



The Local Governance Support Programme (LGSP) II (2012-2015)
Third Quarterly Report 2014 and
Sub-National Governance & Development Programme (SNGDP) (2014-2018)
First Quarterly Report, 2014

Reporting period: 1 July - 30 September 2014

The Local Governance Support Programme (LGSP) II (Jan 2012-March 2015)/Third Quarterly Report 2014 and Sub-National Governance & Development Programme (SNGDP) (2014-2018) First Quarterly Report, 2014

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Programme Title and Number		Country, Locality (s), Thematic Area (s)
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¹ Priority Area for the Peace building Fund: Sector for the UNDG ITF.

² The start date is the date of the first transfer of the funds from the MDTF Office as Administrative Agent. Transfer date is available on the MDTF Office GATEWAY (<http://mdtf.undp.org>).

³ All activities for which a Participating Organization is responsible under an approved MDTF program have been completed. Agencies to advise the MDTF Office

LIST OF ABBREVIATIONS AND ACRONYM

DA	District Assembly
KDD	District Development Committee
DNDLOT	National Directorate for Local Development and Territorial Management
DSF	Decentralization Strategic Framework
GoTL	Government of Timor-Leste
EVAS	Equipa Verifikasaun, Avaliasaun no Supervisaun
ISD	Infrastructure and Service Delivery
KDD	Komisaun Dezenvolvimento Distritu
KDSD	Komisaun Dezenvolvimento Sub-Distritu
LDF	Local Development Fund
LDP	Local Development Program
LG	Local Governance
LGOS	Local Government Options Study
LGSP	Local Governance Support Program
LoA	Letter of Agreement
MC	Minimum Condition
MoF	Ministry of Finance
MSA	Ministry of State Administration
MTWGs	Ministerial Technical Working Groups
NGO	Non-Governmental Organization
NIM	National Implementation Modality
PBGS	Performance Base Grant System
PDD/DDP	Decentralized Development Programme
PDID	District Integrated Development Planning
PEM	Public Expenditure Management
PFM	Public Financial Management
PM	Performance Measures
SKDD	Sub-District Development Committees
SEFI	Secretary of State for Institutional Strengthening
SEDA	Secretary of State for Administrative Decentralization
SEDL	Secretary of State for Local Development
SDP	Suco Development Plan (also acronym for Strategic Development Plan 2011-2030)
SKDD	Sorumotu Koordenasau Dezenvolvimento Distritu
TWG	Technical Working Group
SKDN	Sorumotu Koordenasau Dezenvolvimento Nacional
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program

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I. Programme Overview

The Sub-National Governance and Development Programme (SNGDP) follows and in parallel of the last year of the Local Governance Support Programme (LGSP) January 2007- March 2015. As such, SNGDP builds on the achievements of LGSP, particularly with respect to: (i) providing the Government with support to develop and implement decentralization policies and strategies¹; and (ii) consolidating and strengthening Timor-Leste's sub-national investment planning, financing and implementation processes.

SNGDP initially provides support for the implementation of Timor-Leste's recent Decree Law (No. 4/2014, 22nd January 2014) on administrative pre-deconcentration. As the Government's decentralisation policies and reforms evolve, SNGDP will continue to provide appropriate support for their formulation and implementation. Support will include essential capacity development, aimed at establishing administrative pre-deconcentration structures. In addition, SNGDP provides the Government with flexible, demand-driven, but focussed technical assistance in order to further develop and refine policies related to sub-national governance and services. The second component of the programme focuses on strengthening sub-national investment planning and implementation, on piloting the financing of and planning for local-level infrastructure, and on piloting improved public financial management at the sub-national level. The third component of the programme addresses challenges associated with climate change and its consequences. It develops, tests and supports the government to implement climate-proofing small-scale infrastructure, with the clear aim of increasing climate-related resilience among rural communities. The programme works closely with the Ministry of State Administration, the Ministry of Finance, several line Ministries and key central agencies (such as the Secretary of State for Institutional Strengthening (SEFI), Secretary of State for Environment – Ministry of Commerce, Industry and Environment, and a range of donor-supported programmes to deliver the following main Outcomes:

- Outcome 1: Decentralisation policies are formulated and implemented
- Outcome 2: Sub-national investment delivery is more efficient, effective, accountable and sustainable;
- Outcome 3: Sub-national investment delivery increases communities' resilience to climate change and variability.

These Project Outcomes contribute towards achieving SNGDP's over-arching goal of poverty reduction and local development in Timor-Leste through support to strengthening institutions for decentralised governance, improved participation and enhanced local capacities to deliver services, particularly to the most vulnerable groups in poor communities.

¹ This programme document uses the term "decentralization" to cover deconcentration, delegation and devolution.

II. Implementation and Monitoring Arrangements

Management and coordination arrangement

The project is executed through Direct Implementation (DIM), which is the principal implementation modality under the UNDP 2015-2019 Country Programme Document of Timor-Leste.

The SNGDP is institutionally housed in the Ministry of State Administration (MSA) and will be directly accountable to the Project Board under the Minister of MSA as the Chair. For the purposes of broader stakeholder consultation, planning, decision making and monitoring of activities within the results framework, the project aligns with the institutional framework established under the Government's decentralization and local development policies, which include the respective Permanent Technical Groups and Inter-ministerial Technical Working Groups.

Project Board

A Project Board (PB) is established to oversee overall programme activities. The Project Board meets twice a year to discuss SNGDP progress and endorse programme orientations. It is responsible for providing oversight for endorsing the annual work plan, and mid and annual progress reports. The Project Board will be chaired by the Minister of MSA. The PB consists of:

- Minister of MSA (Chair)
- Secretary of State for Administrative Decentralisation
- Secretary of State for Local Development
- Secretary of State for Institutional Strengthening – Ministry of the Presidency of the Council of Ministers RDTL
- Secretary of State for Environment – Ministry of Commerce, Industry and Environment
- Senior MSA official directly involved in the programme
- A representative from MoF
- A representative from ADN
- A UNCDF representative
- A UNDP representative
- One representative from each participating development partner organization (Programme donors)

Programme Management Unit

A Programme Management Unit (PMU), based in the offices of MSA in Dili, is responsible for SNGDP implementation. During the first two years (2014-2015) of the

programme, the PMU is headed by an International Technical Adviser (ITA), following which the head of the PMU will be a National Programme Manager (NPM). The NPM will be recruited in the second year of the programme so as to ensure that s/he is able to overlap with the ITA for a full year.

In addition to the core PMU, which will have overall responsibility for programme implementation as well as important cross-cutting and policy analysis functions, further implementation support will be provided by a technical team for each Outcome.

On a day-to-day basis, the PMU and technical teams will work closely with the Secretary of State for Local Development, the Secretary of State for Administrative Decentralisation and Secretary of State for Institutional Strengthening and their respective DGs and other Directors for their respective project outcome areas.

The PMU will benefit from technical backstopping by UNCDF and UNDP regional advisers and technical consultants as needed, as well as programme support from UNDP/UNCDF in the form of two Programme Officers (PO).

The Outcome three (3) of SNGDP, the SSRI Project, is managed by an International Project Manager with a team of both technical and operations staff through a separate Project Management Unit placed within the Secretary of State for Local Development – MSA.

Fund Management Arrangement

The Joint Programme financing arrangements are managed through three funding modalities: Parallel, the Pass-Through, and Government third Party Cost-Sharing Agreement.

For the pass-through portion, the Participating UN Organizations have selected UNDP (through the Multi-Partner Trust Fund Office) to act as Administrative Agent (AA) for the Joint Programme. The Administrative Agent will enter into a Memorandum of Understanding (MoU) with the Participating UN Organizations based on the portfolio of activities that have been mutually agreed in line with the common work plan and a Standard Administrative Agreement (SAA) with each donor that will set out the terms and conditions governing the receipt and disbursement of funds.

With regard to financial management, all UNDP and UNCDF-funded expenditures will be managed and audited in accordance with standard UNDP and UNCDF procedures.

III. Activities and Achievements during the Reporting Period

Outcome 1: Decentralisation policies are formulated and implemented

Key Target Results for 2014:

1. PDA Capacity Building strategies, contents, methodologies and tools designed, approved and are used.

Key achievement in this quarter:

- A Study on PDID and PDA harmonisation completed, the report was submitted and approved.
- Foundation Course training materials on local governance targeting civil servants at the district level designed, submitted, approved and printed.
- Refresher training delivered to the PDA Capacity Building Thematic Coordinators on orientation training materials for PDA structure
- A comprehensive Administrative Pre-deconcentration capacity development outline drafted (draft zero) and is submitted.
- The Institutional Strengthening Diagnostic Assessment Strategic Road Map was drafted, submitted and approved by the Government of Timor-Leste.
- The National Diagnostic was launched on 10 September 2014
- The Institutional Strengthening National Diagnostic Assessment methodologies and instruments developed, and approved.
- Training of SEFI team to conduct the Institutional Strengthening National Diagnostic conducted.

Output 1: Effective decentralization policy and planning, implementation, coordination, monitoring and evaluation at central and sub-national levels

1.1. Study on the harmonisation of PDID and PDA Decree Law

The Administrative Pre-deconcentration (PDA) Decree Law No.4/2014 promulgated in January establishes Administrative Pre-deconcentration structure that will substitute present District and Sub-District Administration structure. The PDA structure includes a PDID unit, District Assembly, and Sub-District Assembly which can assume PDID functions, which in the current sub-national administrative setting are performed by bodies such as KDD secretariat, KDD and SKDD at sub-district and district levels.

The arrangement derived from the PDA Decree Law creates ambiguity in the implementation of PDID Decree Law. As such, the Directorate General for Local Development (DGDL) of MSA, having realised the situation, requested SNGDP to carry out a study to harmonise the PDID with newly approved PDA structure.

Subsequently, SNGDP, as part of its support provided to MSA, fielded a technical consultant in August 2014 to carry out a study on how to harmonise PDID with PDA structure. After series of consultations and discussions with a wide range of stakeholders, the study recommended the following options:

Option 1: Assuming that it will be difficult to make sweeping amendments to the PDA Decree Law at this stage, this option aims to suggest modifications in the PDID Decree Law, to harmonise with the structures defined in the PDA decree law.

Option 2: Assuming that the PDA Decree Law is open to amendment, the option is to pursue a fuller integration of the PDID process into the PDA institutional arrangement, so that decentralized participative planning becomes a prime activity of the PDA system.

The report, including detailed legal and policy guidelines of these two options, has been shared with MSA for review, comments and endorsement. It is expected that the endorsement by MSA will then become the basis for revising the PDID and PDA Decree Law with the support of SNGDP.

Output 2: Capacities of key actors responsible for operationalizing deconcentration plan identified and systematically developed to enable effective implementation of deconcentration

2.1. Development of Training Aids and Compilation of Detailed Contents of the First Phase PDA Capacity Building

Following the syllabuses and manuals of the First Phase PDA Capacity Building and the check list of preparatory work for PDA capacity building implementation. The four thematic coordinators continued to conduct meetings with each of the PDA Capacity Building Resource Persons to collect and compile detailed substantive content of each of the topics to be delivered during the planned three weeks training. A set of detailed contents to be delivered by each Resource Persons was compiled and is ready to be delivered during the PDA trainings.

2.2. Design of foundation course training materials on local governance

In September, the SNGDP hired two experts in the area of capacity development and government reform respectively to design a foundation course in local governance. The course was designed as a reaction to the delays of the operationalization of the PDA Decree Law in the districts. Instead of waiting for the PDA structures to be in place and design the first training courses for the pre-deconcentrated districts, the Secretary of State for Institutional Strengthening (SEFI) requested a local governance foundation course, targeting civil servants at the district, to be implemented in all districts irrespective of the PDA reforms. SEFI envisages the development of PDA training material in 2015.

At the end of the mission, the two consultants submitted the following training materials for foundation course in local governance:

- The Syllabus Manual;
- Coordinator Manual;
- Participant Manual;
- Learner Evaluation Manual;
- Coordinator Training Plan.

Foundation course training material will be used to train existing local administration staff and territorial delegation staff in the sub-districts and districts. The training will be initiated in Liquica district in December 2014 and then will be reviewed and expanded to other districts beyond 2014.

2.3. Refresher training for Thematic Coordinators on orientation training material for PDA structure

Following the recruitment of a National Thematic Coordinator in April and three (3) others in September 2014, SNGDP organised a two-day refresher training on 18 – 19 September 2014 to introduce them to the orientation course material designed for District Managers and Secretary of District Managers of the PDA structures to be implemented. The training focused on the syllabus and coordinator's manual. The objectives were to familiarise the coordinators with the contents and strategy for facilitating the planned trainings.

Orientation course for the Administrative Pre-deconcentration structure has been postponed due to delays in the establishment of PDA structure, particularly the selection and appointment of district managers and secretaries in three PDA pilot districts.

2.4. Drafting of concept notes on advance training programmes for PDA structure

The two experts that were fielded in by SNGDP in September also drafted a concept note on advance training programme for institutional strengthening at the local level. The draft concept note (zero draft) is yet to be reviewed by MSA and SEFI.

The draft concept note describes the scope, content and methodologies of capacity building interventions beyond the first pillar PDA Capacity Building and the foundation course. It comprises a wide-range of advance course portfolios that can be expanded and tailored to the training needs of the future PDA structure and municipalities. These advance courses are intended to be seminal in their nature.

2.5. The Institutional Strengthening National Diagnostic Assessment (ISNDA): Technical Support

As part of the 2014 Cost Sharing Agreement between the Government of Timor Leste and UNDP, the former has requested UNDP support to the design of an Institutional Strengthening National Diagnostic Assessment (ISNDA). The ISNDA is an institutional and organizational assessment strategy, methodology and instrument for assessing the capacity of national government institutions. The results of which are expected to inform eventual decisions related to public administration reform, decentralization and functional assignments.

The SEFI technical staffs and UNDP prepared a concept note on the National Diagnostic Assessment, presented to the Government and was approved for implementation. Following the approval of the National Diagnostic concept note, a five days mission, 2nd to 5th August 2014, from Bureau for Development Policy, UNDP New York Headquarter was fielded in Timor-Leste to design Strategic Road Map for the National Diagnostic implementation. After the five days consultations with Government Senior Officials and relevant national stakeholders involving in public administration in Timor-Leste, a Strategic Road Map was formulated, presented to the Government and was approved.

Two international ISNDA experts commenced their initial ISNDA consultancy on 5th September and expected to be completed the first mission on 16th October 2014. The SNGDP first quarterly results of the mission (until 30 September) are:

1) The Institutional Strengthening Diagnostic Assessment Strategic Road Map was drafted, submitted and approved by the Government of Timor-Leste. The Road Map provides objectives to be attained by the National Diagnostic for -Making Institutions of the State “fit for Purpose” to: a) enhance economic and social wellbeing of society; b) Delivering outcomes of SDP/DPCM Matrix and the Five Year Plan of the 5th Constitutional Government; c) achieving impact in delivering services to citizens; d) building an information age government; e) translating Government 10 mandatories into results; e) to assist Prime Minister, through SEFI and PCM, in monitoring progress towards goals. The Road Map also provides main areas of scope of the National Diagnostic, sequencing of activities, managing risks of transformation change, and change management systems.

2) ISNDA strategies, tools and methodologies developed:

- A Self-Assessment tool with 114 assessment items for ISNDA was developed, pilot tested, and approved to be used. The ISNDA tolls reflects seven areas to be assessed: 1) Policy – Vision – Strategy – Leadership; 2) Governance structure and institutional framework; 3) Human Resources Management; 4) Other resources management; 5) Organizational culture and internal communication; 6) Outputs – Results – Service Delivery; 7) Relations management and external communication.

- An approach and questionnaire was developed and used for a cross-cutting assessment of 7 generic systems (human resources management, ICT & e-government, planning-budgeting-control, financial management & accounting, procurement, assets & logistics management and audit).
- An approach and reduced questionnaire was developed, submitted and approved for Stakeholder Feedback on Ministry-level institutional and organizational performance and capacity; specifically designed to complement the ISNDA self-assessment process.

3) The Government of Timor-Leste, SEFI, launched the National Diagnostic Assessment on 10 September 2014 by Minister of Justice, HE. Mr. Dionisio Babo representing the Prime Minister RDTL. The launch of the National Diagnostic marks the move forward in public administration reform in Timor-Leste. The launch was participated by member of the Government, representative of the National Parliament and of the President of the Republic RDTL, civil society organization, development partners, and media.

4) Training of SEFI Team to conduct the National Diagnostic. Following the design of the strategies, methodologies, and instruments of the ISNDA, the SEFI team who will be conducting the Diagnostic was oriented by the two experts to have a knowledge on the ISNDA, data collection skills, enhanced analytical skills, and reporting.

5) Pilot testing and implementation of the ISNDA: The institutional capacity assessment tools described above, were pilot tested to SEFI RDTL.

6) Two Ministries: Ministry of Health RDTL and Ministry of Public Works RDTL were targeted to be the first two national institutions to undergo the National Diagnostic self-assessment commencing October 2014.

Outcome 2: Sub-national investment delivery is more equitable, efficient, effective, accountable and sustainable

Key Target Results 2014:

- Bottom-up PDID planning for 2015 projects conducted following the PDID procedures
- PDID technical engineering training programme conducted in 13 districts

Key achievements in this quarter:

- 1) Bottom-up PDID planning for 2015 initiated following the PDID procedures
- 2) Implementation of pre-qualification process following the approved manual (Ministerial Dispatch No.135/SEDL/IX/2014)
- 3) With the technical support of the SNGDP, the overall physical implementation of PDID 2013 projects has reached 97%, disbursed 58.10 million USD, out of the planned 69.67 million USD to the contractors (or about 83% of PDID 2013 budget)

Output 3: Institutional framework, policies and procedures for sub-national investments are updated and improved.

SNGDP team is supporting MSA (i.e. DNDD) revising PDID planning manual and inclusion of climate change adaptation criteria in the evaluation and selection process of PDID projects. The details of revision will be summarized in the next quarterly report.

Output 4: MSA national and sub-national capacities to implement PDID are strengthened

4.1. Continued Monitoring of PDID 2013 Projects Implementation

During this reporting period, SNGDP continued supports districts' EVAS team to monitor and supervise PDID 2013 projects implementation.

During this quarter, the overall physical implementation of PDID 2013 has reached 97%, and Ministry of Finance (MoF) has disbursed 58.10 million USD, out of 69.67 million USD to the contractors (or about 83% of PDID 2013 budget). The following table summarized physical progress and payment made to the contractors as of 30 September 2014.

**Table 1: Physical Progress of PDID 2013 Projects
(Amount in million USD)**

District	Number of Project	Contract Value	Physical Progress	Total Payment as of 30 Sept	Balance	Percentage of Payment
Aileu	31	3.65	100%	3.17	0.47	87%
Ainaro	40	6.05	96%	4.38	1.66	73%
Baucau	41	8.19	98%	7.04	1.15	86%
Bobonaro	38	5.62	100%	4.83	0.79	86%
Covalima	36	5.49	100%	4.73	0.76	86%
Dili	51	9.55	86%	7.22	2.34	76%
Ermera	50	5.17	98%	4.54	0.63	88%
Lautem	37	3.37	99%	2.86	0.51	85%
Liquica	35	5.68	100%	5.22	0.46	92%
Manatuto	51	4.64	95%	3.67	0.97	79%
Manufahi	42	2.82	90%	2.27	0.54	81%
Oecusse	35	4.34	100%	4.12	0.22	95%
Viqueque	31	5.10	97%	4.01	1.09	79%
Total	518	69.67	97%	58.07	11.60	83%

4.2. Planning Process for PDID 2015 Project Cycle

Following the approval of District Investment Plan (or PID) in the District Development Coordination Meeting (or SKDD) in early June, the 13 PIDs with a total budget of 113.35 million USD (567 projects) were then planned to be presented at the National Development Coordination Meeting (or SKDN)

However, towards the end of June, Ministry of Finance (MoF) announced fiscal envelope 2015 for each ministry and programme. And the fiscal envelope allocated for PDID 2015 projects is 60 million USD. As such, MSA requested districts to revise their PIDs and reallocated the 60 million USD according to the priority list of projects and pre-defined formula for budget allocation envisaged in the PDID Decree Law. Below is a summary of fiscal envelope allocation for each district.

Table 2: Allocation of Fiscal Envelope for PDID 2015
(Budget in million USD)

District	Total Allocation
Aileu	3.39
Ainaro	3.81
Baucau	6.32
Bobonaro	5.45
Covalima	4.00
Dili	6.56
Ermera	7.04
Lautem	3.85
Liquica	4.32
Manatuto	3.09
Manufahi	3.32
Oecussi	4.22
Viqueque	4.63
Total	60.00

4.2.1. The National Development Coordination Meeting (or SKDN)

On 14th of July, the SKDN meeting was organized in Dili that aimed at harmonizing the PID proposals with national level priorities identified by central line-ministries. The meeting was chaired by Vice-Prime Minister, accompanied by Minister of State Administration and attended by all ministries as well as representative from relevant line-ministries to provide their inputs to the draft PIDs.

The SKDN meeting identified that most of the PID proposals submitted still without proper design and BoQ. Thus, DNDD, the EVAS team at the district level and line-ministries at the central level were requested to complete and re-submit all project design

and BoQ to MSA by 30th of July. And to expedite the process, SNGDP engineers were requested to support DNDD and EVAS team revised all the project designs, BoQs and standard technical specification.

On 30th of July, MSA submitted the revised PIDs to the MoF and the project designs and BoQs to the National Development Agency (or ADN) for technical review. The following table summarised revised PID by district as submitted to MoF.

Table 3: Revised PID as submitted to MoF
(Amount in million USD)

District	Number of Project	Budget Allocation
Aileu	19	3.51
Ainaro	21	3.95
Baucau	32	6.43
Bobonaro	28	5.55
Covalima	18	4.12
Dili	31	6.68
Ermera	34	7.26
Lautem	20	3.96
Liquica	15	4.40
Manatuto	14	3.27
Manufahi	26	3.31
Oecussi	20	4.21
Viqueque	27	4.71
Total	305	61.36

The revised PIDs budget is slightly higher than the amount allocated in the fiscal envelope; because the amount represents cost estimation resulted from the revision of cost item in the project design and BoQs.

4.2.2. Procurement process for PDID 2015 projects

Based on the PDID Procurement Decree Law (No.11/2013) of 7th of August 2013, MSA through the Secretary of State for Local Development (or SEDL) issued a Ministerial Dispatch No.135/SEDL/IX/2014 that approved pre-qualification manual. Subsequently, SNGDP provided technical support to DNDD during refreshment training on the pre-qualification processes and procedures to the District Tender Board (or CAD) members on 5th of September 2014.

Following the training and the announcement of PDID projects for 2015, the CAD members organised meetings with local contractors in their respective district to inform them about the pre-qualification process and procedures. And during this reporting report, the pre-qualification process has reached the step of submission of company profile to KDD and evaluation of the company document by CAD. The process will

continue with the visit to companies' premises and project sites. The final pre-qualification process is expected to take place before end of November 2014.

4.3. Recruitment of District Technical Staff

The LoA was signed between UNDP and the MSA on 25th February 2011 to finance thirteen (13) district-based planning/technical officers and two (2) national engineers to support EVAS and KDD activities at the district level. The remuneration scale applied under this LoA is based on the government public service remuneration scale.

During this reporting period, all of the districts have had technical staff recruited. The last district, Manatuto recruited its staff in September 2014. These technical staff will assist KDD members in project design and costing, project site inspection and technical evaluation of project tender/bidder documents at the district level.

On 10th of July 2014, MSA through National Directorate of Finance and Administration, submitted the 2nd quarter expenditure report jointly with the request for the 3rd quarter advance payment of US\$ 22,225.00 to cover staff salary and travel cost. The expenditure detail of this 3rd quarter will be reported in the next quarter before the final closing of LoA 2014 account in December.

Output 5: Improved maintenance and public financial management procedures piloted and rolled out at the sub-national level

Under this output, SNGDP has planned to engage an expert to develop maintenance procedures and grant system for public infrastructure. The expert is expected to start the work in December 2014. The mission report and recommendation will be summarized in the next quarterly report.

Outcome 3: Sub-national investment delivery increases communities' resilience to climate change and variability
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Please refer to the SSRI Project Third Quarterly Report 2014 annexed!

IV. Challenges and lessons learned

Challenges:

- At the national level, there is need for more predictability of budget allocations over the years and the final inclusion of project proposals in the State Budget. The lack of funds for new PDID projects in 2014 impacted the outcome of the planning process as there was no budget allocation

for the planned projects. While LGSP has an invited space for continuing to support the work of the MSA, it has little leverage with respect to other involved institutions.

- Technical capacity in planning and project design at the national and local level requires further strengthening.
- The approval of the public tender modality, with an initial pre-qualification of companies under the new PDID Procurement Decree Law will bring new challenges to the local construction companies and district administration staff. LGSP is preparing a manual for the implementation of the procurement process to facilitate the district staff and plans to provide training at national and local level before the new procedures start.
- The recently approved decree law that foresees the introduction of Administrative Pre-deconcentration structures that are yet to be established at the district could impact the pace of implementation of the LGSP and SNGDP programme activities.
- The proposed Administrative pre-deconcentration structures also require a coherent framework that links them to the PDID or vice versa. In particular, it will be necessary to define whether the PDID will continue to be the key government instrument for Local Development, and how will it need to evolve in order to become the backbone of the development budget of future municipalities.

Lessons learned:

- The quality of the planning process at the sub-national level is improving year after year: although there are not yet functioning M&E mechanisms for the PDID.
- Indications are that sucos and sectors are submitting better proposals and that the district committees are starting to submit better designed projects and BoQs. The prioritization process at the sub-district and district levels also follows clearer criteria, based on an analysis of the real benefits of each proposal and on the quality of its technical design.
- The recently introduced revisions to the PDID planning process should further improve the quality of planning at the sub-national level.
- Harmonization of the other local development policy with PDA helps establish a coherent system.
- In order to have the commitment and full participation of all line-ministries in the PDID planning process, it is important to maintain a continuous process of communication and socialization between sectors. MSA wishes to reactivate regular inter-ministerial meetings regarding the PDID as well as the PNDS. These meetings will aim to strengthen the coordination and collaboration between central ministries and harmonize actions regarding the local development needs and policies.

V. Project Management Support

Project Financial Report

The cumulative expenditures as of 30 September 2014 (from 1 January 2014) is US\$ 780,768.55 of which US\$ 358,003.96 has been provided by GOTL-UNDP cost sharing, US\$ 41,220.12 by UNDP core fund, and the rest are from the donor contribution (the Norwegian Government and Irish Aid) through UNDP Multi-Partner Trust Fund.

The financial details are summarised in the attached financial report. For full transparency both the LGSP extension budget execution (as of 1 January 2014) and the SNGDP first quarterly budget execution (as of 1 July 2014) are included.

Project ID	Fund Code	Donor Code	Total Budget 2014	Total Expenditure	Balance
00053898/ 00090965	30000	IRE 00134	165,438.00	98,480.06	66,957.94
	30000	NOR 00187	16,392.00	16,392.00	
	30000	JPAA 10714	467,816.16	253,964.53	213,851.63
	04000	Track 00012	100,000.00	33,721.07	66,278.93
	30071	GoTL 11139	750,000.00	324,699.25	425,300.75
	Total			1,499,646.16	727,256.91

Project Staff

During this quarter, seven (7) project staffs have ended their contract, namely: International Policy and Legal Adviser, There is no recruitment process initiated during this reporting period (see annex 1) as the SNGDP is strategically preparing for the four year programme.

VI. ANNEXES

Annex 1

Table 4: List of Project Staff as of 30 September 2014

Title	Name	Month of Start/ Continuation of Contract											
		J	F	M	A	M	J	J	A	S	O	N	D
Chief Technical Advisor a.i./Policy and Legislation Coordinator LGSP/SNGDP Outcome 1 Coordinator & Decentralization Advisor	Domingos Soares	x	x	x	x	x	x	x	x	x			
Legal Advisor	Rita Almeida Sutil Roque	x	x	x	x	x	x	x	x	x			
LDP Coordinator	Ana Maria dos R. de Carvalho	x	x	x	x	x	x	x	x	x			
Finance Officer	Domingas Marques G. Ferreira	x	x	x	x	x	x	x	x	x			
Planning/Infrastructure Technical Officer	Nelson P. Vicente	x	x	x	x	x	x	x	x	x			
Arlindo Monteiro	PDA CB Thematic Coordinator				x	x	x	x	x	x			
Luisa Albertina Fraga	PDA CB Thematic Coordinator									x			
Benjamin Sanches	PDA CB Thematic Coordinator									x			
Lidia Noronha das Neves	PDA CB Thematic Coordinator									x			
Communication Associate	Cecilia Tilman Goncalves	x	x	x	x	x	x	x	x	x			
Operations Manager	Liboria F. Savio	x	x	x	x	x	x	x	x	x			
Project Officer	Domingos Mesquita	x	x	x	x	x	x	x	x	x			
Admin and Finance Assistant	Angelina dos Santos Gusmao	x	x	x	x	x	x	x	x	x			
Driver Coordinator/Project Clerk	Florentino Rodrigues	x	x	x	x	x	x	x	x	x			
Driver	Juvenal N.T. Alves	x	x	x	x	x	x	x	x	x			
Driver	Antonio M.T. Smith	x	x	x	x	x	x	x	x	x			
Driver	Elizario Fonseca	x	x	x	x	x	x	x	x	x			
Driver	Salvador A. Alves	x	x	x	x	x	x	x	x	x			
Cleaner	Domingos Pinto	x	x	x	x	x	x	x	x	x			

ANNEX 2: Third Quarterly Report, July-September 2014, of SSRI Project



Strengthening the Resilience of Small Scale Rural Infrastructure (SSRI) Project and Local Government Systems to Climate Variability and Risk

QUARTERLY TECHNICAL PROGRESS REPORT

July- September 2014

Project Number/ID : 00087262	Total Budget : USD\$ 844,167.00
Atlas Award ID : 00075260	GEF : USD\$805,367.00
Government Endorsement: 25 th September 2013	UNDP : USD\$ 38,800.00
Duration : 48 months	Government in kind : \$30,000.00
	Amount Disbursed (by 30 th September 2014): USD\$ 347,628.83

Project Name	Strengthening the Resilience of Small Scale Rural Infrastructure (SSRI) Project and Local Government Systems to Climate Variability and Risk
Project Implementer and Partners Agencies	UNDP TL in Support of Ministry of State Administration (MSA) and Ministry of Commerce, Industry and Environment (MCIE)

Report compiled by	Bernardete da Fonseca, Project Coordinator and Ambrose Mugisha, PM/CTA
Reporting period	July-September 2014

Section One: SUMMARY

The third quarter report provides progress on build up activities on the progress of project start up activities undertaken in the first and second quarters of 2014.

Training of KAD members , DDO and Environment Officers from Baucau, Liquiça and Ermera Districts

Komisaun Aprovisonamentu Distrital or District Procurement Committee (KAD) Members, District Development Office (DDO) and District Environment Officer (DEO) from District of Baucau, Liquiça and Ermera attended one day training on climate change resilience into procurement process. The training enlightened the KAD and technical teams on the Climate change design considerations to ensure climate proofing for all projects under PDID, to equip the KAD and District technical teams with adequate knowledge and skills for effective mainstreaming of climate change adaptation into the bid evaluation and the entire tendering process and to ensure the entire Procurement process takes into account climate proofing considerations.

The training was held in Dili as a central place for participants from the three districts on 19th September. H. E. Secretary of State for Environment (SoSE), UNDP Country Director officiated at the training. Senior staff from the National Director for District Development, National Director for International Affairs and Climate Change, Staff from National Directorate for Local Development participated as well. A total of participants are 42 (4 females and 38 males) participated .This activity contributes to outcome 2 for the project.

National Development Coordination (SKDN) meeting

The National Development Coordination Meeting or Sorumutu Koordinasaun Dezenvolvimentu Nasional (SKDN) was held in Delta Nova, Dili 14th July 2014. The meeting provided an opportunity between district level and line ministries at national level to

harmonize PDID projects planned for implementation in 2015 to avoid any duplication. Total projects 594 amounting to a budget of USD\$ 117,999,955.32, only 151 projects were confirmed for funding by government budget amounting to USD\$ 28,224 and SSRI will fund 11 projects amounting to US\$ 1,112,000. The meeting was attended by high level participants led by H.E Vice Prime Minister Mr. Fernando Araujo Lasama, H.E. Minister of State Administration Mr. Jorge Teme, Vice Ministries, Secretary of Estates, Director General', National Director' from relevant ministries, District Administrators, General Director of ADN (National Development Agency), CSOs, and some international development partner agencies including the UNDP- SSRI project. The SKDN meeting was the final meeting of the entire PDID process cycle of 2015 whose outcome will be presented to the National Budget Review Committee (BRC).

Confirmation of and development of Designs and BoQs for climate proofed projects to be supported by SSRI project

The climate proofed projects to be implemented with support from SSRI were confirmed and resurveyed with a view to establish designs and BoQs reflecting the needed climate proofing modifications. A total of 11 projects from three districts will be supported by SSRI in 2015 with an estimated cost of US\$ 1,112,000.00 and anticipated to directly benefit approximately 69,000 beneficiaries; representing an investment per capita of US\$ 16 per person. The projects are spread into the three target districts namely Baucau (four projects), Ermera (four projects) and Liquiça (three projects). The 2015 projects are mainly concerned with rehabilitation of rural roads, small bridges, water systems installation and small irrigation. The climate vulnerabilities and risks to these projects include long drought periods, landslides, soil erosion and siltation exacerbated by lack of structural designs to accommodate climate variability induced risks and a lack of routine maintenance. Consequently, initial field assessments were undertaken for the selected projects and draft climate proofed designs and BoQs were produced that will guide the procurement and bidding process. This activity contributes to outcome 3 of the project.

Contribution to District Procurement Committee (KAD) Meeting

SSRI project participated and contributed to the meeting of the District Procurement Committee (referred to in tetun language as Komisaun Aprovisonamento Distrital (KAD)) conducted for KAD members from 12 districts. The one-day meeting, held on 5th September 2014 in Dili was organized by the National Directorate for District Development (DNDD) under MSA. The meeting discussed and disseminated the updated PDID procurement guidelines, confirmed the pre-qualification schedule and highlighted role of KAD members. There were 48 participants from districts, DNDD staff, SSRI and SNGDP attended the training.

SSRI contribution ensured that climate change impacts and issues are incorporate into procurement process and guidelines of PDID. This activity contributes to outcome 2 of the project; integrating climate risks into participatory planning, budgeting and standards of small scale rural infrastructure development.

Support to Counterparts Institutional Organizational Development

a) MSA and districts

SSRI management team conducted meetings with national counterparts namely the Ministry of State Administration (MSA), and the Ministry of Commerce, Industry and Environment (MCIE) aimed at providing support to the organizational development. In MSA, meetings were held with National Director for District Development (DNDD) to ensure all activities both national and district level priority plans are coordinated and take into climate resilience in planning and development of infrastructure. Since most of the infrastructure projects will be implemented in the field, SSRI placed emphasis on mainstreaming climate change issues into the PDID frameworks by attending EVAS teams meetings, KDD meetings, and SKDD meetings. Further, SSRI attended and contributed to KAD members refreshing training organised by DNDD, provided in put to the development of BoQs and designs for PDID projects, provided technical guidance on how to elaborate climate change aspects into procurement processes.

b) MCIE

SSRI project staff held meetings with National Director for Environment International Affairs and Climate Change (NDEIACC) aimed at facilitating their internal discussion to take a more pro-active role in fast-tracking implementation of outcome 1 activities and to enhance their inter-sectoral co-ordination role for climate change matters in Timor -Leste. . Meetings with NDEIAAC resulted into preparations for upcoming 1st Climate Change Adaptation Conference in Timor -Leste to be held from 5th-7th November 2014. SSRI is providing both technical and partial financial support.

As a result of meetings with National Directorate for Environment (NDA) application of Environmental Impact Assessment (EIA) into SSRI projects commenced through undertaking joint field trips by SSRI, DNMA and district staff commenced. The assessment will enable categorization of the projects (based on MCIE categorization levele A, B, C depending on the anticipated level of environmental impact). Preliminary results indicate that the projects so far assesses are category C; with minimal or no impacts

hence will require just environmental management activities

Identification of and meetings with key sectors as source of secondary data on climate change and infrastructure

Key sectors and relevant stakeholders as sources for secondary data were identified. A concept paper on accessing the secondary data including spelling out roles and responsibility of stakeholders in the access and use of secondary data was finalized. Meetings conducted during Q3 with stakeholders to start collection of secondary data. Meetings were held with Ministry of Public Works (MoPWs), Ministry of Agriculture and Ministry of Social Solidarity , Oxfam, Besik, Seed of Life, ALGIS, Irrigation Department related to small scale infrastructure and climate change .This data will enable MCIE to establish a multi-sector platform for stakeholders in order to share information and influence other sectors and ministries to take into account issues of climate change and their impact on infrastructure as part of their sector planning and on policy discussions. This contributes to outcome 1 of enabling MCIE to establish a platform for influencing other sectors on matters of climate change and consider them in their sector planning.

Field Re-verification of projects for climate proofing designs

In line with the PDID planning calendar and in order to ensure climate resilience is incorporated into the identification and verification of the projects to be implemented in 2015, the project team together with EVAs team members conducted field trips to the districts of Liquiça , Baucau and Ermera on 28 July-1st August 2014 . The projects to be supported by SSRI were re-verified and information used to describe project profiles, and updating the feasibility of the projects. As a result of the re-verification, one water project in Quelicai – Baucau district was dropped because of the technical considerations of water deficit at the water source which was determined insufficient to sustain the water requirement in the dry seasons. Re-verification project is important to get more information related to the project side specially for reviewing the design and BoQ.

Support to District and DNDD to incorporate climate resilience into 2015 projects Designs and BoQs

During the field trips, the project team worked with the EVAS teams to identify, verify and modify projects already proposed by different Suco to incorporate climate resilience aspects and considerations that were subsequently used in the Designs and Bills of Quantities (BoQs) for projects to be supported by SSRI. Data and information obtained from the field re-verification was used to

finalise the designs and BoQs of all the projects. Once finalized, designs and BoQs for 11 projects from three districts will be submitted to ADN (National Development Agency) by October.

Attended SKDD meeting in Baucau district

On 31st August SSRI Project staff attended District Development Coordination Meeting or Sorumutu Kordenasaun Dezenvolmentu Distrital (SKDD) in Baucau district. During the meeting, the project provided feedback to KDD members on result of SKDN meeting held in Dili, with specific reference to climate proofing of infrastructure. Based on the discussion on land issues, SSRI prepared a template for Land Offer Statement to be used and shared with local government as one requirements to secure commitment of the community land owners before implementing the project. This is to avoid conflict over land on which the projects will be located.

Development and Socialization of Survey tools and training modules in three districts

During combined field trips, socialization of survey tools and training modules was done in the district of Baucau, Liquiça and Ermera. Around 65 (Baucau-20 participants, Ermera-23 participants and Liquiça 22 participants) respectively attended the discussion on the tools and methodologies. The tools and methodologies were discussed with staff from SAS, Environment, Public Works, CDOs from each sub districts, DDOs, PDID technical staff. The presentation of technical training modules focused on how to incorporate climate resilience into technical training modules to improve the training modules in relation to climate change aspects. Survey tools developed include for irrigation, water installation, roads and bridges. The tools will be used to obtain comprehensive and detailed information during technical survey to inform and guide preparation of good quality designs and BoQs, for future use and influencing decision makers on policy and regulation.

Letter of Agreement (LoA) between UNDP and MSA for financing climate resilient PDID projects

As part of the formalization of fund disbursement modalities for the climate resilient projects to be funded by SSRI, an LoA was signed between UNDP and MSA. The LoA provides a framework for disbursing funds for construction of the SSRI supported field projects in 2015. The letter of agreement (LoA) is in line with the UNDP financial management procedures as provided for in the Programmes and Operations Policies and Procedures (POPP). The LoA envisages that UNDP will undertake direct payment to

contractors once MSA and SSRI project management confirm that the projects have been completed as per the agreed standards and specifications reflected in the approved designs. Translation of the LoA into Tetum has been done to enable district level staff to comprehend the content of the LoA. The LoA is an important backbone for implementation of activities under Outcome 3 of project.

CVRVA assessments –PSC Authorisation secured

As envisaged in the ProDoc, SSRI project will contract CARE International in Timor -Leste to undertake the Climate Variability Risk and Vulnerability Assessment (CVRVA) because of their comparative advantage including a well-developed methodology and experience. The project will use a sub-grant non-credit agreement UNDP funding modality to engage CARE for this work. To facilitate this engagement and in-line with GEF implementation guidelines, the project sought and secured authorisation of the PSC to engage CARE International in Timor-Leste to undertake the assignment. CVRVA activity will be implemented in Q4. The CVRVA assessments contribute to both outcomes 1&3.

Community Action Management Planning (CAMP) methodology developed

A methodology to guide community action management planning (CAMP) process was developed and pre-tested with district level staff. Detailed community planning will be done during Q4 to discuss and plan together with community members of their involvement in the overall implementation, maintenance and management of the infrastructure. All community issues will be considered during CAMP process. Special attention will be given to women involvement and participation since women are most at risk and highly vulnerable to impacts of climate particularly scarcity of water. CAMP will be undertaken before construction of the infrastructure.

Staff Recruitment and Deployment

Recruitment of technical staff namely two engineers, National Planning Officer and Monitoring and Evaluation officer were completed and started work during 2nd quarter. One UNV engineer also joined the team in July. Two additional drivers came on board in September 2014. The Climate Change Officer recruitment process is at the final stage awaiting medical clearance by UNDP HQs. The CC officer is anticipated to be on board by October 2014.

Purchase of Project Assets and Equipment

Three project vehicles, Laptops, printer were procured and delivered during Q3.

Section Two. ACTIVITIES AND PORGRESS

Planned Activities for the Reporting period	Progress on Planned activities in the reporting period (April-June 2014)	Outputs and Deliverables	Remarks (Sustainability, Delays, additional undertakings key observations
Activity 1.1.3: Support NDIEACC in developing a partnership strategy and in developing concrete partnerships with state and non-state actors for generating climate variability risk and vulnerability information and for evidence-based policy influencing. NDIEACC will require developing a network, alliances and partnerships to ensure maximum impact of its evidence-based policy influencing role.	A focused meeting was conducted with the NDIEACC to facilitate a more detailed discussion on the project design as well as the role of the NDIEACC especially in implementation of outcome 1 activities within the 2014 AWP.	An agreed set of activities and role of NDIEACC Counterpart Focal Person in MCIE designated (NDE)	Involvement of government counterpart staff in planning and execution of project increases government ownership of both the process and outcomes of the project. This is crucial for project sustainability.
Activity 1.2.1: Support a stakeholder analysis to identify all state and non-state actors with a (potential) interest in sharing and using climate variability risk and vulnerability information including a data demand analysis. Develop jointly with platform	Collection of Secondary data from relevant sectors, line ministries, Local NGOs and international agencies commenced. Collaboration for sharing	A platform is established and platform members are identified to share available secondary information and data to be analyzed.	Establishing of platform of stakeholders is crucial to strengthen coordination and collaboration of issues related to climate change ; The systematic collection, analysis and use of data on climate change

<p>members a paper on the goal, objectives, strategy and functioning of the platform as well as the assignment of key roles and responsibilities .prepare and facilitate platform exchange meetings and support pro-actively contribution from members to stimulate relevance of the platform and to make its utility visible.</p>	<p>data particularly on climate change impact on rural infrastructure aspects was initiated. . The sectors and partners include MoPWs, MSS (DRM) and Ministry of Agriculture and Fisheries (Seed of Life, Irrigation, ALGIS), Besik, Care, Oxfam</p>	<p>Climate Change Adaptation Working Group was established and this is under NDIEAAC for sharing information</p>	<p>and its impacts on rural infrastructure will provide useful evidence-based information to help MCIE to engage with and influence policy and decision in other key sectors responsible for small scale rural infrastructure</p> <p>Meeting with relevant stakeholders will be continued for the next quarter</p> <p>Dissemination of information related climate change issues will continue by producing pamphlets, brochures, conference on Climate Change Adaptation, conducting workshops, TV talk shows and through community radios .</p>
<p>Outcome 2: Activity 2.2.1: support the development of annual sub-district and district plans in the three focus district of Ermera, Liquiça and Baucau (for 2014,2015,2016) for climate resilient infrastructure projects</p>	<p>Field trips were conducted from 28th July- 1st August 2014 to district of Ermera, Baucau and Liquiça to support and work with the EVAS teams and Environment team in the process of re-</p>	<p>A trip report with list of 11 potential climate resilient infrastructural projects for SSRI support in 2015 and total of beneficiaries those who get benefit</p>	<p>SSRI projects will be added to Book Six (Book 6) in the National Book of State Budget.</p> <p>Findings from the field indicate poor design and BoQs largely because of insufficient details of up to-date data</p>

	<p>identifying, re-verifying and modifying possible climate resilient infrastructural projects for SSRI support in 2015. Further, discussions were held with EVAS teams for finalization of design and Bill of Quantity (BoQ) to be submitted to DNDD and ADN, discussed training tools and forms for field assessment with EVAS team, DDOs, CDOs to get an input for better implementation.</p> <p>Another field trip to Baucau District was conducted from 8th-12th September 2014. The trip was aimed of last verification of all projects, identified new irrigation project in Quelicai Sub district and conducted</p>	<p>from the project.</p> <p>Final design and BoQ including climate proofing and bio-engineering technologies for 11 projects to be supported.</p> <p>Final training tools and forms to be implemented for training and field trip assessment</p>	<p>documented from the field assessments. This affects the design and cost estimation hence likely to lead to poor quality construction.</p>
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	social, economic and environment assessment for all projects.		
2.3.1: Prepare an inventory of lead national directorates, agencies and non-state organizations involved in designing and implementing small infrastructure works, especially water related.	Key sectors with secondary data were identified. These are MoPWS, Ministry of Agriculture and Fisheries and Ministry of Social Solidarity, Care, Oxfam, Besik, Seed of Life, ALGIS, Irrigation Department.	A concept and roadmap for collecting secondary data and for engaging with the identified lead agencies developed and are implemented.	Re-verify water projects to include climate resilience in the design and BoQs because water sources and projects are often highly vulnerable to climate change induced risks.
2.3.5: Conduct district and national events to share experiences and to stimulate broad adoption of climate resilient design approaches and designs, including MoF in case of higher budget requirements for climate resilient small scale infrastructure.	Trainings and meetings held at district level targeting disseminate climate change information for inclusion into district level planning	65 participants composed from EVAS team members, DDOs, CDOs, Line ministries staff benefited from the trainings and meetings	Clear understanding and giving insightful ideas of training modules and survey tools has been discussed and those tools are important for getting a quality of data in the field and delivering proper training based on modules Training tools and tools for field assessment will be helpful to support on delivering training and field assessment

<p>2.4: Capacity Development Plan developed and technical capacity enhanced for District and Sub-district level local administrations to understand and integrate climate risk information into local planning</p>	<p>Komisaun Aprozovonamentu Distrital or District Procurement Committee (KAD) Members, District Development Office (DDO) and District Environment Officer (DEO) from District of Baucau, Liquiça and Ermera attended one day training on climate change resilience into procurement process. .</p>	<p>18 KAD members , DDOs, DNDD technical staff, line ministries from MAF, Public Works, MSS, benefited from sharing information</p>	<p>Clear understanding of the requirements and considerations for climate resilience is crucial for tendering process on incorporate climate resilience modification into field trip, pre Bid meetings.</p> <p>Hence, awareness about climate resilience is crucial for mainstreaming climate change considerations within the procurement of PDID process.</p> <p>Community Action Management Plan (CAMP) is planning to be held during Q4 to discuss and plan together with community members of their involvement in the overall maintenance and management of the infrastructure. All issues will be considered during CAMP. Special attention will be given to women involvement and participation since women are most at risk and highly vulnerable to impacts of climate particularly scarcity of water. CAMP will be undertaken before construction of the infrastructure.</p>
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			<p>Environmental Impact Assessment (EIA) will be conducted during Q4 in order to categories SSRI projects according to EIA criteria by National Directorate for Environment. The EIA is crucial for SSRI project to ensure compliance to environmental standards by the infrastructural projects</p>
<p>Act 3.1.1: Verify eligibility of MSA proposed project activities from the annual plan of the three Districts, which are developed with support from LDCF project under Outcome 2</p>	<p>The project team supported the district EVAS teams in Liquica, Baucau and Ermera district to undertake a final assessment of the extent to which the projects proposed by Suco address climate change and climate resilience.</p>	<p>a total of 11 projects were assessed during the field assessment in Q3 for Liquica, Baucau and Ermera to be supported by SSRI in 2015</p> <p>Climate resilient information was used to finalize design and BoQs for the 11 projects that have been submitted to DNDD as one of requirement for PDID.</p> <p>BoQs and designs for all the 11 projects</p>	<p>Hitherto, all project designs and BoQs did not take into account climate resilience modifications and considerations; hence the need to support EVAS teams to undertake a field re-assessment to include climate resilience into the designs and BoQs before inclusion into the PID</p> <p>SSRI project will be in Book Six of National Budget Book.</p> <p>All projects to be supported by SSRI include a bio-engineering component to stabilize the watershed and reinforce the civil structures.</p>

		submitted to ADN	
Activity 3.1.2. Financial procedures of MSA and Districts will be assessed to ensure they are adequate for fund releases of LDCF project earmarked funds and for monitoring and reporting	A review of the capacity assessment report for MSA conducted in 2011 by a UNDP commissioned consultant was deemed adequate and still valid to guide SSRI project operations with MSA.	A 2011 MSA organizational assessment report available LoA between UNDP and MSA signed to guide disbursement of funds to contractors for the accomplished work on SSRI funded projects.	SSRI financial resources for undertaking agreed climate resilient infrastructural projects will be disbursed to contractors based on modalities within LoA between government and UNDP. This is meant to fast track disbursement of payments for work done to satisfactory standards while strengthening the PDID process and framework for delivery of rural infrastructure services.
3.1.4. Evaluate and report on the climate resilient grant's performance (small scale infrastructure) against relevant MCs standard on an annual basis. Technical reporting will also need to be carried out in order to support project delivery against project indicators and targets.	During the field trips, the project team collected considerable baseline data (including qualitative and quantitative data – including pictures) on the status of small scale rural infrastructure.	Field reports available. Data from these reports will be transferred into a Baseline matrix to form a basis for and M+E framework and plan	Understanding and documenting baseline situation at the start of the project provides useful baseline situation against which to benchmark project progress and contribution in the course of the project. The project plans to produce an audio-visual documentary of the projects as part of the baselines and contribution to the M+E framework. The audio-visual documentary capturing community beneficiary voices is an important tool for

			evidence-based information of activities and for M&E. this is expected to start during Q4
Outcome 4 : Project Management			
Staffing	In addition to the three staff namely: PM/CTA, FPO, HRA, NPC, engineers (03), drivers (04), M& E, Planning Officer, UNV engineer who were started work.	14 (8 technical staff, 2 operations support staff and 4 drivers) Project staff in place and working based on their ToRs included drivers.	Completion of recruitment of technical staff and supporting staff is important to execute the plan based on Prodoc and Annual Work Plan
Recruitment of additional technical staff	The post of National CC Policy Advisor was re-classified to Climate Change Officer and re-advertised. The recruitment process for CC officer at final stages awaiting medical clearance by UNDP HQ	Interviews were conducted and a suitable candidate identified.	The final recruitment stage is ending medical clearance from UNDP HQs
Recruitment of International staff and consultants	Based on the ToRs for International Advisor for CC policy (part time) interview was done for	Recruitment awaiting finalization by the UNDP CO	International Advisor for CC policy under final process of recruitment This post will be co-shared with other similar UNDP projects namely

	<p>CC policy advisor</p> <p>One UNV on board by early third quarter</p>		<p>Dili-Ainaro and 2NC implemented in support of MCIE (NDE) to advocate for climate change issues as well.</p> <p>UNV is crucial to support national engineers on developing training modules for DNDD technical staff and EVAS team members, support SSRI engineers on develop tools for field projects implementation as well as collate basic information related to infrastructural engineering works in different sectors. The UNV staff was part of the just ended UNDP/UNCDF supported LGSP programme and hence brings onto the team the institutional memory on aspects such as training modules that have been inherited by SSRI from LGSP.</p>
Recruitment of Drivers position	Another Two driver were recruited and are on board	Recruitment process for drivers concluded, a total of four drivers now in place	Drivers will be oriented and mentored to support admin and operational functions of the project.
Purchase of SSRI vehicles, motorcycles, photo copy machine and laptops	The procurement of project vehicles, motorcycles and other equipment was completed		These vehicles are crucial for the project on supporting activities in the field

Section Three: Institutional Context & Project Partnership Issues			
<p>The national counterparts namely Ministry of State Administration, Secretary of State for Local Development (SoSLD) remains supportive of the project implementation, providing office space and collaborating on planning and conducting field trips. For effective collaboration, planning and consultation, SoSLD has assigned the National Director for District Development (DNDD) as a main counterpart for the project day-to-day consultations. The technical staff of DNDD continued to take part in conducting field trips, support on preparing BoQs and design, discussions and meetings. A high level coordination and collaboration are maintain to support effectiveness and effectively of the process.</p> <p>At district level, District Administrator’s from district of Baucau, Liquiça and Ermera, Sub district Administrator (SDAs) from eight (8) sub districts continued to play a critical collaborative role in the delivery of training and awareness sessions for EVAS teams and subsequent planning, verification and designing of climate resilient infrastructure. There are active participation from district level during re-verification of proposed projects in the field, supporting of design and BoQs, Attended several meetings, workshop and training both in the district and national level.</p> <p>Ministry of Commerce, Industry and Environment (MCIE), Secretary of State for Environment (SoSE) has assigned the National Director for International Environmental Affairs and Climate Change (NDIEACC) to become a SSRI counterpart on implementing and executing Outcome 1. Staff from respective National Directorate was active involved during field trip to districts for re- verification of proposed projects.</p> <p>More collaboration was established under the National Directorate for Environment for implementing and assess an Environment Impact Assessment for all SSRI project in three districts.</p>			
Section Four: Outcomes and Lessons Learned			
<p>- Based on our re-verification of the projects in the field, we have realised that the initial cost estimates of projects in the PID are significantly deviant from the actual estimates. Hence, there is always a need to undertake a field re-verification before making a commitment on which projects from the PID to be supported by SSRI project.</p>			
Section Five: Monitoring and Evaluation			

- The national project inception workshop validated the M+E framework and system as well as tools for monitoring
- The district level meetings and training workshops for EVAS and technical staff generated baseline data as a starting point for establishing baseline and benchmarks for project M+E.
- The information collected during field verification of Projects to be supported in 2015 provides data for baseline establishment (photos, etc. Qualitative and quantitative data).
- During the field trips staff collected some additional information to be added and consider into planning process; also form baseline data Debriefing for Engineers for fieldwork re: conceptual framework and verification for climate resilient infrastructure. Discussion on survey tools and training modules to the district EVAS team, line ministries, CDOs and DDOs.
- 1st, 2nd and 3rd quarter progress report (January-Sept 2014) provide benchmarks and progress on activities against AWP plans, The progress report is a M+E tool itself.
- Secondary data from partners such as Ministry of Public Works, Ministry of Social Solidarity, Ministry of Agriculture and Fisheries ,CARE, Oxfam, ILO, Besik, SoL, ALGIS are important on completing baseline data establishment
- Developed tools and methodology to collect and collate available secondary data on relationship between climate change and the different types of rural infrastructure. Another tools are develop to collect primary data in the field to fill the gap of secondary data.

Section Six: Communication, Dissemination and Advocacy

- Inception workshops (national and district level) acted as platforms for dissemination of project
- University of Timor-Leste – workshop on roads and road consultations
- Workshop for DAs and SDAs
- Production of banners, Factsheets, brochures during WED event
- EVAS team members training during 2 days in Dili ;
- KAD members training during one day in Dili on incorporate climate change aspects into procurement process;
- Workshop on discussion of survey tools and training modules to use as a tool survey on collecting a quality of data as an evidence based approach

- As an entry point for dissemination of information on climate change impact on infrastructure; To centre will provide data and recommend research outputs to the government of Timor – Leste for the purpose of policy development in addressing climate change adaptation and mitigation with regards to a wide range of sustainable development including sustainable infrastructure. SSRI project Outcome 1 is thus well positioned to support the strategic thinking around the Centre as well as for facilitating knowledge exchange, -products and capacity development support to NDIEACC.

Section Seven: Risks, Issues and Challenges

The issues during this period :

- Capacity of KAD members on dealing of procurement process related to climate change issue is insufficient – the project plans to provide training and awareness of climate change aspects into a whole procurement processes
- Capacity of Local Administrations, stakeholders and national professionals for technical content work as well as project implementation is insufficient- the project plans to provide information and awareness creation and training for capacity development related to climate change and climate resilience in infrastructure planning, design, preparing of BoQ as well as implementation.
- EVAS team members, community leaders and communities have limited comprehension of climate change and climate change risks and their impact on infrastructure. The project plans to provide information and capacity development training on climate change issues and help them to mainstream climate variability and risks in their planning and implementation of infrastructures to make them more resilient to climate change induced variations and risks.
- Limited of technical staff in the district on preparing designs and BoQs has affected to the delay of submission of complete design and BoQ to national level- SSRI engineers to provide support to help them on designing and preparing BoQ in order to meet deadline as well as to meet SSRI requirement on incorporating climate change considerations into BoQs and design.
- Lack of official standards for development of infrastructure such as rural roads hampers efforts of the SSRI to integrate climate change into the standards and guidelines for rural infrastructure
- The issue of land: land is a major cause of conflict in communities that will have a direct impact on the success or failure of infrastructures to be constructed. There is a need to address this including securing commitment and consent (in writing) from landowners accepting the infrastructure to be located in their land. SSRI project plans to address this during the Community Action Management Planning (CAMP) process

Project Board:

The above issues if not addressed will have significant impact on the design and implementation of infrastructures which will continue to impact on the quality and ability of infrastructure to withstand the increasing climate change induced risks.

Section Eight: Collaboration and Support

1. Engineer Without Borders (EWBs)

EWBs is an international volunteer organization from Australia that provides engineer volunteers to support engineering projects as part of their support to rural livelihood improvement. The project initiated discussions with EWBs to acquire volunteer engineers with international engineering expertise to support our project engineers and EVAS members in the field in capacity development in design, preparing BoQ, implementation, monitoring and evaluation of sustainable climate resilient infrastructure. The need for the additional support from the EWBs is based on the limited technical engineering expertise and skills.

Discussions are still underway and we anticipate that the EWBs volunteer engineers will be on by early next year when physical construction of infrastructure commences. The envisaged partnership arrangement will be a long term partnership between EWBs and MSA with facilitation from SSRI project.

2. ILO R4D/ERA

SSRI has initiated discussions on partnerships arrangement with ILO, who is implementing Roads for Development (R4D) and Enhancing Rural Access (ERA) projects especially on conducting trainings for contractors and technical government staff and EVAS teams on standards for rural roads designing and implementation. SSRI project continues to be a member of Rural Roads Working Group (RRWG) convened by ILO.

The group is made up of an extensive platform of almost all of the key players handling rural roads in Timor Leste in one way or the other, such as JICA, SSRI, CARE, ILO, MPW, ADN, Seeds Of Life etc. This platform is very critical in mainstreaming climate change and

infrastructure resilience into the Standards and specifications for rural roads, as Timor Leste is without any know and acceptable national standards for rural roads. Meeting once a month, we have been able to allow all players to present their experiences and challenges during implementation of Rural roads projects, capturing mainly the interventions that worked well, depicting remarkable lessons that can influence the development of a national rural roads standards and specifications.

As a member of the group, SSRI, since acceptance of inclusion into the group, has been advocating the inclusion of climate change and climate resilience consideration into the Standards being developed. SSRI project membership to the RWG has provided additional value in terms of discussion incorporating, specifically, bio-engineering technologies within the rural roads works. SSRI project staff have been included on a sub-working group of the RWG to develop standards and guidelines for rural roads.

Lately, we have started harmonizing the standards of all road works implemented by the PDID project, this is very significant progress as it will scale out our advocacy efforts from the three Districts to the rest of the country. This is an opportunity to incorporate climate resilient considerations into the standards and guidelines for the entire Timor -Leste.

Further, membership to the RRWG has provided an opportunity for SSRI to contribute to the current process of producing a Master Plan for Rural Roads in Timor- Leste, our advocacy role is also very crucial in this regard.

Lastly, as we enter into another interesting topic of road Safety in Timor Leste, our inclusion into the platform provides us with the opportunity to provide relevant input, as most of the issues hampering the safety of roads in Timor- Leste are climate change related.

3. CARE

Based on the fact that CARE is already undertaking climate vulnerability assessment and mapping in districts of Ermera and Liquica, SSRI project seeks to collaborate with CARE to undertake CVRVA assessment to provide data and information to guide SSRI project undertakings in the field. SSRI project with work with CARE to ensure that aspects of our focus on climate resilient infrastructure and landscape stabilization are incorporated within CARE's tools used in CVRVA assessment methodology. .

Further discussions on the development of the Climate Variability Risk and Vulnerability Assessment (CVRVA) methodology revealed

that CARE International Timor -Leste has further developed and tested their vulnerability assessment and mapping (GIS-based) methodology in Liquiça, Baucau and Ermera .The Data generated will be useful for community resilience action planning (CRAPs); a unique contribution to the projects selection and prioritization as well as district investment plan (PID) stages of the PDID process.

To facilitate the collaboration with CARE, UNDP commissioned an assessment of CARE as potential NGO to collaborate with. The report highlights CARE as a low risk and high potential NGO to work with .This provides firm basis for SSRI to engage CARE to implement a number of activities as identified in the PRODOC and reaffirmed in the Inception Report. These activities will include CVRVA assessments, community resilient action planning.

The discussion being held , ToR is in the final stage to guide the CARE assignment. of the Minister on behalf of the PSC has authorised the SSRI project to engage CARE to undertake the CVCA assessment using the UNDP sub-grant agreement modality in accordance with the UNDP POPP guidelines.

4. Thematic Working on Climate Change Adaptation

According to the National Adaptation Programme of Action for Climate Change report (NAPA, 2010), the sectors that are most vulnerable to climate change impacts in Timor-Leste, are food security and water security. Other priority areas include: Human Health, Natural Disasters, Forestry, Biodiversity and Coastal Ecosystems, Livestock Production, Physical Infrastructure, Poverty and Institutional Capacity (NAPA, 2010). Climate Change Adaptation projects and activities are necessary in all these sectors to ensure Timor-Leste's most vulnerable communities and their most susceptible households, will be able to continue to build and uphold sustainable livelihoods in the future, in spite of projected climate change impacts.

Since most climate change adaptation projects overlap, a national Working Group on Climate Change Adaptation (WG-CCA) was established to which SSRI is a member. The members of the WG-CCA consist of both Government and Non-Government organizations working on Climate Change Adaptation in the Timor-Leste. The main objectives on established WG-CCA are to convene a meeting at least every 3 months with representatives of all group organizations and institutions with the objective to ensure

stakeholder coordination at the national level concerning all projects and enabling activities related to Climate Change Adaptation projects and activities, update Climate Change Adaptation related reports and data to the NDIEACC and the NFPCC.

As part of the WG-CCA, SSRI is contributing to the organization of the first National Climate Change Adaptation Conference in Timor-Leste scheduled on 5-7th November 2014. This is an important opportunity for lessons learning and information sharing regarding climate change adaptation in Timor-Leste and the region.

Section Nine: Next Steps and Key Planned activities for subsequent quarter

1. Support NDIEACC on involved Working Group on Climate Change Adaptation on organizing and preparing on Climate Change Adaptation Conference as a member of committee. The conference will be held on 5-7th November 2014
2. Support EVAS team members, and KAD members for pre-qualification process
3. Finalised recruitment of Climate Change Officer to support project implementation (Outcome 1)
4. Conducting Community Action Management Planning (CAMP) to selected Suco's within three districts for implementation of physical infrastructure in 2015.
5. Conducting quarterly field trip to selected districts for monitoring;
6. Conducting training for Pre-Qualified contractors in three districts;
7. Conducting staff retreat on planning AWP 2015
8. Supporting SoSE on wider CC policy influence issues such as climate change centre, CC data analysis and dissemination etc
9. Additional activities contained in the 2014 AWP