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YEAR 5, THIRD QUARTERLY REPORT 2011/2012 (1 April 2012 – 30 June 2012)

USAID STRENGTHENING PROPERTY RIGHTS IN TIMOR-LESTE PROJECT

July 2012

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Strengthening Property Rights in Timor-Leste
Hametin Direitu ba Propriedade iha Timor-Leste

Strengthening Property Rights in Timor-Leste Project

USAID Contract No. EPP-I-03-06-00008-00

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ACRONYMS AND ABBREVIATIONS

DNTPSC	Direccao Nacional de Terras, Propriedades e Servicos Cadastrais
GoTL	Government of Timor-Leste
GPS	Global Positioning System
IT	Information Technology
MoJ	Ministry of Justice
NGO	Non-Governmental Organization
SPRTL	USAID-funded "Strengthening Property Rights in Timor-Leste" Project
USAID	United States Agency for International Development

PREFACE

The USAID Strengthening Property Rights in Timor-Leste (SPRTL) Project is managed by Tetra Tech ARD. Implementation partners included, ACDI/VOCA, BELUN (a Timorese NGO) and in the first three project years, Land Equity International Pty Ltd (LEI). The Project continues USAID/Timor-Leste's support to land reform and land rights strengthening begun in 2002. The Project originated in particular from USAID's Conflict Vulnerability Assessment (November 2006), undertaken in the aftermath of the crisis in Timor-Leste that year. The Assessment concluded that underlying insecurity associated with unresolved land tenure issues was a fundamental cause of the conflict.

The Project is funded under the Prosperity, Livelihoods and Conserving Ecosystems (PLACE) IQC (USAID IQC Contract Number: EPP-I-00-06-00008-00). The original contract was for five years and \$9.876 million and began October 2007. The Minister of Justice and USAID requested an accelerated timetable of activities at the end of the first year. Tetra Tech ARD proposed and received a contract amendment to shorten the project to 4.5 years, allowing funds to be invested earlier to meet project objectives. In January 2012 USAID modified the contract to add an additional \$500,000 and extend the term to the original five years.

The Project paid special attention to women's ownership rights, improving land administration systems, eliminating overlapping legal and judicial systems regarding land administration, reducing competing claims over property rights, and promoting transparency in land administration. Success should contribute to achieving the strategic objectives of improved investment and economic growth while promoting social cohesion and political stability. The Project was nationwide and worked closely with the District and National Offices of the National Directorate of Land, Property, and Cadastral Services (Direccao Nacional de Terras, Propriedades e Servicos Cadastrais, DNTPSC) within the Ministry of Justice.

These objectives were met through a series of interrelated activities in five task areas:

1. Public Information Awareness.
2. Land Policy Laws and Implementing Regulations.
3. Support to a National Land Body tasked with carrying out the property regularization process, establishing the cadaster, and/or dealing with land disputes.
4. Land Administration (Cadastral, Registration and Land Titling System)— develop a national land cadaster.
5. Dispute Resolution, Mediation and Processes for Competing Claims to Land.

The Project designed, tested, and implemented an approach to developing a cadaster using systematic, transparent, neutral, claims-based principles with strong PIA and conflict resolution components. It successfully promoted the brand “Ita Nia Rai” (“Our Land”) with a corresponding logo that is now nationally recognized. By October 2011 the Project had over 50,000 parcels in the database from urban centers in each of the 13 Districts.

The Ministry of Justice requested and began assuming operational responsibility as of 29 November 2011. With the contract modification of January 2012 the Project provides advisory services and support to the transition of all program activities to the Ministry of Justice during the period January-September 2012.



Logo developed by the Project to represent the cadastral program of the Government of Timor-Leste with startup support from

EXECUTIVE SUMMARY

This quarter saw a dramatic decline in Ita Nia Rai activities under the administration of the Ministry of Justice. The Minister's authority was suspended in April. She was tried in May and convicted in June of corruption-related crimes. While she is appealing her conviction, she remains without authority and unavailable to continue her role directly guiding the Ministry's management of the Ita Rai Activities. In this power vacuum, the current leadership of the National Office of the DNTPSC continued to oppose the program's activities. Poor motivation and capacity at the DNTPSC led to salaries for Ita Nia Rai personnel being delayed significantly, resources being unavailable, and little or no overall coordination or planning taking place except what the Project Advisory Team could convey.

The Project Advisory Team travelled extensively to all Districts to monitor activities and provide technical assistance and training. However, the Technical Assistance and Training Plan's Training of Trainers and Strategic Planning workshops could not take place without the approval of the National Director DNTPSC. The Project deployed an international IT Specialist for a 4-week assignment in May. The Project will bring its GIS and IT experts back for 4-week assignments in August.

The sustainability of the program is at high risk. The country peacefully elected and inaugurated a new President in this past quarter. As this report was being written, Parliamentary elections took place peacefully laying the groundwork for a transition to a new government to take place. However, the schedule for this seems to match the closeout of this Project.

Meanwhile, the Ita Nia Rai Program under the Ministry of Justice still lacks a confirmed and qualified Manager, an accompanying management structure that provides direct access to allocated and available government funding for Ita Nia Rai activities, independent oversight to protect the program from accusations of corruption and mismanagement, and high level government public commitment to sustaining it. The USAID-funded technical assistance we are providing helps to some extent to mitigate the severity of these deficiencies. This assistance ends largely at the end of August as our technical team concludes their contracts and conclusively by the end of September.

QUARTER REVIEW

This quarter saw a significant stalling of Ita Nia Rai activities as implemented by the Ministry of Justice. The Minister of Justice was suspended in April, tried for corruption charges in May, and convicted of one charge in June (she is appealing it, but remains suspended). She did not appoint a manager of Ita Nia Rai activities, set up a management structure with counterparts for the Project Advisors, and defaulted to the DNTPSC for administration of operational finances and human resources. The Prime Minister retained authority over land-related matters.

As reported last quarter, the National Director of the DNTPSC has opposed the Ita Nia Rai program. In the face of this opposition, beginning late in 2011 the Minister of Justice assumed direct authority for Ita Nia Rai activities. In her absence, in April the National Director rejected the proposed Technical Assistance and Training Plan from the Project, specifically the Training of Trainers' Workshop and the 2013 Strategic Planning Workshop. Without the Minister's direct involvement, practical authority for the Ita Nia Rai activities defaulted to the National Director of the DNTPSC. Salaries for the almost 200 Ita Nia Rai personnel (formerly employees of the Project now under contract with the Minister of Justice) went unpaid for months. Funds for operational expenses such as community meetings and travel costs related to program implementation were largely unavailable. The National Director reassigned several key specialists from the National Office of Ita Nia Rai to Districts over the objections and recommendations of the Project. While the Minister had ordered DNTPSC to provide two vehicles full time for Ita Nia Rai activities, generally none were available until June, when one seems permanently assigned. The Project continued a series of visits directly to District Offices to monitor Ita Nia Rai activities, provide technical assistance and training, and to provide logistical support where possible.

Public Displays initiated in the last quarter (specifically March 2012) have concluded in this quarter's reporting period (April). However, a number of factors inhibited the conclusion of the legal procedures leading to the issuance of certificates. The District Offices all received laptop computers (one GIS and one for claims data) from the Project in late 2011, along with other equipment necessary for processing data during a Public Display as well as to collect new claims. However, it seems some of the District Directors have assumed possession of at least one laptop for his or her own individual use and not made sure it was available as intended for Ita Nia Rai activities. In several instances, the District Director locks the laptop in his or her office. In other cases, the laptops have become infected with viruses or have other technical problems, but there are no IT specialists available to address these problems. The Ministry of Justice has not allocated the IT personnel to Ita Nia Rai as promised, and the entire Ita Nia Rai program relies on the Project IT Advisor. He travels when possible but cannot meet all the IT needs of all 13 Districts Offices as well as the National Office. As a result, the data processing necessary as a result of the Public Display activities that initiated last March and concluded in April is not yet complete. Furthermore, the completion process requires a final reconciliation of the Dispute database along with the GIS and Claims databases at the District Office. Progress is being made and it seems the data processing will be completed in July leading to the legal printing and signing of the Eligibility Lists and the corresponding Certificates possibly during the next quarter.

To illustrate, the table below shows to date 2,954 parcels where claims are undisputed and complete, and eligible for certificates as a result of legal Public Display under Decree Law 27/2011 as of the end of the quarter. This is an increase of only two parcels from what was reported at the end of March 2012. This slight increase was in Manatuto where final processing of the Public Displays that took place there concluded (fully funded and managed

by the Project). No new certificates have been issued. No new Public Displays took place in this reporting period.

Parcels Subject to Public Display			
Under Decree Law 27/2011			
DISTRICT	NOT ELIGIBLE	ELIGIBLE	Total Parcels
Ainaro	172	279	451
Aileu	0	0	0
Baucau	2	97	99
Bobonaro	34	118	152
Covalima	0	0	0
Dili	0	0	0
Ermera	0	0	0
Liquica	855	1,291	2,146
Lautem	0	0	0
Manufahi	0	0	0
Manatuto	297	1,156	1,453
Oecusse	0	13	13
Viqueque	0	0	0
Grand Total	1,360	2,954	4,314
	31.53%	68.47%	

We anticipate further delays since the Parliamentary elections taking place on 7 July will lead to the formation of a new government. The new Minister of Justice must sign the Eligibility Lists before Certificates can be distributed. It seems reasonable that it will take some time to orient the new Minister to the point he or she will be comfortable signing these lists.

New Public Displays have been legally announced in the government gazette to begin on 18 July for selected collection areas in Oecusse, Covalima, Ermera, Dili, and Baucau.

The Project continues to provide primary management and coordination services at the National Ita Nia Rai office. In this reporting period the Project upgraded the electrical system in the building that powers the computer servers. During a severe rainstorm an outlet shorted out and revealed that the wiring had not adequately isolated the servers from other circuits in the building.

The Project retains responsibility and authority over the computer servers that host the claims database. In May the Project deployed Rishi Aryal as an IT Consultant who provided four weeks of technical assistance and training to Ita Nia Rai personnel (both those employed by the Ministry as well as those employed by the Project). Mr. Aryal met several times with the Ministry of Justice IT Department and its chief Gaspar Araujo. USAID has approved short term technical assistance assignments for Ms. Sara Ribeiro (GIS) and Mr. Mohamed Ilyas (IT) in August. Their primary responsibilities will be to conduct a final assessment of the sustainability of the program, to provide technical assistance and training, and to contribute to the Final Report for the Project.

On 29 November 2011 USAID formally handed over responsibility for the “Ita Nia Rai” activities to the Ministry of Justice. The hand over included the commitment to transfer ownership of remaining equipment and furnishings in the National Ita Nia Rai office and the Dili District Office necessary to sustain the program’s activities. Minister Lobato instructed the Ministry Director of Administration to conduct a joint inventory of the equipment and furnishings with my team before formally signing the documents to accept ownership of them. This joint inventory concluded in this reporting period. In the absence of the Minister to sign the documents, in June the Project addressed a letter to the Vice Minister of Justice inviting him to sign the transfer documents. In the meantime, the Project retains ownership and control over the equipment and furnishings still on its inventory in the Dili District and National Offices.

The Project is beginning to lose key Advisors. The Database Manager, Cipriana Sarmento, will be leaving the Project in July to join her husband in Japan. The PIA Manager, Cecilia Goncalves, resigned in June to accept a position on another project. Since so little time is left in the Project, their duties and responsibilities are being transferred to other Advisors or to de facto counterparts working under contract for the Ministry.

SUSTAINABILITY

ASSESSMENT

As reported last quarter, the justification for the contract extension derives fundamentally from concerns about the sustainability of the “Ita Nia Rai” cadastral program. The Minister of Justice and all 13 District Directors of the DNPTSC had been unanimous in their commitment to the program. The first two National Directors of the DNTPSC were equally enthusiastic and supportive. By February 2012 The Minister had hired 196 former Project employees and retained them in their Ita Nia Rai roles. In the last quarter of 2011 Parliament specifically included and approved a budget reported to be \$4 million for Ita Nia Rai activities in 2012. The Minister approved procurements of equipment and supplies for Ita Nia Rai activities in the last quarter of 2011 and the first quarter of 2012, as well as funding for operating expenses.

In contrast, however, the current National Director of the DNTPSC and with few exceptions his managers remain opposed to the Ita Nia Rai program. Throughout this reporting period, the National Director remained unresponsive to the Project’s recommendations and its requests for meetings with him.

As of the end of this quarter (and the week following as this report was being written), the sustainability of the Ita Nia Rai program still seems to be at serious risk. The fundamental problems remain. There is no recognized and official management structure for the Ita Nia Rai program. The “Project Advisors” are the most skilled, experienced, and respected experts. Some have already resigned to take other positions and most will leave as their contracts expire at the end of August. While they have formally offered in writing to accept contracts with the Ministry (as requested by the Minister), their letters to the Minister has gone unanswered. The Ministry has not made any provision (as recommended) to contract with an independent internationally recognized firm to monitor and audit the program. Without such oversight, there will be no defense against allegations of corruption and inaccuracy. The DNTPSC as an institution does not demonstrate the capacity or the motivation to administer the human resources and the finances effectively to sustain the activities.

The Program needs a confirmed and qualified Manager, an accompanying management structure that provides direct access to allocated and available government funding for Ita Nia Rai activities, independent oversight to protect the program from accusations of corruption and mismanagement, and high level government public commitment to sustaining it. The USAID-funded technical assistance we are providing now helps to some extent to mitigate the severity of these deficiencies. This assistance ends largely at the end of August as our technical team concludes their contracts and conclusively by the end of September.

As this report was being written, the country concluded peaceful elections for Parliament. This lays the foundation for the formation of the new government. The schedule for this formation and transition of control is uncertain. In 2007 it seemed to take several months. The sustainability of the activities depends directly on high-level GoTL commitment through this transition period to a new government and also on continued international technical assistance and oversight.

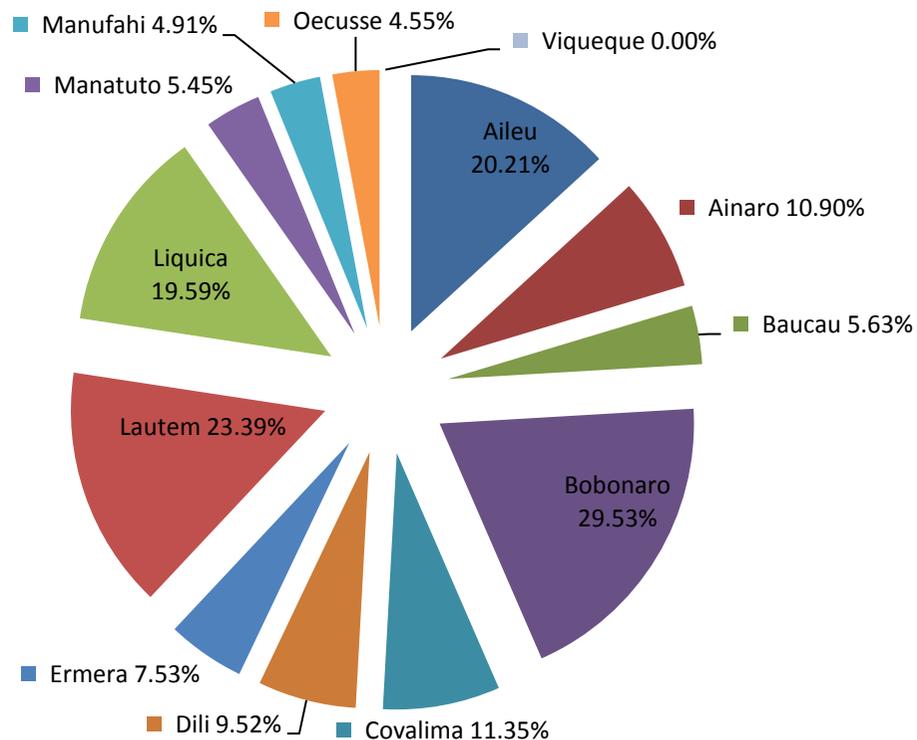
ANNEX 1: LAND CLAIMS DATA

Land Claims Recorded by Type of Land Claimant as of 6 July 2012

District	Parcels	Claims	Indiv Female	Indiv Male	Married Group	Other Groups	State	Non State
Ainaro	413	472	91	169	82	26	98	6
Aileu	970	1177	99	325	271	136	330	16
Baucau	2007	2196	284	965	451	183	235	78
Bobonaro	3799	4497	1240	1871	529	190	519	148
Covalima	2899	3121	1357	1231	256	28	220	29
Dili	30492	32748	5952	12556	3442	921	9537	340
Ermera	876	913	91	416	122	11	270	3
Liquica	1996	2329	282	795	417	143	650	42
Lautem	2038	2507	569	1321	114	230	258	15
Manufahi	448	449	87	169	157	16	17	3
Manatuto	1430	1499	614	469	116	176	101	23
Oecusse	4114	4299	674	2162	349	67	964	83
Viqueque	142	181	29	88	4	3	56	1
Totals	51624	56388	11369	22537	6310	2130	13255	787

ANNEX 2: LAND DISPUTE DATA¹

Percentage of Disputed Parcels by District



Total Parcels	Disputes		
	Private	State	Total
51,595	3,003	3,159	6,162
	48.73%	51.27%	11.94%

District	Parcels Claimed	Disputed	Percent
Aileu	970	196	20.21%
Ainaro	413	45	10.90%
Baucau	2,007	113	5.63%
Bobonaro	3,799	1,122	29.53%
Covalima	2,899	329	11.35%
Dili	30,429	2,904	9.52%
Ermera	876	66	7.53%
Lautem	2,009	470	23.39%
Liquica	1,996	391	19.59%
Manatuto	1,430	78	5.45%
Manufahi	448	22	4.91%
Oecusse	4,114	187	4.55%
Viqueque	142	-	0.00%
Total	51,595	5,923	11.48%

¹ There is a slight increase of 29 parcels for Lautem reported in Annex 1 that are not included in the dispute statistics as they have not yet been reconciled by the dispute resolution team. Those were added to the database on 5 July as this report. Dispute statistics are updated through June except for Dili and Liquica where data was not available. Those are updated through May only.

Breakdown of Disputes as of 6 July 2012

District	Total Disputes	Dispute between	Status:							Result				
			Tribunal	Mediation	Solved in Family	Ongoing Process	Need to Approach	Unable to solve	Pending	Solved ²				No Yet
										F	M	C	T	
Aileu 202	142	Individual or Group	3	0	0	22	49	22	0	2	3	1	0	136
	60	Individual or Group with State	44	-	-	-	-	-	-	-	-	-	-	60
Baucau 133	109	Individual or Group	43	3	17	1	20	6	0	1	13	5	1	90
	24	Individual or Group with State	24	-	-	-	-	-	-	-	-	-	-	24
Liquica 442	121	Individual or Group	7	1	1	3	76	19	0	10	4	0	0	107
	321	Individual or Group with State	284	-	-	-	-	-	-	-	-	37	-	284
Manatuto 94	75	Individual or Group	7	1	0	34	5	12	0	3	13	0	0	59
	19	Individual or Group with State	19	-	-	-	-	-	-	-	-	-	-	19
Bobonaro 1149	737	Individual or Group	13	1	0	12	684	1	0	20	4	3	0	710
	412	Individual or Group with State	412	-	-	-	-	-	-	-	-	-	-	412
Oe-cusse 242	115	Individual or Group	13	19	1	0	30	0	0	7	45	0	0	63
	127	Individual or Group with State	124	-	-	-	-	-	-	-	-	3	-	124
Dili 2937	1041	Individual or Group	61	37	55	78	748	29	0	20	12	1	0	1008
	1896	Individual or Group with State	1896	-	-	-	-	-	-	-	-	-	-	1896
Lautem 481	352	Individual or Group	83	0	7	33	218	0	0	4	7	0	0	341
	129	Individual or Group with State	129	-	-	-	-	-	-	-	-	-	-	129
Ainaro 46	39	Individual or Group	0	0	7	6	25	0	0	0	1	0	0	38
	7	Individual or Group with State	7	-	-	-	-	-	-	-	-	-	-	7
Covalima 338	214	Individual or Group	18	19	1	0	167	1	0	8	0	0	1	206
	124	Individual or Group with State	123	-	-	-	-	-	-	-	-	-	-	124
Ermera 72	33	Individual or Group	0	0	0	0	26	0	1	0	6	0	0	27
	39	Individual or Group with State	39	-	-	-	-	-	-	-	-	-	-	39
Manufahi 26	25	Individual or Group	2	0	0	0	19	0	0	4	0	0	0	21
	1	Individual or Group with State	1	-	-	-	-	-	-	-	-	-	-	1
Viqueque 0	0	Individual or Group	0	0	0	0	0	0	0	0	0	0	0	0
	0	Individual or Group with State	0	-	-	-	-	-	-	-	-	-	-	0
Sub-total	3003	Individual or Group	250	81	89	189	2067	129	1	79	108	10	2	2806
	3159	Individual or Group with State	3119	0	0	0	0	0	0	0	0	40	0	3119
Total	6162		3369	81	89	189	2067	129	1	239				5925

² F = Solved intra-family. M = Mediated solution. C = Disputing claim voluntarily cancelled. T = Tribunal (court) solution.

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