldiers, and even subordinate leaders, can opt to disregard whatever is in place, and seldom if ever go punished when violations occur. In this environment, statutes can be meaningless because they go unenforced. There needs to be greater focus on transforming attitudes within F-FDTL.

The Q3 target of *career regime for PNTL submitted to Council of Ministers* has been achieved which clarified the career and salary structures for all PNTL staff. This was approved by the CoM on 13 December 2008. The associated Q4 target *transitional provisions of Career regime for PNTL implemented* are ongoing as preparations are underway for the implementation of this legislation.

The Q3 target of *PNTL inspector general office resourced and functioning* is ongoing. The organic law for PNTL has been approved which provides for the establishment of this office and steps are being taken to operationalise this office. Discussions are continuing between the key stakeholders (PNTL, F-FDTL, and Customs) on the Q4 target *maritime security joint training implemented* and therefore can only be considered as ongoing.

The Q4 target of *leadership and command structure and definition of roles of PNTL implemented through appointment* is ongoing. Whilst the organic law and career regime have been approved implementation steps have only just begun.

Goal:
Strengthening retraining of PNTL accountability and communications

On strengthening PNTL, not much progress was made in introducing a comprehensive police communications system and only a small number of the proposed 500 police officers received training. The targets relating to the training of PNTL officers (Q3 - *a second team of 50 officers trained* and Q4 - *first team of 500 officers trained*) were not achieved as during 2008, 74 Academy instructors and 34 Rapid Intervention Unit (UIR) officers completed their training.

The Q3 target of *public information strategy launched covering arrests, prosecutions, weapons collected and training* is reported as completed however the mission was unable to validate this claim. The Q3 target of *measures identified to strengthen existing public feedback and complaints mechanism (through General Inspectorate) and budgeted for 2009* can only be considered as ongoing. Whilst funding has been made available in the 2009 budget to support this target the strategies and actions to implement this have not been clarified.

The Q3 target to form a working group to plan for the handover of executive policing responsibility from UNPOL to PNTL is ongoing. Discussions are continuing on the implementation of a joint plan with UNPOL for resumption of executive policing responsibility, including an assessment mechanism for PNTL readiness at station/unit level.

The Q4 target of *police communication system introduced connecting all services (including civil protection and emergency services)* is considered as ongoing. The IPR1 report highlighted that ‘the implementation of this communications contract appears to have stalled due to a dispute between Government of Timor-Leste and the contractor’ and recommended that the WG should consider what actions need to be taken to resolve this problem and reactivate the process. It would seem that this matter has not yet been resolved. **Recommendation:** The WG follow up on this and identify steps to be taken to ensure a resolution of this matter.

The Q4 target for the working group to complete a draft plan for the handover of executive policing responsibility from UNPOL to PNTL is continuing which will include an assessment mechanism for PNTL readiness at station/unit level.

Goal:
F-FDTL leadership, management and accountability strengthened

The Q3 target to *begin implementation of Force 2020 recommendations* has been completed. The Secretary of State for Defence has approved the implementation instructions for Force 2020 and these initiatives have been incorporated into the 2009 National Priorities Matrix. The Q3 target to submit military career regime to the National Parliament has been completed.

The Q4 target to submit draft National Defense Law to Parliament is ongoing and is expected to be completed during 2009. This target has been carried over into the 2009 NP Matrix.

PRIORITY AREA: IMPROVE ACCESS OF CITIZENS TO JUSTICE

Goal:
Justice
administration
and public
information
improvements

The Q2 target *justice sector connectivity project initiated* was met in Q4, with internet networks available in the Ministry of Justice, Becora Prison, and Baucau and Suai courts. The connectivity project is one of the cornerstones of the justice sector decentralization efforts. Other pieces of this effort, such as the targets *rehabilitation of Gleno and Becora Prisons and Public Defense Offices in Oecussi, Baucau and Suai* and *electronic case management system established for courts, prosecution and defense* remain ongoing, though prison and PDO rehabilitation completion is planned for early 2009. **Recommendation:** Many activities associated with decentralized justice are included in the 2009 justice matrix under the 2009 goal “implementing judicial works in Baucau, Oecussi and Suai”. Given feedback from working group members that the 2008 targets were not clearly linked to a broader strategy, it is recommended that this goal be reframed as “decentralizing justice institutions” or something similar to reflect the strategy guiding the targets. Infrastructure improvements should be seen as midterm actions designed to help to meet this goal, rather than being envisioned as goals in and of themselves.

The Q2 target *draft penal code and juvenile justice law developed* is ongoing, while the *legal framework for Private Lawyers Act approved by CoM* was completed in Q1, a key achievement. Both the penal code and juvenile justice law have been included in the 2009 matrix. While public consultation has been held on the penal code, there is a concern that socialization processes have been rushed and insufficient, and that the ambitiousness of targets further limited the consultations. This will likely remain a challenge in 2009. Feedback from civil society and donors indicates for example that the Civil Code (scheduled for final approval in Q2 of 2009) received inadequate public feedback because a timely translation to Tetum was not provided.

Goal:
Reduction in
Prosecutor’s
Office case
backlog

The Q4 target *prosecutor’s office case backlog falls from 4700 to 3900 cases* is stalled, with the backlog actually increasing in 2008. Several working group members indicated that backlog reduction was the highest priority for 2008, but that the medium-term targets and activities were not clearly defined or linked with achieving this goal. Feedback from working group members indicates that dissemination of action plans within the Prosecutor’s Office was insufficient. Capacity and staffing constraints within the Prosecutor’s Office, as well as lack of clear leadership and strategy on backlog reduction, were seen as the binding constraints for achieving this target.

PRIORITY AREA - PETITIONERS

Goal:
Problems of
petitioners
addressed
through civilian
and military
reintegration

The Q3 target to *implement reintegration measures* has been completed with financial compensation paid out to the petitioners in two tranches. Anecdotal evidence indicates a positive social acceptance of the petitioners in their Districts. Petitioners have also participated in job training schemes. The Q3 target to *identify and commence a mechanism to monitor the completion and evaluate the*

program for reintegration of petitioners and the Q4 target to *evaluate the program for reintegration of petitioners completed* is ongoing with a report to the Prime Minister still outstanding.

NATIONAL PRIORITY AREA 2. SOCIAL PROTECTION AND SOLIDARITY

Overall achievements in the priority area **Reintegration of IDPs as part of the National Recovery Strategy** have been mixed with two of seven Q3 and Q4 targets reached. The construction of transitional shelters and social housing remains stalled pending identification of land by the Ministry of Justice. This target is set for completion pending a decision by the Ministry of Justice's Land and Property Directorate.

In addition to this, while the monitoring of the reintegration of IDPs and mediation efforts by dialogue teams was well established, monitoring of the recovery package utilization was not carried out in full. While the participation of the Ministry of Justice in the meetings was requested, it appears this did not happen.

Overall, progress on priority area **Pensions to Veterans** has been mixed with 5 of 13 Q3 and Q4 targets reached. Progress was mainly stalled in several areas relating to benefits for veterans. Significant and positive successes were seen in areas relating to the development of procedures for the dependents of veterans to receive school subsidies / scholarships within the first quarter of 2009.

Overall, progress in priority area **Social Reinsertion of Vulnerable Groups** has been strong with 3 of 4 Q3 and Q4 targets being reached. The targeted feeding program for vulnerable groups was successfully carried out in a number of Districts with the program being extended to the remaining Districts in 2009.

When meeting with civil society partners it was said that there was very open communication between Donors, Civil Society and Government. This may be linked to the fact that all meetings were conducted in both English and Tetun and chaired by either the Minister of Social Solidarity or Secretary of State for Social Assistance and Natural Disasters. Because of these two factors, both Development Partners and Government were able to engage each other to a greater extent allowing for the efficient and effective sharing of information, a crucial factor in many of the successes this Working Group experienced.

However, despite meetings being conducted in Tetum with English translation, it was noted that Directors did not always participate to their fullest extent possible with language difficulties being one potential cause.

While there was significant enthusiasm regarding civil society participation on behalf of both government and civil society however it was also mentioned that civil society components within the 2009 Working Group could continue to be strengthened.

PRIORITY AREA - REINTEGRATION OF IDPS THROUGH HOUSING

Goal:

IDPs access housing through Recovery Support Benefits Programme

The Q3 target *Construction of new social housing, infrastructure and services commenced* had stalled by the end of Q3 with limited additional progress made throughout Q4. This target is set to be achieved once the Ministry of Justice passes legislation concerning the identification of land for such housing services. The Q3 target *Monitoring activities to assess community cohesion, use of recovery package, security and community infrastructure* was ongoing. The process of evaluation was begun by MSS / UNDP Dialogue teams and IOM's IDP monitoring project, however, by the end of Q4 there were still limited monitoring activities being conducted as part of the recovery packages.

The Q3 target *Eight MSS-led teams are established and begin working to carry out dialogue, mediation and community strengthening activities in five central sub-districts of Dili, Baucau and Ermera* was completed. All teams were recruited and fully operational with work continuing utilizing funding secured until June 2009.

The Q3 target *Additional transitional housing sites identified and construction begun* was stalled with new land in Asgor, Comoro identified for 82 transformable-transitional housing units but with these shelters awaiting authorization and surveying from Land and Property, Ministry of Justice.

The Q4 target *Work completed on the new social housing* was stalled. Construction is set to commence in mid-March 2009 and scheduled to terminate by May 2009.

The Q4 target *Families relocated and recovery grants paid* was ongoing. 2,395 people (424 families) were relocated to transitional shelters. In total 11,336 families received their recovery grant.

The Q4 target *Teams carry out dialogue, mediation and community strengthening activities in five central sub-districts of Dili, Baucau and Ermera* was completed. 45 preparatory meetings were successfully facilitated. 16 Dialogue meetings and 392 mediations for a total of 245 cases were registered of which 231 cases have been resolved. Work continues and funding is currently secured until June 2009.

PRIORITY AREA - PENSIONS TO VETERANS

Goal:

Veterans receive monthly pensions

The Q3 targets on *Veterans begin receiving monthly pensions* and *School Subsidy, Scholarship for the combatants and martyrs sons approved* and *Task-force' to*

review and propose amendments to the Law 3/2006 established were all completed.

The Q3 target *Methodological and administrative procedures for the new registration process established* was ongoing. Implementation plans were developed in coordination with the *Comissão de Homenagem, Supervisão do Recurso e Registos*, including the budget, the composition of the registration teams and the timetable of the activities. The team's training is expected to happen in February 2009 with the registration process in all districts opening in March.

The Q3 target *Martyrs' heirs begin receiving monthly pensions* was completed. Widows began receiving the survival pension in October 2008 with descendents and parents receiving the survival pension soon after in December 2008. It is expected that siblings will be expected to begin receiving monthly pensions at some stage during the first semester of 2009. Throughout 2008, survival pensions were paid to a total of 1,597 beneficiaries (638 widows, 805 descendents and 153 parents).

The Q3 target *Payment of pensions set out in law fully operational* was completed. The procedures and staff performance have been improved. Coordination mechanisms with other relevant departments and organizations have been developed, in order to solve the administration problems and implementation difficulties mentioned in previous reports.

By the end of 2008, the number of beneficiaries had increased to a total of 2,011 beneficiaries (1,597 beneficiaries receiving the Survival Pension, 224 beneficiaries receiving the Special Retirement Pension, 155 beneficiaries receiving the Special Subsistence Pension for the Elderly and 35 beneficiaries receiving the Special Subsistence Pension for the Disabled to Work).

The Q3 target *Medals awarded to national liberation combatants who have not yet been decorated* was ongoing. During 2008, medals were awarded to a total of 14,208 combatants. Future ceremonies are expected to take place during 2009, commencing in May.

The Q3 target *Veterans begin receiving their Special ID cards and Honour Diplomas* was stalled due to the delay in the implementation of the demobilization program that was postponed to 2009. This was primarily due to a request made by the veterans to have their official photographs for the cards only after they receive their military uniforms.

The Q3 target *Combatants and martyrs sons eligible begin receiving 'school subsidy' or 'scholarship'* was ongoing. The Decree-Law concerning the scholarships to the descendents of the martyrs and deceased combatants was approved by the Council of Ministers on 3rd December 2008 and published on

15th January 2009 (Decree-Law nr. 8/2009). Due to a delay in the official publication, the implementation of this program was postponed into 2009.

The procedures and forms have been developed and the mechanisms of implementation for 310 scholarships are expected to be fully operational during the first quarter of 2009.

The Q4 target *Proposal of amendments to the Law 3/2006 submitted to the Parliament* was ongoing. Discussions are still ongoing and a final report is expected to be presented to the Council of Ministers in the beginning of the second quarter of 2009. The proposal of amendments is expected to be submitted to the Parliament following that.

The Q4 target *Consultative Council established according to Law 3/2006* was stalled with no improvements or changes to the situation recorded at the time of writing.

The Q4 target *Opening of the new registration process and final validation of the database* was ongoing. The final validation of the database concerning the first registration process is expected to end in February 2009. The new registration process is expected to begin in March 2009 and it is estimated that will cover around 20,000 new applicants.

The Q4 target *FALINTIL members eligible to demobilization program identified* was stalled. As reported throughout the year, the implementation of the demobilization program has been postponed to 2009, due to the difficulties in correctly identifying eligible members of FALINTIL.

Goal:

Cash transfers paid to eligible vulnerable groups

PRIORITY AREA - SOCIAL REINSERTION OF VULNERABLE GROUPS

The Q3 target *Cash transfers to elderly and disabled begun* was completed.

The Q4 target *System for cash transfers paid to eligible elderly and disabled fully operational* was completed. 71,984 beneficiaries registered of which, 66,799 were elderly and disabled. Payments are still paid in cash on a 6-monthly basis with plans for payment through transfer to finance institutions and on a monthly basis.

The Q3 target *Communications to media and public on cash transfer program and the contribution of these two groups to society* was completed. Communications have begun and are ongoing utilizing newspapers and local government networks.

The Q4 target *Program for targeted vulnerable feeding developed* was ongoing. Lean season vulnerable food distribution programme distributed 200 metric tons of rice to 49,997 vulnerable people in 6 districts with remaining food distribution to follow in 2009. In addition to this there is also a social assistance policy drafted and undergoing a consultation phase.

Recommendations:

- WG to review the translation services available to WG meetings It must not be assumed that because translation is provided in both English and Tetun, that this will solve language issues. All stakeholders must be consulted to ensure they are content with the translation services provided.
- More effort will be required to ensure civil society participation including the gathering of feedback regarding the determination of successes and failures of targets from a grass-roots level. According to civil society, in order to reinforce the WGs agenda, increased consultation is needed between government and partners not only to identify priorities but also regarding the implementation of activities. In 2009, one national NGO, one international NGO and one other civil society member will be asked to join the WG with WG membership established by mid-March.

NATIONAL PRIORITY AREA 3. ADDRESSING THE NEEDS OF YOUTH

Overall there was good progress toward achieving the aims outlined in National Priority Area 3. All targets, as identified by the working group (WG), have been achieved to some extent but not all completed. Targets identified were realistic in nature however the time frame considered remained a constraint as the WG felt that very little could be achieved within the space of a year. This issue regarding the pressure felt by WGs to achieve targets within unrealistic time frames is predicted to significantly affect the quality of the SSYSs work with youth.

Under the area of **Establish institutional capacity for youth and youth social activities** one of two Q3 and Q4 targets were achieved with the other target listed as ongoing. National Priority indicators were set by the SSYS with only a selected group involved from the start with no consultation with CSO or donors according to one donor participant's response. There was strong emphasis on the need to consult with donors during the formulation of these goals so as to ensure funding could become available by donors to support the SSYS priorities in 2009.

Under the area of **Provide young people with opportunities to engage in sports and arts** three of five targets were completed with remaining targets listed as ongoing. There was some concern regarding the slow distribution of funds into the District by the Ministry of Finance. It was indicated that there is currently weak organizational capacity in the districts as well as a lack of roles and responsibility of the SSYS staff in the district. Currently, only one staff member is based in each district and there is a desperate need for the recruitment of extra staff in order to compliment national staff working at the community level.

A number of participants mentioned that the WG has been monitored well but is moving too fast to really address the issues consistently. Their concern, if the

2008 priorities are not re-addressed in the following years, is that these gaps could have negative long term ramifications to the sector. This has raised strong doubts as to the sustainability of this process and its impact on the communities.

Clarity is still needed regarding whether the WG should function as a monitoring group that observes and pushes the SSYS to maintain progress toward agreed targets within the timeframe allocated, or an implementation group that is action oriented and able to mobilize partner NGO's to address barriers to achieving targets.

Some bottle necks began early in the life of the WG. Some participants expressed that there was no clarity in the ToR's resulting in a lack of participation on behalf of Government of Timor Leste (GoTL) institutions and civil society organizations (CSOs). It was said that the ToRs provide created more confusion regarding the responsibilities and roles of WG participants and caused greater dissatisfaction within the SSYS regarding its role in the NP3 process.

The issue of language was also raised a number of times as a barrier to Government ownership of the NPP. It was suggested that the official languages of Timor-Leste (i.e. Tetun and/or Portuguese) should be the main mediums for communication and that if civil servants are to lead and to participate to their fullest extent, then both of these languages should be the primary languages used by WGs.

PRIORITY AREA – SUPPORTING YOUTH

Goal:
Strengthen institutional framework of Secretariat of State for Youth and Sports

Progress under this goal was very successful with both Q3 and Q4 targets being either achieved or well underway. Participants believed that the SSYS ownership of the NP process grew rapidly between throughout the year and that the NPs have increased the GoTL's focus and capacity to strategically achieve its mandate. Despite this, it was also identified that the persistence of the donor community was a significant motivating force that often drove the WG to achieve its targets within the timeframe

Quarter 3 target '*The organizational capacity building strategy developed*' was completed. The capacity building strategy has been developed and is currently waiting for the Youth Development Project to appoint all necessary Directors before commencing activities.

Quarter 4 target '*Organizational capacity building activities developed*' is currently pending. While a capacity building strategy was developed in 2008 and fundamental areas for capacity building have been identified by the SSYS, discussions conducted with the World Bank regarding the implementation of this strategy are ongoing with activities envisaged to commence in April 2009. The SSYS has recruited 18 new staff including heads of Directorates and support staff

however not all positions have been appointed. The official appointment and inauguration of all Directors is expected to be held in early 2009.

Goal:
Institutional capacity for youth and youth social activities

The quarter 3 target '*Institutional framework for youth and sports implemented*' is also still pending. The Basic Sports Law has been presented to the Council of Ministers as an agenda item for discussion along with the Public Sports Utility Regulation. It is awaiting another revision by CoM before being sent to Parliament. The Martial Arts Law has been published in Journal of the Republic.

The quarter 4 target '*Sub District and District Youth Council Structures and Priorities established*' has been completed. The sub-district conferences have been conducted with only one last district remaining to be finalised. The Sub District and District Youth Council structure is also established.

Goal:
Provide young people with opportunities to engage in youth and sports activities

The quarter 3 target '*System for distribution of public grants for youth and sport, activities initiated*' is ongoing. Although the first small grants for youth and sports have been distributed to youth groups, the system and mechanisms have not yet been put in place by the SSYS. The World Bank is currently working with the SSYS to establish a National Youth Fund Unit which will be responsible for administering the grants. The unit will be headed by the National Youth Fund advisor and support staff. This process is envisaged to take place in early 2009.

The quarter 3 target '*Second award of Public grants for youth and sports initiated*' has been completed. The second round of SSYS public grants to youth groups were awarded to more than 40 sports and arts organizations.

The quarter 4 target '*Reports on use of public grants submitted to SSYS*' remains ongoing. The SSYS has encountered delays in receiving reports by Youth groups. It is expected that reports will be submitted in early March.

The quarter 3 and 4 targets '*At least 1 National Sports event for youth launched*' have been completed. National Events were completed and reports on the event have been submitted. Sports activities including soccer and volleyball have been implemented in 5 regions. Quarter 3 participation included 25 teams across Timor-Leste. Quarter 4 participation included 19 sports team from 5 regions. **Recommendations** to increase CSO participation in the NPs are as follows:

- For the 2009 NP, greater emphasis should be given to drawing participation of CSO's to take a more practical role in the overall process of the NPP such as involving CSOs in the indicators development process, and the implementation of priorities
- The SSYS must formally invite CSOs and emphasize their importance in these WGs
- A clear and strategic long term plan guided by the SSYS is required to increase participation of stakeholders. Their role should be realistic and achievable within certain set timeframes

- There should be an increased focus on creating incentives for NGO/CSO participation. For example, capacity building funds could be made available for CSO to participate

Other recommendations based the review include:

- Smaller action oriented groups are most effective groups
- The WG should focus less on monitoring and reporting and have more of an implementation role Based on conversations with one civil servant, an evaluation must be done regarding the extent to which achievements toward national priorities have actually reached the community.
- The need to encourage increased participation by SSYS Directors to strengthen GoTL ownership of the program should become a priority.

NATIONAL PRIORITY AREA 4. EMPLOYMENT AND INCOME GENERATION (including Youth and Economic Opportunities)

Progress in this diverse priority area was mixed with many of the Q3 and Q4 targets still ongoing.

Strong progress was made in 2008 with respect to employment generation. Overall the two key government implementing agencies—the Ministry of Infrastructure (MoI) and the Secretary of State for Vocational Training and Employment (SEFOPE)—provided employment to a total of 43,122 beneficiaries or 94% of the targeted 46,000 beneficiaries. The data available to the IPR Team indicated that MOI generated 12.5% of this total; whereas SEFOPE generated 87.5%.

However, the number of workdays generated fell much further short of targets; overall a total of 964,325 workdays were generated or 46% of the targeted 2,216,000 workdays. Again the data available to the IPR Team indicated that approximately 10% of workdays were generated by MoI and 90% by SEFOPE.

Both implementing agencies faced intense demand from communities to share workdays amongst the community, which is a sign of the state of underemployment and demand for such programs. The implementing agencies also experienced some delays in the execution of their projects, which meant that the total of workdays generated was below targets.

Progress on the design of a comprehensive National Workforce Program was delayed but most targets were achieved by the end of the year. The government allocated additional funds from its supplementary budget to a pilot phase of the NWP, and donors have provided support to TIM Works through the ILO. The Ministry of Finance has requested remain CSP funds be allocated to the NWP and the World Bank expects to negotiate a 4-5 year project to support the NWP in May 2009.

As summarized above and noted in more detail below below, some clarifications and modifications to the matrix were required (see attachment). The Review Team was unable to discuss these with working group (and did not feel this was its role) and therefore suggests the NP Secretariat discuss the revisions with the working group.

The working group members focused on the working group's priority area #1 (employment through public works) should be commended for their strong support to the process. Participation in the working group meetings was strong and ownership of the targets and process was high. ILO particularly was a strong convener of the working group

Overall progress on the land and property registration aspects of NP4 has been moderate, and many targets remain outstanding (or in one case, stalled) at the end of 2008. While the working group provided an important opportunity for donors and government to share information and coordinate activities, the large number of targets and broad spectrum of issues covered in the group made it unwieldy. Leadership and ownership at the ministerial level was often lacking, and the priorities did not seem to be well socialized within the lower levels of the ministry. Land registration targets were unclear, making monitoring difficult – though when considered more broadly than the matrix, there were several key achievements in land and property registration during 2008.

The primary achievement in 2008 was the commencement of the land cadastre in two pilot districts (Liquica and Manatuto). As per the revised 2009 justice matrix, the pilot is expected to extend to Dili by mid-2009. While the Land Law remains pending, resulting in a significant challenge to resolution of outstanding land and property disputes and a negative impact on investments, a Policy Options Note for a Transitional Land Law has been prepared and submitted to the Council of Ministers for discussion (as of early 2009). Completion and approval of the TLL will be essential in 2009 in order for progress to be made on many of the related 2009 goals (such as approval and implementation of a land registry code).

A further key achievement for NP4 includes the successful short-term stabilization of rice supplies in Dili and major towns, with the close engagement of the private sector in the importation, storage, transport and distribution of rice. However, the NP indicators provide no information on the cost, efficiency, social, marketing and economic aspects of these activities.

The Ministry of Agriculture and Fisheries (MAF) participated in the first two meetings of the Working Group for NP4 in May-June 2008, but MAF/SoSA has not participated subsequently and the WG has not met since November 2008. The SoSA conveyed a sense of indifference towards the Mission and WG-NP4, and would not discuss the specific issue of WG coordination across Ministries. The SoSA's apparent lack of engagement with the process may reflect his earlier adverse experience with WG4, which had been described by the July IPR Mission

as being overly complex and comprising far too many ministries. The active involvement of a SoSA will be central to the effective coordination of NP1 for 2009.

MAF has made excellent progress in developing an extension system with 200 new field staff engaged, trained and operating in the sub-districts, and a further 180 staff now engaged and undergoing orientation training. A new national Directorate for agricultural extension and community development has been established and staffed, and 4 new extension centres have been set up in the Districts, with the aim of one centre per District. The extension workers are prioritizing the main rice-growing sucos and are promoting improved rice technologies, supported by the supply of tractors, fuel, fertilizer, seed and other inputs. The Maliana irrigation scheme has been successfully rehabilitated at a cost of some \$6.5m with JICA assistance, with a command area of 1050 ha. These activities are all under MAF's Rice Intensification Program, which targets the growing of an additional 20,000 ha of rice. The challenge is now to translate these investments into sustained increases in local rice production at minimal recurrent cost to government.

The emphasis on rice production ignores the fact that the vast majority of Timorese farmers are in the rain-fed upland areas, relying on maize, tubers, coffee and small animals for their near-subsistence livelihoods. These farmers are the most vulnerable to chronic food insecurity, including malnutrition, and MAF has other programs in the uplands that should be brought into the 2009 matrix.

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PRIORITY AREA – PUBLIC WORKS INFRASTRUCTURE GENERATING EMPLOYMENT

Goal:
Implementation of capital budget for rural road rehabilitation

The target of rehabilitation of sections of rural roads in each District was completed. Although delayed this target was finalized in quarter three. It should also be noted that identification of rural road rehabilitation remained an ongoing process for both SEFOPE and MOI as they expanded their programs into additional districts. The target to cumulatively employ 4,000 people was partially completed. MoI reported that as at the end of October 2008 3,365 workers had been provided with a total of 15 days each. This amounts to the generation of 50,475 workdays or approximately 200 full time equivalent jobs.

The Ministry therefore almost achieved its target number of beneficiaries (approx. 85%) but fall short of its workday target (approx. 25%). According to MoI this was due to three main reasons: a) community demands to share the work amongst a large number of underemployed villagers meant that workers received smaller allocations of workdays (i.e. 15 instead of the targeted 50); b) the MoI struggled to execute the entire amount allocated rural road rehabilitation due to logistical delays, road conditions and impeded access because of adverse weather conditions; and c) underestimation of the costs involved in road construction (see below).

The target: of *7,500 people cumulatively (women and men) employed for an average of two months through implementation of budget for rural road rehabilitation* was partially completed. MoI reported that as at the end of October 2008 5,405 workers had been provided with a total of 15 days each. This amounts to the generation of 81,075 workdays. The additional 2,040 workers were employed across eight districts and was the result of an additional allocation of \$1.7 million to the MoI in the supplementary budget.

The Q3 target of *17,000 people cumulatively (women and men) employed for an average of one month through implementation of budget for rural road maintenance* was completed. SEFOPE reported that as at the end of October 2008 24,451 workers had been provided with an average of 20 days each. This amounts to the generation of 485,750 workdays. The number of beneficiaries exceeded the target by approximately 50%. However, the average number of days worked by each beneficiary was 20 instead of the targeted 28 days. On a workday basis SEFOPE exceeded the target of 476,000 workdays by a more modest 2%. The increase in the number of beneficiaries was due to community demands to share the work amongst community.

The Q4 target of *15,000 people cumulatively (women and men) employed for an average of two months through implementation of budget for rural road rehabilitation* was unable to be assessed by the review team was unable to secure data for quarter four, and hence the cumulative total remains as indicated for Q3 above.

The Q4 target of *14,000 people cumulatively (women and men) employed for an average of two months through implementation of budget for rural road maintenance* was partially completed. SEFOPE reported that as at the end of 2008 13,266 workers had been provided with an average of 30 days each. This amounts to the generation of 398,000 workdays.

In terms of the number of beneficiaries this target was 95% complete. However, the average beneficiaries received approximately one month of work instead of the targeted two months, and therefore only 47% of the targeted of 840,000 workdays were generated.

The partial achievement of these targets was primarily due to three key implementation challenges: a) the wet season meant road rehabilitation become difficult in Quarter 4; b) MoI staff were unfamiliar with the costs of rehabilitation and certain costs were not envisaged in the initial budgets including, for example, the need to truck water into water scarce areas; and, c) delays in the transfer of funds to the Secretary of State for Public Works made for further delays.

The Q1 target to *review of experience with small-scale labor-intensive public works completed* was achieved. This target was broadly achieved as part of the World Bank-led design and preparation missions undertaken in May and July 2008. It was undertaken through consultations with SEFOPE, MoI, ILO and other donor partners as well as through the reference to labor-based public works programs undertaken in other countries. This review was incorporated in to the Aide-Memoire and Project Notes for the NWP.

The Q2 target of *Resources for the National Workforce Program allocated in the 2008 revised state budget* was completed. The GoTL allocated an additional \$3.7 million to the ILO supported TIM Works initiative at SEFOPE as well as an additional \$1.7 million to rural roads rehabilitation in its supplementary budget. The Q3 target of *National Workforce Program defined and resourced* was completed but with some delays. In February 2009 the GoTL agreed that implementing of the NWP would be through MoI and SEFOPE, and that approximately \$40-60 million would be allocated over 4-5 years. The Government requested that donors provide approximately \$15-20 million of this amount and the Ministry of Finance requested that donors' funds remaining in the Consolidated Support Program (CSP) Trust Fund (approx. \$10 million) be allocated to the Program.

The Q3 target of *pilot of National Workforce Program model initiated* was completed with the pilot ongoing. It was agreed that due to delays in the finalization of the World Bank-led project that would support the NWP that SEFOPE and ILO's TIM Works initiative would be undertaken as a pilot phase one of the NWP. The Q4 target to *monitor the pilot of the National Workforce Program is partially complete*. The ILO has established a management information system (MIS) at SEFOPE for the TIM Works however the MoI does not have a functioning MIS capable of monitoring its labor based rural roads

Goal:
Design of a
comprehensive
National Workforce
Program

rehabilitation programming. The establishment of such a system has been identified as a priority for the NWP in 2009.

PRIORITY AREA – PRIVATE SECTOR DEVELOPMENT

Goal:
Land and property registration enabled

There has been some progress under the 2008 goal *land and property registration*, though most targets remain ongoing rather than completed. The primary achievement under this working group is the piloting of the land cadastre in Liquica and Manatutu, led by the USAID/ARD *Ita Nia Rai* program and the MoJ/DNTP. A pilot in Dili is expected by mid-2009. A Policy Options paper for the Transitional Land Law has been drafted and is currently under consideration. However, the finalization of the land law has been delayed and establishment of a property registry has been stalled pending the approval of a Transitional Land Law (TLL). These remain priorities for 2009, and are reflected in 2009's NP7 (though the targets remain slightly unclear).

Goal:
Business registration and investment facilitated

The land priorities under NP4 were seen by working group members as inaccurately reflecting ongoing activities or future goals, though it is not clear whether this was a conceptual or a translation error. Regardless, this lack of clarity made monitoring difficult – a problem which was exacerbated by targets that were repeatedly moved rather than remedied.

While lack of clarity in the targets makes monitoring achievements on land and property registration difficult, there are some indications of progress outside of the matrix in 2008. While the Q2 target *land registration code drafted and piloted in Dili* was not met, the land cadastre has been piloted in Liquica and Manatutu, with a pilot in Dili expected in mid-2009. The Q4 target of a *land law submitted to the CoM* has not yet been met, though a Policy Options Note for a Transitional Land Law is expected to come before the CoM in the first quarter of 2009. Establishment of a *Property Registry* (Q4 target) is stalled pending approval of the TLL.

PRIORITY AREA – NATURAL RESOURCES MANAGEMENT

Goal:
Capacity development in the natural resources sector

The Q3 target to *complete the pipeline feasibility study* has been achieved. The study and the report have been presented to the SSNR and a decision of the recommendations is expected by the end of March.

The Q4 target of *50 candidates for scholarships begin training abroad* has been completed. 33 candidates are studying in Australia in areas such as geology, mining, petroleum engineering and natural resources management. A further 40 candidates are studying at universities in Indonesia.

PRIORITY AREA – AGRICULTURE AND FOOD SECURITY

Hard data could not be found on the stabilization of rice supply in Timor-Leste, and there is variation in unofficial reports on rice importations. Government and donor sources report that approximately 100,000 tons of rice were purchased during 2008, of which around half has been delivered, with intended contracts for 2009 of some 120,000 tones. Annual consumption is normally estimated at around 100,000 tones, so that the short-term rice supply is assured. The economic and market impacts of these imports are yet to be recognized.

Goal:
Agriculture
productivity
enhanced and
Food Security
improved

The Q2 target to *implement a program to engage the private sector in maintaining rice supply in Timor-Leste* is reported by WG4 as completed however the mission was only able to gather anecdotal evidence and was unable to meet with the private sector actors. Future missions should certainly engage with the private sector to follow up on this. The Q3 target of *training of extension workers (EWs) in integrated crop management started* has been completed. The first batch of 188 extension workers (EWs) were given intensive, basic pre-service training in extension methods and ICM during November –December 2008 and posted to their sub-districts. A further group of 181 EWs have been appointed in early 2009 and are undergoing pre-service training. EWs are intended to be Suco-based (one per Suco). Priority is to promote the national rice intensification program. MAF is developing its Extension Policy and Strategy and is preparing a manual of procedures. Procedures for the ongoing management, technical support and in-service training of EWs are yet to be put in place. The new system has been rolled out at a rate that has overtaken MAF's capacity to manage it effectively, and some negative impacts can be expected. Additional TA is urgently needed to support the new extension directorate. The matrix time-frame and indicators for extension are not appropriate and require detailed revision.

The Q3 target of *training of farmers in integrated crop management started* is regarded as ongoing. The training of farmers has commenced but no details are yet available. Successful extension and adoption of new practices is known to involve much more than one-off 'training', as detailed in the MAF Extension Policy. Methods such as participative testing/comparisons with existing practices are required and these take time to implement, normally requiring several seasons of diligent extension. This target is therefore considered as inappropriate.

The Q4 target of *four extension centers built and 180 staff placed in 13 districts* is ongoing. MAF has recruited 188 Extension Workers (EW) in October 2008 plus 12 district extension supervisors, with a further group of 181 EWs appointed in early 2009. There is not yet any plan for the technical training of the 181 staff. MAF is building 4 extension centers, due for completion by March 09. Extension centers are planned for all districts. MAF is also building district machinery maintenance centers in 8 districts, with completion extended to March 2009. Tractor operators and maintenance staff have been engaged by MAF for the 52 large tractors (one operator per tractor) already distributed; a further 200 tractors

are to be procured, plus a further 1250 hand tractors² that will be managed by community groups. The initial tractors are allocated to rice growing areas. Fuel and other inputs are being provided for up to 20,000 ha of rice. Government will also buy the farmers' rice at Ministry-determined prices.

This is a major and costly drive towards the mechanization of rice production, and has few international precedents. The unconditional provision of inputs may indeed induce farmers to increase rice areas and input levels, especially if delivery is timely, machinery is well operated and maintained, extension services are efficient and attractive market prices are assured. These short-term incentives pose significant challenges to financial sustainability and, once in place, may prove extremely difficult to reduce or remove. The potential also exists for perverse incentives, arising from free rice and input distributions, to negatively impact the motivation of farmers to change and by crowding out private sector activity. **Recommendation:** Government will need to devise policies and strategies that can provide for the gradual adjustment or phasing out of these subsidies, as dictated by budget circumstances, over the medium term.

The Q4 target to *rehabilitate the Maliana irrigation scheme* has been completed and commissioned. MAF reports that some 1050 ha will be irrigated at a total cost - \$6.5 m although this was not inspected by the IPR mission team. The Q4 target of *food security monitoring framework implemented* is considered to have had limited progress. Following promising initial progress, MAF is now experiencing technical and managerial difficulties in implementing its monitoring framework for food security – along with its overall M&E program. Twenty two weather stations have been installed and data are being collected and collated by MAF's ALGIS unit. However, little progress has been made with data interpretation or dissemination and the system, based on historical data, is of quite limited value as an Early Warning System (EWS) for the National Food Security Committee's use. An effective EWS requires a combination of information from both meteorological and field/local sources, and ALGIS was never designed with the capacity to analyze and interpret meteorological data. Hence, the new Bureau of Meteorology will need to become integrated into an EWS for food security, complemented by a simple, informative and timely MAF system for seasonal reporting from the sucos about growing season conditions and domestic food stocks. The 2009 matrix will need to emphasize these activities.

NATIONAL PRIORITY AREA 5. SOCIAL SERVICE DELIVERY

The 2008 targets for social service delivery were mostly met. Key successes included (i) the curriculum development and the training in Portuguese language of pre-secondary and secondary teachers were achieved; (ii) the development of a teacher competency framework (Q3); (iii) the establishment of a water and

² Some 700 small hand-tractors have already been distributed.

sanitation unit; and (iv) the development of a Building Management Information System to collect data on the availability of water and sanitation in schools.

The sub-working group for health was selected at the first meeting in 2008 chaired by the Minister of Health Dr. Nelson Martins and with representation from key personnel within the MoH and donors, AUSAID, Government of Japan and UN agencies. UNICEF was elected to head the secretariat for 2008 because of the link with Education as the other sub-group member.

There was a lack of regular meetings of the WG, seemingly not through lack of commitment or interest but competing priorities for key personnel within the Ministry of Health. 2008 was a year of rapid change and implementation for the Ministry, with focus on the roll out of the BSP (Basic Service Package), annual planning, budget and SISCa implementation in the districts.

Despite the lack of formal meetings of the WG, the National Priorities 2008 in the health sector were achieved. The key objective for the Ministry of Health was *the improvement and accessibility and delivery of quality maternal and child health care through integrated community services*. The NP targets were aligned with the priorities of the Ministry of Health, in terms of standard service delivery and indicators relating to service coverage and achievement of MDG 4 and 5. However, for the Ministry of Health the focus of the National Priorities was probably not the driving force behind the achievement of these indicators.

PRIORITY AREA – EDUCATION

Goal:

Quality of Education improved to keep girls and boys in school

The Q1 & Q2 targets of *developing and approving the curriculum for the training of pre-secondary and secondary teachers in Portuguese language, and math and science subjects* were achieved. The short planning time and insufficient funding prior to the training resulted in shortening of the training duration from 90 to 60 days, with assurances by the Ministry that the time loss would not affect the quality of the teaching and learning outcomes.

The target for Q3 of *3,000 pre-secondary and secondary teachers trained in Portuguese language* was partially met. 2,100 teachers were trained in July and August. The second target of training 1,500 teachers in mathematics and science was also only partially met. 747 teachers were trained. The Q4 target of an *independent evaluation of the training* showed high attendance and significant progress in increasing competency levels in Portuguese. **Recommendation:** The creation of a system of follow-up mentoring of the trained teachers in the classroom should be considered for 2009. To the extent possible, future training should be school/classroom based. Teachers should not be taken from their classrooms for long period and training funds should not be spent on off-site teacher housing and board.

A teacher competency framework was approved in the Q3. A first phase of implementation of the framework did not start as planned in Q4, but initial consultations were undertaken with teachers throughout the country. The

framework will be distributed to schools in February/March along with *Lafaek*. A long term implementation plan will be developed by March 2009, focusing on needed changes in pre- and in-service teacher training. The preparation and introduction of a National Teacher Training Policy is a positive addition to the teacher training reform agenda in Timor-Leste.

Recommendation: The development and implementation of the teacher competency framework is an ambitious undertaking. The initial timeline for this activity was too ambitious. Teacher competency diagnostic tools should be introduced during in-service training. Criteria aimed at guiding decisions on student repetition at the early grades of primary were prepared, but the criteria were not approved by the Minister of Education, which was the Q3 target. The criteria have therefore not been distributed to schools and workshops have not been organized, as called for in Q4.

Recommendation: The criteria need to be approved and implemented by schools. Guidelines have been developed and approved for reducing the absence of teachers from school for training, which was a Q3 target. The Q4 target of distributing these guidelines to schools and organizing workshops for head teachers and school inspectors has been delayed. The guidelines will be distributed and the workshops held in Q1 of 2009.

Goal:

Basic education school facilities expanded and improved

As was recommended in Q2, the target was clarified and specific quantifiable targets for various types of school expansion and improvement were included. As requested, the Ministry of Education (MoE) focused on the availability of water in the country's 2000 schools.

All targets were predominantly achieved by the end of Q4. A water and sanitation unit was established in the MoE and a Building Management Information System has been developed and a good start made in collecting data on the availability of water and sanitation. Water and sanitation information is being transferred to the BMIS. However, to provide an estimate of costs for supplying water and sanitation to all schools is beyond the responsibility of the MOE.

The MoE's Infrastructure Facilities Unit is currently only nominating schools for rehabilitation where there is a possibility of providing water and sanitation. 29 *escola basica* and 81 *escola primaria* have been nominated for rehabilitation and new buildings in 2009; 45% of these do not currently have adequate water and sanitation, which will be provided under the rehabilitation. It is possible that the IFU's nominations will be overridden for political reasons. By the end of February, the IFU will make a presentation to the Minister on the viability of alternative sanitation technologies and a recommendation that a policy be developed on which approved alternative technologies are to be used by all agencies assisting with providing sanitation in educational facilities.

Recommendation: The selection of sites for school rehabilitation should focus on areas where water can be provided to the school until a formal policy of alternative technologies for sanitation is adopted. Targets for undertaking design work for the 2008 program were only partially met due to budget limitations for the 2008 school rehabilitation and extension program.

The tender process for all proposed design work has begun and rehabilitation/extension is expected to start from May - June 2009. The total amount of rehabilitation/school extension contracting undertaken in FY 2008 was USD \$ 8,299,512.93 for 76 civil works projects. 53 of these projects were completed, representing 87%, 20 projects are expected to be completed by end-March 2009, and the remaining 3 projects are recommended for cancellation due to default or delay by the contractor on the construction implementation.

Recommendation: The IFU has implementation capacity to improve and expand more schools, but its delivery on this goal is constrained by inadequate budget allocations. Funding commitments should be made during the mid-year budget review to allow the IFU to begin design work on an increased civil works program for 2010.

PRIORITY AREA – HEALTH

Substantial progress was made against the Health targets in NP5.

Goal:

Improved accessibility and delivery of quality maternal and child health care through the Integrated Community Health Services (SISCa)

The Q1 target of SISCa (*Servisu Integradu Saude Comunitaria*) implementation guidelines disseminated to all districts was launched in late 2007 and was rolled out district by district by the end of 2008. Distribution of the guidelines went to the CHCs, health posts and SISCa posts.

Service delivery was targeted with Measles coverage. Measles coverage is a key indicator for achieving the millennium developing goal 4 of reducing under five mortality rates by two-thirds by 2015. In 2007 measles vaccination coverage was low in 10* districts (58%) against the national average of 63%. The priority in 2008 was to improve the coverage in the trailing districts and this was achieved with a 72% coverage rate with the national average being 74%.

Goal:

Strengthened Basic Services Package (BSP)

Supervision is essential to improvement in the quality of service delivery improvement. Safe motherhood is a key component of the Basic Service Package and at least one supervision visit was conducted at 70 health facilities during the year. The six referral hospitals and 65 CHCs are currently providing routine supervised normal delivery services.

The data on BSP for 2008 is not yet available and therefore a comparison with 2007 cannot be completed yet. **Recommendation:** The Health WG reviews the 2008 BSP data and report on Q4 targets.

Comment on 2009 NPs - The MoH is coupling with the Ministry of Social Solidarity under the umbrella of the Social Protection. To date, no specific actions have occurred to evaluate the processes of 2008 of the National Priorities Secretariat. The priorities for 2009 were produced by one key staff member

within the MoH. Dissemination of the draft matrix was through coaxing of external partners. For 2009, the secretariat for health has not been fully formalized.

The Ministry of Health advisors are more engaged this year which is encouraging and have been active in producing the matrix for 2009 -a mix of process and output indicators across the sector. In addition, the national priorities matrix has been shared with heads of department and advisors within the Ministry of Health for their comments. There has been particular attention on aligning the process and output indicators with the indicators from the BSP. **Recommendation:** With wider socialization it is hoped that there will be more engagement/interest from within the Ministry and other stakeholders.

NATIONAL PRIORITY AREA 6. CLEAN AND EFFECTIVE GOVERNMENT

Overall, considerable progress has been achieved against National Priority 6: Clean and Effective Government. The working group itself provided an excellent opportunity for donors and government to discuss key policy issues and coordinate actions in a relatively informal environment. There is evidence that Government WG members put considerable effort into achieving targets outlined in NP08, and there are examples of the WG deliberations having a positive impact on policy outcomes (e.g. Supreme Audit Institution consultations). There are also indications that donors have responded to the National Priorities by allocating resources to key initiatives. However, some observers felt that, at times, the process felt more like an interrogation of Government by donors, rather than a forum in which all parties work together to achieve common goals. There was also some criticism that regular changes to the matrix in WG6 undermined the process.

Overall achievements in priority area **Enhanced leadership, management and service-orientation of the civil service** have been impressive. Particularly notable has been progress towards establishing the Civil Service Commission (CSC). With strong endorsement from the Prime Minister, there has reportedly been an increased level of engagement and interest from Ministers, with government allocating funding in the 2009 budget for establishment of the CSC. Donors have realigned programs and funding to support the CSC. Progress on finalizing the National Development Plan has stalled, with government intending to establish an alternative planning instrument; the National Development Strategic Framework, due for release in August 2009. Some participants noted that the absence of a medium-term, costed planning framework undermined the Government's development and poverty reduction aspirations. This also undermined the value of the NP process, which was not meaningfully linked to higher level objectives.

Overall, progress on priority area **Government Accountability, Transparency and Integrity** has been mixed. Budget Execution (BE) has improved dramatically, and while specific percentage targets for budget execution were not

met, the overall rates of BE have increased significantly. Formal accountability mechanisms have been upheld, with timely publication of budget execution reports and audit material. Given ongoing progress in these areas, the focus should now shift towards improving prioritization of the budget (i.e. that resources are allocated to areas that will have the greatest impact on long term economic growth and poverty reduction) and quality of spending – particularly in key areas such as capital works where project quality at entry (to the budget) remains low and overall cash expenditure performance is weak. This, again, highlights the need for a medium term strategic planning instrument. Progress on establishing key accountability mechanisms has been good. Anti-corruption legislation is before Parliament following public consultations. A path for building audit capacity in government has been mapped out, and targets for progress in this area should be included in NP09.

PRIORITY AREA – ENHANCED LEADERSHIP, MANAGEMENT AND SERVICE-ORIENTATION OF THE CIVIL SERVICE

Goal:

Independent oversight of Civil Service management and remuneration

The Q2 target *staff performance and recruitment standards established for the civil service* is ongoing. New decree laws on staff performance and career regime were approved by the Council of Ministers and have been implemented from January 1 2009. Both pieces of legislation involve large cultural shift from current civil service practices, so implementation will be challenging. **Recommendation:** include implementation milestones in the NP09 matrix.

The Q3 target *new pay and compensation system approved and strategy for implementation endorsed* has been met. While legislation was passed in August (implementation from Jan 1, 2009) most civil servants will transition at some point during 2009. Large numbers of temporary civil servants have an expectation of ongoing employment, and managing expectations of this large and influential constituency will be a significant challenge throughout 2009.

The Q3 target *Revised Civil Service Act approved by Council of Ministers* was met. The Q4 target *Revised Civil Service Act providing for CSC submitted to Parliament and resource requirements reflected in 2009 budget* has been met. The legislation has been considered by Committee A, which recommended a number of amendments, which were acceptable to government. The legislation will shortly be reintroduced to parliament for a final vote. Despite progress on passage of the legislation, the most significant challenges are likely to arise during implementation. In particular, it will require continued political leadership and capacity building support to help ensure success for a new institution.

Goal:

National Development Plan (NDP) centered on poverty reduction strengthens ownership and alignment

The Q2 target *State of the Nation Report (SNR) completed* has been met. The SNR was presented to the CoM on 18 December 2008 and is being distributed to all ministries, after which it will be made available to donors.

The Q4 goal of *Aid Effectiveness Unit designed and resourced* has been met. The Aid Effectiveness Directorate (AED) is established under the new Ministry of

Finance organic law (which has been approved by the CoM, (gazetted on 25 February 2009), and will fall under direct responsibility of the Executive Office of the Minister for Finance. Budget has been allocated to staff the Directorate by mid 2009. The unit will have a mandate for monitoring Paris Declaration principles and targets, hosting coordination bodies (such as the EC NAO and the MCC) and tracking of aid resources. Donor partners have committed resources to assist the AED fulfill its mandate. The Minister of Finance expects a greater focus on harmonization and alignment from donors, and will use the AED as the primary mechanism for achieving this. International experience suggests that progress in this area will be challenging. The unit could establish a level of effectiveness and credibility if it were to, initially, focus on facilitating one or two key alignments such as in procurement and financial management, rather than pursuing a broader ranging and more ambitious alignment agenda. NP09 will form the key mechanism through which progress towards aid harmonization and alignment can be discussed in a shared forum.

The Q3 goal of *submitting the NDP 2/Strategic Plan to Parliament* was moved to Q4, although it was not met. Consultations indicate that government no longer intends to prepare NDP2, instead opting for a more flexible and concise instrument – the National Development Strategic Framework (NDSF). The WG6 December progress report indicated that the NDSF is under preparation by the Office of the Prime Minister (OPM) in consultation with relevant ministries for release in August 2009. While coordination and clarity of process remain a concern, the move by the OPM to take leadership of the exercise is a major step forward, as the lack of leadership in this area was a key point of concern during IPR1.

In WG6 meetings donors have provided strong feedback that work on formulating a flexible, medium-term planning framework is urgently needed to capture sector priorities beyond the one-year planning cycle of the NPs and the Annual Action Plans. In the meantime, government is working on four ‘Cluster Reports’ which, flowing from the SNR, will take the place of the old Sector Investment Plans. This process is receiving high level endorsement by the Prime Minister, and reports will be released gradually as they are completed. **Recommendation:** (i) to overcome the disconnect between policy aspirations and resource constraints, the NDSF must include medium term costings and (ii) specific targets for preparation and consultation on the plan should be included in the NP09 matrix.

PRIORITY AREA – GOVERNMENT ACCOUNTABILITY, TRANSPARENCY AND INTEGRITY

The Q3 and Q4 targets on publication of budget reports/ audits have been met. The 2007 transitional budget audit, 2nd quarter budget execution report and 3rd quarter execution report have been published on the MoF website.

Goal:

Improved national planning, budget and execution performance and accountability

The IPR 1 recommendation, to include specific percentage targets for total budget execution, was adopted³. Q3 target *Budget execution in Q3 to achieve 60% obligated/45% cash* was not met, although significant increases in expenditure were recorded, both in overall terms and as a percentage of the budget. BE to the end of Q3 was 57.5% (cash and obligated). Total cash payment made during the first three quarters was US\$198.66 m or 25.2%. The Q4 target *Budget execution in Q4 to achieve 75% obligated/65% cash* is ongoing, awaiting the publication of the Q4 BE report. Current estimates of total year spending are that \$412.4 m was disbursed, which would equal a cash execution rate of 52.3%. An additional \$69.5 m was executed in carryovers (from a total of \$95.7 m), which means that cash execution in 2008 increased by 268% when compared to FY 06/07 where cash execution was \$180 m.⁴

Q4 target *2009 Budget based on annual action plans and reflecting NDP2/Strategic Plan submitted to Parliament* was not achieved. The 2009 budget includes basic Annual Action Plans for each institution, which is a positive step. However, in the absence of a finalised NDP2, or other medium term planning instrument, the indicator has not been met. IPR 1 recommended that in the absence of the finalised NDP, a more appropriate indicator of improved links between planning and budgeting would be that 'all budget submissions are backed by a program/ project design and procurement plans'. While this was not adopted, allocation of budget resources across sectors seems to reflect broad priorities of the government, namely promoting stability through social protection, and promoting growth through infrastructure. The relatively large allocation to general public services may reflect the priority that the government has given to administrative reform and good governance. A strategic framework would help to prioritize resources across and within sectors, and assess trade offs, to help achieve the government's development objectives.

The Q3 target *Community and institutional consultation on anti-corruption institutional framework underway* has been met. The national consultation with civil society has been finalized and a report provided to the PM and Council of Ministers. The institutional consultation has been undertaken.

The Q4 target *Roadmap for establishment of an independent anti-corruption institution completed* is ongoing. The process remains very sensitive. Legislation for the new Anti-Corruption Commission (ACC) is currently being considered jointly by Commissions A and C, which are expected to suggest substantial amendments. At this stage it is not anticipated that the ACC will be included in NP09. **Recommendation:** The WG6 should include 2009 targets for the establishment and operation of the ACC.

³ There is some difficulty providing definitive figures for BE, given that the \$240 m Economic Stabilisation Fund (ESF) was declared an illegal budget item by the Court of Appeals. The Court of Appeals also declared unconstitutional the withdrawal of \$290 million in excess of ESI. Nevertheless, no revisions to the budget have been issued and expenditure was recorded against the ESF (\$14.1m or 6.1% as of 16 October 2008), so for the purposes of this review the total budget allocation for 2008 is calculated at \$788.3 m.

⁴ Treasury calculations provided in the December 2008 NP6 Working Group update.

The proposal to transform the Office of the Inspector-General (OIG) into a supreme audit institution (SAI) has been dropped, and related NP6 targets have been removed. The favored approach is now to work on clarifying the mandate for the OIG and building its capacity to act as a credible internal auditor, while supporting the establishment of the High Administrative, Tax and Audit Court (HATAC) as the SAI. IPR1 highlighted the difficulty of establishing appropriate and functional institutions in this area and recommended that the OPM, OIG, Provedor, Prosecutor General, Court of Appeals consult to develop a mutually acceptable approach/ model for implementation. **Recommendation:** NP09 targets for achieving the proposed strategy in NP09 might include: Q1) consultation between OPM, OIG, Provedor, Prosecutor General and Court of Appeals on the proposed strategy, undertaken; Q2) organic law clarifying the OIG's mandate and functions drafted; Q2) agreement on required actions and resources for establishing the HATAC; Q3) organic law for OIG approved by Council of Ministers; and Q4) resources mobilized to support the establishment of the HATAC.

The Q3 target *administrative integrity (i.e. internal audit and income and asset declarations) policy approved, operational and publicized* has not been met. IPR1 recommended adopting a more explicit definition of the Q3 target as follows: (i) 'Administrative integrity (ie. internal audit and income and asset declarations) policy approved, operational and publicized' and (ii) Identify an appropriate mechanism to cross reference and store declarations of assets. This recommendation was not adopted, amid reported confusion over what the targets meant, and targets were removed from the Matrix.

The Q4 target *public information and communication strategy in place and operational for this goal* was partially met. While consultation on the ACC was conducted, there has been no overall strategy developed to inform the public about progress towards the goal *improved national planning, budget and execution performance and accountability*.