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Consolidated Annual Report on Activities Implemented under the Joint Programme “Inclusive Finance for the Under-served Economy” (INFUSE)

**Report of the Administrative Agent for INFUSE
for the period 1 January - 31 December 2011**

Multi-Partner Trust Fund Office
Bureau of Management
United Nations Development Programme
<http://mptf.undp.org>

31 May 2012

PARTICIPATING UN ORGANIZATIONS



United Nations Capital Development Fund (UNCDF)



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United Nations Development Programme (UNDP)

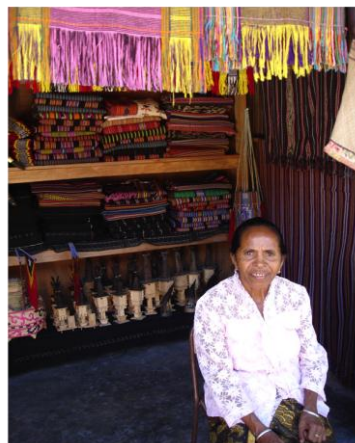
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Timor-Leste





**JOINT PROGRAMME NEPAL LGCDP
ANNUAL PROGRAMME NARRATIVE PROGRESS REPORT
REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2011**

Programme Title & Number
<ul style="list-style-type: none"> Programme Title: Inclusive Finance for the Under-served Economy (INFUSE) Programme Numbers UNDP: 00050242 (Award ID), 00061961 (Project ID) UNCDF- Core: 00050456 (Award ID), 00062359 (Project ID) UNCDF-GoTL: 00058333 (Award ID), 00072424 (Project ID) AusAID: 00060350 (Award ID), 00075947 (Project) MPTF Office Atlas Number: 00055655 (Award ID), 00067655 (Project ID)

Country, Locality(s), Thematic Area(s)
Timor-Leste, Inclusive Finance

Participating Organization(s)
<ul style="list-style-type: none"> United Nations Capital Development Fund (UNCDF) United Nations Development Programme (UNDP)

Implementing Partners
<ul style="list-style-type: none"> Australian Agency for International Development (AusAID) Ministry of Economy and Development (MoED) / Government of Timor-Leste

Programme/Project Cost (US\$)	
Joint Programme funding (Pass-Through) from AusAID and the Government of Timor-Leste:	UNCDF: US\$2,668,036 UNDP: US\$ 530,802
Agency Contribution • by Agency (if applicable)	UNCDF: US\$ 1,550,000 UNDP: US\$ 500,000
TOTAL:	US\$ 5,248,838

Programme Duration (months)	
Overall Duration	2008 - 2012
Start Date	27 August 2010
End Date or Revised End Date,	December 31 st 2012
Operational Closure Date	December 31 st 2012
Expected Financial Closure Date	31 st –December, 2013

Programme Assessments/Mid-Term Evaluation
Assessment Completed X Yes <input type="checkbox"/> No Date: September 2010_____
Mid-Evaluation Report X Yes <input type="checkbox"/> No Date: August, 2010

Submitted By
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Abbreviations and Acronyms	
ADB	Asian Development Bank
AFA	National Administration/Finance Associate
AFI	Alliance for Financial Inclusion
AMFITIL	Association of Microfinance Institutions of Timor-Leste
AusAID	Australian Agency for International Development
BASIX	Bhartiya Samruddhi Investments and Consulting Services Ltd.
BCTL	Banco Central de Timor-Leste
BNCTL	National Commercial Bank of Timor-Leste
BPA	Banking and Payments Authority
CTA	Chief Technical Adviser
CUFA	Credit Union Foundation of Australia
FHM	Federsaun Hanai Malu (Federation of Savings and Credit Cooperatives)
FSPs	Financial Services Providers
FSS	Financial Self-sufficiency ratio
GoTL	Government of Timor-Leste
HR	Human resources
IFC	International Finance Corporation
IIE	Institute of International Education
ILO	International Labour Organization
IMfTL	Instituicao de Microfinancas de Timor-Leste
INFUSE	Inclusive Finance for the Under-Served Economy
INDMO	Institusaun Nacional Desenvolvimento Maun d'Obre / National Labor Force Development Institute
MC	Mercy Corps
MCIF	Management Committee for Inclusive Finance
MDG(s)	Millennium Development Goal(s)
MPTF	Multi-Partner Trust Fund
MFIs	Microfinance Institutions
MIS	Management Information System
MoED	Ministry of Economy and Development
MR	Moris Rasik
NITL	National Insurance of Timor-Leste
NGO	Non-Government Organization
NPO	National Programme Officer
NPWG	National Priority Working Group
ODTI	Other Deposit-Taking Institution
PAR	Portfolio at Risk
PBAs	Performance Based Agreements
PIU	Programme Implementation Unit
PFIP	Pacific Financial Inclusion Programme
PPI	Progress out of Poverty Index
TA	Technical Assistance/Assistant
TRM	Tuba Rai Metin
TSPs	Technical Service Providers
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
WEAL	World Education Australia Limited

DEFINITIONS¹

Joint Programme

A set of activities contained in a common work plan and related budget, involving two or more UN organizations and (sub-) national partners. The work plan and budget forms part of a joint programme document, which also details roles and responsibilities of partners in coordinating and managing the joint activities. The joint programme document is signed by all participating organizations and (sub-) national partners.

Donor Pledge

An amount indicated as a voluntary contribution by a donor. Pledges are not included in the financial statements. Financial reports will report on legally binding donor commitments and deposits to the INFUSE Timor-Leste.

Donor Commitment

A donor contribution as per signed Letter of Agreement / Standard Administrative Agreement with the UNDP Multi-Partner Trust Fund Office, in its capacity as the Administrative Agent of the INFUSE Timor-Leste.

Donor Deposit

Cash deposit received by the Multi-Partner Trust Fund Office for the INFUSE Timor-Leste.

Project Expenditure

Amount of project disbursement plus un-liquidated obligations related to payments due for the year.

¹ Common definitions used by the Multi-Partner Trust Fund Office in Annual Progress reporting.

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ANNUAL NARRATIVE PROGRESS REPORT OF THE INCLUSIVE FINANCE for the UNDER-SERVED ECONOMY [INFUSE] PROGRAMME

I. Executive Summary

This 2011 Consolidated Annual Progress Report under the Joint Programme Inclusive Finance for the Under-served Economy (INFUSE) covers the period from 1 January to 31 December. This report is in fulfillment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Donors. In line with the Memorandum of Understanding (MOU) signed by Participating UN Organizations, the Annual Progress Report is consolidated based on information, data and financial statements submitted by Participating Organizations. It is neither an evaluation of the Joint Programme nor an assessment of the performance of the Participating Organizations. The report provide the Management Committee for Inclusive Finance (MCIF) with a comprehensive overview of achievements and challenges associated with the Joint Programme, enabling it to make strategic decisions and take corrective measures, where applicable.

Main achievements over the year 2011:

- Significant assistance to the Central Bank to help it assume effectively its duties of supervision and regulation of the ODTIs (Other Deposit Taking Institutions), the license tier for microfinance institutions;
- Institution building support to the largest MFI, Moris Rasik, enabling it to apply for an ODTI license;
- Linked the 2nd MFI, Tuba Rai Metin, with ANZ for the provision of short-term financing, initiated through a loan guarantee from INFUSE;
- Localized and introduced to Timor the Progress out of Poverty Index (PPI) of the Grameen Foundation, which helps MFIs monitor their actual targeting to poor people;
- Had the framework of a multi-level banking/microfinance certificate approved by the GoTL agency in charge of vocational training (INDMO)

A main outcome is the strong growth in 2011 of the number of clients from financial institutions serving the bottom of the pyramid, from 55,851 to 80,792 clients (+44%), and from 16,095 to 19,433 for the institutions directly supported by INFUSE (+21%).

The Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP) serves as the Administrative Agent of the Joint Programme. The MPTF Office receives, administers and manages contributions from Donors, and disburses these funds to the Participating UN Organizations in accordance with the decisions of the MCIF. The Administrative Agent receives and consolidates annual reports and submits to the MCIF.

This report is presented in two parts. Part I is the Annual Narrative Progress Report and Part II is the Annual Consolidated Financial Progress Report. Part I is presented in eight sections. Section I is the Executive Summary; Section II provides a purpose of the Joint Programme; Section III presents an overview of resources; Section IV highlights implementation and monitoring arrangements; Section V provides an overview of the achievement of the Joint Programme and the challenges; Section VI draws on lessons learned, and Section VII presents indicator based performance assessment.

II. Purpose

The overall goal of the Inclusive Finance for the Underserved Economy (INFUSE) Programme is to contribute to the achievement of the Millennium Development Goals (MDGs), in particular Goal 1 of cutting absolute poverty in Timor-Leste by one third by 2015, through increasing sustainable access to financial services for poor and low-income people, both women and men. The programme utilizes a sector-wide approach to building an inclusive financial sector, focusing on addressing gaps and impediments at the retail (micro-), infrastructure (meso-), and legal and regulatory (macro-) levels.

At the end of programme implementation, INFUSE aims to achieve the above goal through the following outputs:

- Output 1: Policy development and strategic coordination to enhance the enabling environment
- Output 2: Facilitation of the growth and long-term sustainability of the retail financial service providers (FSPs), so that they can increase their outreach to poor and low-income people; and
- Output 3: Development of financial business support infrastructure (credit registry, audit, information technology, innovative technology, etc.)

INFUSE Programme in relation with UN Development Assistance Framework (UNDAF)

The expected outcome of the programme is that vulnerable groups will have improved access to sustainable financial services. This is consistent with the UNDAF Outcome 2: By 2013, vulnerable groups experience significant improvement in sustainable livelihoods, poverty reduction and disaster risk management within an overarching crisis preventions and recovery context. The programme specifically relates to UNDAF sub-outcome 2.1.5: Microfinance institutions (MFIs) are capacitated to increase outreach to the low-income populations.

INFUSE objectives are also linked to the following Outcome and Output of United Nations Development Programme (UNDP) Country Programme (2009 – 13) in Timor-Leste:

- Country Programme Outcome 3: Vulnerable groups have improved access to livelihoods
- Country Programme Output 3.1: Rural communities have microenterprises through improved access to microfinance and markets.

INFUSE Programme in relation with Government of Timor-Leste (GoTL) National Plans and Priorities

INFUSE objectives were incorporated into the GoTL's National Priorities 2011 framework, specifically within the National Priority # 2: Rural Development (Food and Nutrition Security and Sustainable Economic Development). The relevant objective during 2011 is to deliver support to FSPs to increase access to microfinance services by an additional 10,000 clients, of which at least 50% are women, and increase diversity of financial products and services available.

III. Resources

Financial Resources:

INFUSE was incepted as a GoTL-United Nations Capital Development Fund (UNCDF)-UNDP partnership with a programmed budget of US\$ 5 million, including initial funding of US\$ 1,050,000 from UNCDF and \$ 500,000 from UNDP. At the end of December 2011, the programme is funded by UNCDF, UNDP, the GoTL through the budget of the Ministry of Economy and Development (MoED) and the Australian Agency for International Development (AusAID). UNCDF has agreed to an increase in their contribution by US\$ 500,000, which now takes their total contribution to US\$ 1,550,000. The addition of this funding eliminates the amount to be mobilized, and also covered the anticipated shortfall cause by the fast-tracking of UNCDF funds in 2011. Respective contributions are listed below in Table 1, displaying the annual budget and financial contribution from donors (actual through 2011 and proposed for 2012).

Table 1: Yearly Financial Contribution by Donor

Funding Source	2008	2009	2010	2011	2012	Total Contribution (US\$)
UNCDF	190,053	110,007	599,536	385,694	264,711	1,550,000
UNDP	100,000	100,000	100,000	100,000	100,000	500,000
MoED *		297,000	198,000	198,000	198,000	891,000
AusAID			732,934	848,665	726,239	2,307,838
TOTAL BUDGET	290,053	507,007	1,630,470	1,532,359	1,288,950	5,248,838

*Additional allocation of USD0.5million to be received from UNCDF in 2012

**Received USD200,000 instead of the agreed USD300,000 from MoED for 2012

Budget Approvals

- The 2011 annual budget and work plan was approved by the Management Committee for Inclusive Finance (MCIF) in May 2011. Attached are the annual work plan and budget for 2011.

Funding Mobilization:

- As noted above in the Financial Resources Section, UNCDF has agreed to an increase in its contribution by US\$ 500,000.
- UNDP and UNCDF have indicated their willingness to commit additional funds for INFUSE in 2013, after the projected end of the current programme.
- At the September 19 MCIF meeting, the Minister reported that though he cannot promise an extension of GoTL funding after the 2012 elections, currently the MoED is pleased with INFUSE. He therefore anticipates there will be additional support, and as such he recommended that the programme should prepare to extend until 2015 and beyond.
- At the September 19 MCIF meeting, INFUSE requested additional funds and time from AusAID to allow the programme to be extended through 2013 or beyond. While AusAID has been supportive of INFUSE, it has decided to first conduct a microfinance sector review in March 2012 in order to guide its funding of financial sector initiatives going forward.

Financial & Procurement Processes

- Turnaround time for administrative and finance/budget processing continues to be lengthy, and requires persistent follow-up, sometimes up to several months to process a payment through UNDP Timor.

- Procurement of consultant services continues to experience delays and hinder programme implementation. This weakness was sited in the Mid Term Evaluation and also has been listed by AusAID as a concern for further funding.
- Assistance of the part-time Deputy Programme Manager [based in the Pacific Financial Inclusion Programme (PFIP) office] has significantly helped facilitate financial and procurement processes at INFUSE.

Human Resources:

During 2011, the INFUSE programme implementation unit (PIU) comprised the following staff:

- The expatriate Chief Technical Advisor (CTA) and Project Manager, whose contract expired 31 December 2010, reapplied for the lead position and was rehired in March 2011. The contract conversion assigned a new title of Technical Specialist (P4 level). The position was vacant in January and February. The CTA announced her resignation in August, effective on October 14, 2011. To cover the project until a new Project Manager could be found, INFUSE hired a consultant to serve as Officer in Charge and to manage the project in the interim. He arrived September 17 and was onsite until November 11, and again from December 2-16, 2011.
- The expatriate Programme Officer's contract ended in July 2011. It was planned that her work would be taken over by a newly recruited expatriate Technical Specialist (P3 level). Recruitment for the position was completed in September 2011 with a planned arrival of 15 January 2012.
- It was agreed by UNCDF that given the short remaining life of INFUSE at present, the Project Manager and Programme Officer roles would be combined into the terms of reference for the new Technical Specialist (P3 level), who will manage INFUSE with support from the Regional Deputy Project Manager.
- The National Programme Officer's (NPO) contract ended in July and he chose not to renew. A recruitment process in September failed to attract any qualified candidates. The process was repeated in December. At year's end, the process for selection was not complete. Recruitment for national staff with relevant level of skills, qualifications, and experience remains challenging in Timor. This challenge is further compounded by the amount of time it takes to hire staff through UNDP channels.
- The National Administration/Finance Associate (AFA) resumed work in January after a four-month leave of absence. She notified of her resignation to be effective as August. Recruitment of this position was completed in September with a new candidate hired. This candidate began work in October and continued working through the end of 2011. He applied for, and was tentatively selected to, the vacant NPO position. If the hiring process is successfully completed, then the AFA position will be vacant in 2012, and INFUSE will begin the recruitment process to fill it. If not, INFUSE will have to begin the process to hire the NPO position again (and likely the AFA position as well.)
- The National Driver/Clerk became seriously ill in June and resigned. His employment was terminated in September. A temporary driver was recruited and contracted. He worked well and later applied (October) and was accepted for the full-time position (December). His contract was still in the process of finalization at the end of the year.
- Through the PFIP program in coordination with the International Labour Organization (ILO) and the Institute of International Education (IIE), INFUSE is hosting a fellow to work with MFIs to develop microinsurance products for Timor-Leste. The fellow splits her time between INFUSE and the National Insurance Timor-Leste (NITL). She began her work in August 2011 and will work through August 2012, with a possibility to extend for up to six months.

- INFUSE managed three Interns during 2011:
 - from December 2010 to February 2011 (focus on cash management in Timor-Leste)
 - from June to August 2011 (focus on microfinance in a post-conflict environment)
 - from July to September 2011 [focus on central bank regulation of Other Deposit Taking Institutions, (ODTIs)]

In addition, the programme receives support from the following:

- Technical oversight and guidance to the programme was provided by an UNCDF Regional Technical Advisor based at the PFIP office in Suva, Fiji.
- A INFUSE part-time Deputy Programme Manager (based in the PFIP office) provided considerable support on finance and operations.

IV. Implementation and Monitoring Arrangements

Programme Implementation

INFUSE is a UNCDF-led programme implemented jointly with UNDP. UNDP Timor-Leste, the Administrative Agent, is established in country with support units (HR, procurement, etc.) that the INFUSE PIU accesses. UNCDF provides technical assistance and manages the programme. In order to harmonize funding and ensure effective co-ordination in programme implementation, both UNCDF's and UNDP's roles in the programme are outlined according to regulations defined by the 2003 UN Development Group Guidance Note on Joint Programming with further clarification in the UNCDF-UNDP Guidance Note dated 2 November 2007. In the course of implementation of this programme, and in monitoring and reporting on progress, UNCDF, UNDP and other future associated UN agencies will collaborate according to these Joint Programme regulations and Standard Administrative Agreements already in place.

Although each of the implementing agencies have their own roles in the implementation of the Joint Programme as governed by these aforementioned guidance notes, each of the agencies will have to agree and understand that the administration of this programme shall be governed by UNDP rules and regulations, which UNCDF also adopts, as defined in the Resource Management Guide within the policy context defined by the Executive Board.

The MCIF, comprising donors to the Programme², oversees the INFUSE Fund for Inclusive Finance. The MCIF meets biannually to approve funding of specific activities that promote inclusive finance through using a variety of funding mechanisms including grants, loans, and direct procured technical assistance. This flexibility allows for the PIU to accept proposals, develop partnerships, and identify needs for targeted technical assistance. And it engages the MCIF to evaluate and provide feedback on programme activities.

Monitoring and Evaluation

Monitoring is conducted at two levels: programme progress is monitored by UNCDF, UNDP and the MCIF; and the PIU monitors progress of partners and activities. The following monitoring mechanisms are in place.

- On a biannual basis, programme progress is reported against pre-determined target outputs and activities, and challenges and issues are identified in these consolidated reports. These reports, which includes a narrative and financial component, is prepared and shared with INFUSE donors and contains information on the achievements, challenges and lessons learned during the year.

² Primary membership is restricted to those with investments of and above US\$ 250,000.

- The MCIF is responsible for monitoring programme progress at biannual meetings. In 2011, these were conducted on May 5 and September 19.
- The PIU monitors recipients of grant funding and loan capital against specific targets, disbursement conditions and reporting requirements outlined in the Performance Based Agreements (PBAs) with FSPs and Technical Service Providers (TSPs). All supported FSPs report on a quarterly basis adhering to the UNCDF standard requirements and formats for Inclusive Finance.
- The mid-term evaluation of INFUSE took place in August 2010. The main objectives were to: evaluate programme performance thus far against its stated objectives and make recommendations to improve implementation going forward; and to assess programme performance against the UNCDF's global corporate strategy objectives and draw lessons to inform UNCDF's future strategy debates. The report was finalized in May 2011. Progress against the recommendations given in the evaluation were incorporated into reporting to the MCIF and the annual work plan for 2012.

The Administrative Agent

Participating Organizations have appointed the UNDP MPTF Office to serve as their Administrative Agent (AA) for this Joint Programme. The AA is responsible for a range of fund management services, including: (a) receipt, administration and management of donor contributions; (b) transfer of funds approved by this Joint Programme to Participating Organizations; (c) Consolidation of statements and reports, based on submissions provided to the AA by each Participating UN Organization; (d) synthesis and consolidation of the individual annual narrative and financial progress reports submitted by each Participating Organization for submission to donors through the MCIF. Transparency and accountability of this Joint Programme operation is made available through the Joint Programme website of the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/JTP10>.

V. Results

OUTPUT 1: ACHIEVING A POLICY / VISION STATEMENT

A national policy/vision statement for inclusive finance is developed, consulted and adopted by GoTL, and enabling legislation is in place to support the expansion and consolidation of the financial sector. Coherent, effective and synergetic donor funding based on the national policy framework has been provided.

The following key activities implemented in support of Output 1 from January – December 2011:

At the May MCIF meeting, the detailed 2011 annual work plan was approved, which included activities and funding for supporting the GoTL to promote inclusive finance.

Details of these investments are described below:

- INFUSE continued working to support the Banking and Payments Authority (BPA), which became the Banco Central de Timor-Leste (BCTL) in September.
- INFUSE sponsored two staff members of the then BPA to attend a Pacific Regional Training for Supervision of MFIs organized by Alliance for Financial Inclusion (AFI) in April in Fiji (as an initial step to more tailored training directly with the BPA).
- In 2010, INFUSE procured the services of a consulting firm to provide technical assistance to the then BPA in development of the supervision regime for ODTIs. The *Public Instruction No. 06/2010 On the Licensing and Supervision of ODTIs* requires that

all existing MFIs apply for a license in 2011. The BCTL required instruments and staff capacity to carry out its supervision responsibilities of this new financial entity. To this end, in May the MCIF approved US\$ 120,000 (later increased to \$ 170,000) to fund a consultancy to develop a licensing and oversight manual for ODTIs as well as on-site and off-site monitoring techniques. This was completed in Q4 2011 including the training of BCTL staff in the monitoring techniques.

- INFUSE facilitated and managed an intern who provided support to the BPA as it transformed into the BCTL, particularly in preparation of the BCTL's responsibility for supervision and regulation of the ODTIs.
- INFUSE continued its involvement in the GoTL National Priority Working Group (NPWG) to promote the importance of targeting financial inclusion. INFUSE participated in the NPWG meeting on 6 June 2011. INFUSE contributed to the NPWG by reporting on achievement towards goals for access to financial services quarterly.

OUTPUT 2: INCREASED OUTREACH OF SUSTAINABLE FINANCIAL SERVICES

Good practice-based Financial Services Providers (FSPs) serving primarily the poor and low-income market make progress towards sustainability and increase their outreach, while maintaining a high portfolio quality.

The following key activities implemented in support of Output 2 from January – December 2011:

At the May MCIF meeting, the detailed 2011 annual work plan was approved, which included several funding investments for FSPs and TSPs. Details of these investments are described below:

- Tuba Rai Metin (TRM): INFUSE provided a US\$ 300,000 loan guarantee for TRM at ANZ bank. TRM had requested short-term support for loan capital to expand operations. A guarantee fund was preferred over a direct loan as it can help establish a relationship between TRM and ANZ, possibly resulting in an opportunity for TRM to secure future re-financing. The grant will be returned to INFUSE in January 2012.
 - INFUSE continues to coordinate and monitor the MicroLead Program partnership between BASIX, the TSP, and TRM, meeting at minimum every two months to review the progress as per the 4.5 year detailed implementation plan.
- Moris Rasik (MR): INFUSE made a grant of US\$ 84,00 for short-term transformation support to help MR meet the deadline issued by the BPA for application for an OTDI license. MR required the urgent legal and transformation support necessary to comply with the deadline.
 - INFUSE continues to coordinate and monitor the World Education Australia Limited (WEAL)/MR grant for institutional capacity building, meeting at a minimum every two months to review the progress as per the 2 year detailed implementation plan.
- In its continued attempt to support the credit union movement, INFUSE participated in the Federation Hana'i Malu (FHM) workshop in January 2011. The FHM was reformed in November 2010 with support from the Credit Union Foundation Australia (CUFA). At the meeting, the FHM developed a work plan for 2011 – 2014 to support the credit union movement and develop institutionally.
 - In January, INFUSE received a written proposal for \$2,200 to fund the credit union annual general meeting in February, but the proposal was not received with sufficient time for INFUSE to approve the disbursement.
- In May the MCIF approved \$80,000 to support a microinsurance fellow to work with the NITL to develop and distribute microinsurance products. Since receiving a license in April 2010, NITL expressed interest in developing microinsurance products and using MFIs as agents. Likewise, TRM and MR both expressed interest in provision of microinsurance to their clients, and doing so in collaboration with NITL. Technical support was required to facilitate development of a business model, including coordination of partner activities, research and development of the product/s, design of the delivery systems, training and capacity building, and support to pilot products.
 - An experienced microinsurance development expert, who will serve as a mentor for the microinsurance fellow, completed a diagnostic assessment of microinsurance development in Timor-Leste and submitted a report based on his findings.

- In August, the microinsurance fellow arrived and began her work. In addition to developing a work plan and budget for the project, she established links with all stakeholders and began conducting a demand study in the district to inform product development.
- In April, INFUSE received, reviewed and approved a revised implementation plan from Mercy Corps (MC) for the development and implementation of a social performance measurement tool—i.e. the Grameen Foundation Progress out of Poverty (PPI) Tool which is internationally recognized, simple to use and non-proprietary. MC created memoranda of understanding to pilot this with TRM and MR so they can measure how well their products and services are reaching clients below selected poverty levels. By using the PPI over time, MFIs in Timor-Leste would be able to:
 - Better define and adhere to their missions
 - Monitor the poverty status of their clients in order to better design and deliver appropriate financial products and services for the poor
 - Increase their competitive edge, profitability, and ability to retain clients
 - Provide timely and accurate information to investors

Monitoring of recipients of grant funding and loan capital January – June 2011:

- As per the reporting requirements in the PBAs for the grants and loans, both MR and TRM complied with their submission of the following reports:
 - Submission of their 4th quarter and annual reports for 2010
 - Submission of their 1st – 3rd quarter report for 2011
 - Posting of 2010 data on the MiX Market website
 - TRM and MR submitted their 2010 audited financial statements
 - TRM has completed reporting to the MiX Market through September 30, 2011
- In April, September and December, INFUSE and MC had progress meetings to review advances in creation of the PPI.

Outreach

Table 2 below presents the growth in total number of clients within the greater microfinance sector since 2008. The table contains total number of clients for financial service providers engaged in microfinance activities in Timor-Leste as of 31 December 2011, along with 2010, 2009 and Baseline figures. Data for total active clients is disaggregated by product type and client gender. FSPs engaged in the provision of microfinance services include: MR, TRM, BNCTL and CUs.

Table 2: Growth in outreach of financial services for institutions serving the bottom end of the market

Indicator	Number of Microfinance Clients (as at)				Change in Client Numbers
	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31 Dec 2008 - 31 Dec 2011
Active Clients	35,369	58,666	55,851	80,792 ³	45,423
Borrowers	22,707	24,519	27,455	28,082 ⁴	5,375
Women Borrowers	14,028	18,028	19,794	20,018 ⁷	5,990
Savers	34,733	58,575	55,851	70,348 ⁷	35,615
Women Savers	23,812	36,218	35,166	36,884 ⁷	13,072

³ Statistics from CUs reflect the latest information available as of 31 March 2011. To estimate BNCTL Active Clients, INFUSE made an estimate based on ADB input—currently reported statistics do not take into account overlap between clients who are both borrowers and savers, thus would inflate reported outreach.

⁴ Totals for CUs not included, as disaggregate numbers are not available

Table 3 below presents the growth in total number of clients served by INFUSE's partner financial service providers, MR and TRM.

Table 3: Growth in outreach of financial services for institutions supported by INFUSE

Indicator	Number of Microfinance Clients (as at)				Change in Client Numbers
	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31 Dec 2008 - 31 Dec 2011
Active Clients	14,112	14,030	16,095	19,433	5,321
Borrowers	14,112	14,030	14,091	16,995	2,883
Women Borrowers	13,095	12,799	13,747	15,801	2,706
Savers	13,476	13,915	14,734	16,348	2,872
Women Savers	13,470	13,915	14,581	16,348	2,878

The project document highlights a cross-cutting issue of gender and requires that 50% of the clients served by grantees should be women. As of December 2011, women comprised approximately 94% of borrowers and 100% of savers at the MFIs supported by INFUSE. In addition, both MR and TRM were operationally self sufficient as at December 2011, with an aggregated PAR₃₀ ratio at around 5.9%⁵.

INFUSE and the MCIF have noted the relatively slower growth in clients at MR than anticipated. This is due primarily to the extra requirements placed on the two MFIs to prepare and comply with the ODTI regulation. However, this regulation will ultimately leave the two MFIs better prepared for expansion.

OUTPUT 3: PROMOTING A BUSINESS SERVICES INFRASTRUCTURE

Private and public business service providers offering high-quality and market-responsive services to the financial sector are available in Timor-Leste, and a professional microfinance association (AMFITIL) is effectively representing the industry in policy dialogues.*

*UNCDF completed the original INFUSE programme design in 2005 and revised the document after the 2006 civil unrest, which caused the cessation of many microfinance institutions. As a result, AMFITIL has been inactive since 2007 and currently the few remaining members (4) have resisted any encouragement to re-activate the association at this time. In May 2011, it was proposed that since these indicators have become obsolete, they should be replaced with targets which reflect activities focused on strengthening sector support services. The approved, replacement indicators may be seen in section VIII. INDICATOR BASED PERFORMANCE ASSESSMENT, below.

The following key activities implemented in support of Output 3 from January-December 2011:

MF/ Banking Certificate for Human Resource Development

⁵ Moris Rasik hasn't finalized its calculation of PAR_{30days}: it currently reports at PAR₃₀ of 6.4% likely to be revised downwards. TRM PAR₃₀ stands at 4.8%.

- In the May 2011 the MCIF approved funding up to \$250,000 to procure an expert training service provider for phase two of the multi-phase consultancy to develop learning guides and training modules for the microfinance and banking competency certificate (with two conditions noted below.) Approval for this activity was based on recommendations offered by a consultant hired by INFUSE in 2010 to consult with the National Labor Force Development Institute (INDMO) as well as financial service providers to address the lack of skilled human resources for the financial sector.
 - In 2011, the report of the aforementioned consultancy was finalized
 - The framework of competencies, as well as individual units based on the report's recommendations, were finalized
 - The framework and outlines for individual units were translated into Tetun.
 - The INDMO Sub-Commission for Administration and Finance approved of the results in October

This activity was put on hold with the departure of the Project Manager and the uncertainty over the life of the programme. Should INFUSE be extended with funding beyond 2012, the programme will undertake this strategy *given the following conditions*:

- The 'keeper' of the training guides/modules is defined so as to ensure continued access to them
- The training tools will not be made proprietary to anyone, but will be available for use by any training service provider or financial service provider so that training may be conducted in-house by any financial service provider
- The financial sector endorses the work

Financial education and financial competency

A revised strategy to promote financial education was proposed and approved by the MCIF in May. INFUSE will promote financial education through implementation of discrete activities, including:

- Relevant research on level of financial competencies, which will inform the development of financial competencies, and will also be useful to advocate government, donors and other stakeholders to support/promote financial education
 - Development of social marketing tools to address priority needs through key messages (based on research findings)
- \$150,000 was approved to conduct a survey of financial competency levels in Timor-Leste.
 - In November, the Financial Capacity Specialist from PFIP came to Timor-Leste to scope out the potential for the financial competency survey. While stakeholders expressed considerable interest in the project, due to the upcoming elections, it was recommended that the survey should be delayed until Q3 2012.

ADDITIONAL ACTIVITIES

Cash Distribution

- INFUSE facilitated the work of an intern to conduct an assessment of the cash distribution mechanisms currently in use in the financial system in Timor-Leste in order to identify the main challenges and propose solutions to minimize the risks/costs involved and extend the financial services in the underserved rural areas.
- INFUSE worked together with the Ministry of Finance, the Asian Development Bank (ADB), and the Better Business Initiative (led by IFC) to assess whether and how government pension and social service payments could be delivered by electronic means,

thereby reducing the cost of delivery while increasing speed and security. This will be a key step to expanding access to financial services for the rural Timorese who today expend considerable time and money collecting their payments.

- In October, INFUSE supported an ADB-hired consultant to conduct research to develop a business case and model for providers of branchless banking and cash management services in the Timor-Leste market.
- In consultation with ADB and under the guidance of the PFIP expert in mobile money, INFUSE contracted a local firm to conduct a survey of the sources, uses and flow of cash in the districts as well as tracking the volume of government payments. The outcome of this survey will be shared broadly with banks and other interested stakeholders and hopefully assist them in developing strategies for implementation of electronic and/or mobile financial services.

VI. Challenges and Lessons Learned

- Staffing was a significant challenge at INFUSE in 2011.
 - The year began with a two-month gap in the Program Manager position due to contracting and hiring procedures. The Program Manager later resigned, so during the 4th quarter the project was managed by an interim manager while awaiting the arrival of the new Program Manager (in January 2012).
 - INFUSE had a 100% staff turnover in 2011. Due to the difficulty associated with hiring qualified local staff, INFUSE was under-staffed for much of the year, which made taking advantage of programmatic opportunities difficult.
 - Despite this difficulty, largely due to the support provided by the PFIP, the project continued to make advances towards project goals and implement meaningful activities (i.e. branchless banking, microinsurance, financial education scoping) to foster expansion of financial inclusion in Timor-Leste.
- Enlisting the support of the PFIP Deputy Programme Manager to facilitate procurement and hiring has streamlined back-office processes and allowed the CTA to focus more time on programmatic activities.
- In December, the owner of the building where the INFUSE office is located removed the generator. In the ensuing weeks, electricity to the office was not reliable, making office operations difficult. Further, in the 4th quarter, there were frequent disruptions of internet service at the office. INFUSE's sub-lease agreement with Search For Common Ground (who rents the building from the owner) specifies that reliable electricity and internet must be provided 24 hours a day. As a result, INFUSE has decided to move its office back to the UNDP compound at the Obrigado Barracks in 2012.
- The BCTL appreciated the presence of the INFUSE intern during the institutional transition from BPA to BCTL. Further, having an INFUSE presence in the BCTL improved communication between the two institutions. The BCTL has expressed interest in having further support from qualified personnel (such as a seconded staff person) as it continues to increase its role as a financial regulator. Supporting the BCTL in this way not only is an effective way to develop local conditions favouring financial inclusion, it provides INFUSE a valuable link within one of the two most relevant institutions (the other being the Ministry of Finance) governing INFUSE projects.

VII. INDICATOR BASED PERFORMANCE ASSESSMENT

NOTE: based on the final mid-term evaluation, revisions to some INFUSE programme indicators, targets and activities were suggested at the May MCIF meeting. The indicators were approved at the September 2011 meeting and are presented below, with the revisions indicated.

Expected Outcome	Vulnerable groups will have improved access to sustainable financial services.					
	Performance Indicators	Planned Indicator Targets	Achieved Indicator Targets	Progress to date	Reasons for Variance (if any)	<u>Proposed Revisions</u>
<p>Output 1</p> <p>A coherent GoTL policy framework for Inclusive Finance</p> <p>A national policy statement for inclusive finance is developed, consulted and adopted by GoTL, and enabling legislation is in place to support the expansion and consolidation of the financial sector. Coherent, effective and synergetic donor funding based on the national policy framework has been provided.</p>	Indicator 1	A Policy Statement on goals, strategies and priorities for Financial sub-sector development is adopted by GoTL (Y1)	<ul style="list-style-type: none"> - Partial - Enabling regulation for microfinance activities, developed with support from technical consultant procured by INFUSE, was approved in December 2010. 	<ul style="list-style-type: none"> - As yet, the national vision statement on inclusive finance has not been developed. - INFUSE advocacy has focused on establishing participation of relevant government ministries and agencies, through collaboration with the MoED, the BPA and stakeholders in the GoTL, as follows. <ul style="list-style-type: none"> - The Minister of Economy and Development (MoED) is the Chair of and participates in the MCIF meetings The BPA also participates as an observer in the MCIF - Targets pertaining to access to MF included in the GoTL's annual National Priority Working Groups - Provision of technical support to BPA for legal framework of MFIs, and membership/participation in the AFI - Inputs provided by INFUSE to national strategy on rural development. 	<ul style="list-style-type: none"> - The process of developing the GoTL National Strategic Development Plan (NSDP 2011-2030), to be finalized in 2011, has been prepared by the Prime Minister's Office with little or no consultation from stakeholders (donors or development partners). - Insufficient HR of PIU to achieve all outputs thus far 	None.
	Indicator 1.2	A consolidated Financial Sub-sector Activity Plan for 2007-2012 is developed as part of the NDP 2007-12 (Y2)	Partial -Annual participation in National Priority Working Groups	- INFUSE participated in Annual National Priority Working Groups 2009, 2010, 2011	Same as above	None.
	Indicator 1.3	Principles for Support to the Financial Sub-Sector have been adopted by key donors (Y2)	No	<ul style="list-style-type: none"> - Donors and stakeholders have been coordinated through INFUSE participation in national priority working groups, private sector development working group, INFUSE advisory group for inclusive finance, and bi-annual MCIF. - Some donors have participated in the CGAP Donors for inclusive finance training 	Multiple competing priorities of INFUSE	None.

	Indicator 1.4	UNDAF aligned with policy (Y2)	Yes	<ul style="list-style-type: none"> - INFUSE targets incorporated in UNDAF. - Annual reporting on indicators takes place 	n/a	None
	Indicator 1.5	Current and future investments in the sub-sector are reviewed for compliance with national policy framework (Y3-5)	No	<ul style="list-style-type: none"> - Donors are coordinated resulting in contributions to INFUSE of app. US\$3 million mobilized for INFUSE programme, US\$1million mobilized from MicroLead for one MFI, and funding for another MFI committed from MAS and Credit Agricole - MCIF bi-annual meetings in place as mechanism to approve investments 	No national policy statement for inclusive finance developed as yet	None
Output 2 Increased Outreach of financial services by sustainable FSPs Good practice-based Financial Services Providers (FSPs) serving primarily the poor and low-income market make progress towards sustainability and increase their outreach, while maintaining a high portfolio quality	Indicator 2.1	Increase in the number of active clients (at least 50% women) of selected Financial Service Providers (excluding commercial banks) from baseline established as at end of 2008 by 20% percent p.a. (compounded), totaling 73,341 active clients by project end. Targets to be tracked: a) All providers of MF services b) INFUSE supported providers of MF services c) Increase in access to new products and services	Partial	<ul style="list-style-type: none"> - 34,733 clients of FSPs involved in provision of microfinance services (3 MFIs and credit unions) as of Dec 2008 increased to 55,851 as of December 2010, representing 27% p.a. growth (compounded). Of this total, 14,734 are clients of INFUSE-supported MFIs. - The two supported MFIs are meeting targets on portfolio quality and sustainability 	Note: when setting targets, all MF service providers were included in baseline and projections on the assumption that INFUSE may provide direct support, and would also provide general sector support that would affect their performance. Growth in outreach is slower than anticipated with one MFI supported by INFUSE with the key reason cited being HR No results to INFUSE's attempts to support CUs with sustainable approach. Support to IMfTL has not been desired as they receive significant support from ADB and the GoTL.	Revised.
	Indicator 2.2	Introduction of pro-poor financial products by commercial bank and/or mobile network operators (MNOs), resulting in an additional 40,000 clients obtaining access to a secure savings account.	No	<ul style="list-style-type: none"> - INFUSE lent in-country support to ADB/Bankable Frontiers Associate's assessment for potential of branchless banking in July 2010. 	Though commercial banks and the single telecommunications service provider (monopoly through 2017) have not yet engaged in developing new products and/or going down-market, efforts to partner will continue.	None.
	Indicator 2.3	INFUSE-supported MFIs have achieved financial	2 MFIs have achieved FSS	<ul style="list-style-type: none"> - Moris Rasik FSS from Dec 2008 to Dec 2010: increased from 100.7% to 104.8% 	Only INFUSE supported MFIs should be included	Revised.

		break-even (Financial Self Sufficiency (FSS) >= 100%) by project end		- TRM FSS: from Dec 2008 to Dec 2010: increased 89.8% to 112.7		
	Indicator 2.4	INFUSE-supported financially self-sufficient MFIs maintain an average PaR (30 days) of no more than 5%.	2 MFIs have PAR below 5%	- TRM PAR from Dec 2008 to Dec 2010: decreased 9.2% to 3.7% - Moris Rasik PAR from .88% to 2.5%	Only INFUSE supported MFIs should be included	Revised
	Indicator 2.5	Increase in the number of access points of all Financial Service Providers (FSPs) from baseline to be established at end 2009	MFI Branch Offices from Dec 2008 to Dec 2010 increased from 17 to 21 and INFUSE supported MFIs are operating in all 13 districts	- INFUSE is in the process of collecting detailed data for access points of all FSPs as at 31 Dec 2010 to compare to baseline established at 31 Dec 2009.	n/a	None
Output 3 Enhanced business service infrastructures for the financial sector Private and public business service providers offering high-quality and market-responsive services to the financial sector are available in Timor-Leste, and a professional microfinance association (AMFITIL) is effectively representing the industry in policy dialogues, serving as an information hub for members and the public.	Indicator 3.1		No		UNCDF completed the original INFUSE programme design in 2005 and revised the document in 2007, but overlooked the cessation of many microfinance institutions since 2006. As a result, AMFITIL has been inactive since 2007 and currently the few remaining members (4) have resisted any encouragement to re-activate the association.	Removed
	Indicator 3.2		No			Removed
	Indicator 3.3		No	-		Removed
	Indicator 3.1	Competency framework and corresponding learning guides available for use by local training service providers to be able to		- INFUSE to collaborate with National Labor Development Institute on MF and banking certificate qualifications.		New

		deliver technical training for microfinance and banking to the financial sector				
	Indicator 3.2	Financial education is promoted through research, social marketing tools and/or activities of local service providers		- INFUSE consultant conducted financial education scoping assessment in August 2010, as first step to developing a wider programme.		New
	Indicator 3.3	Private sector entity makes Microinsurance products available for sale to MFI clients	-	-		New
	Indicator 3.4	Credit registry available to FSPs in the market and exploring potential for m-banking (cell phone transactions)	- Credit Bureau was established in 2009	- INFUSE lent support to ADB/Bankable Frontiers Associate's assessment for potential of branchless banking in July 2010.	Actual context is that there are very few business service providers to partner with and bringing them from other countries to establish outlets in TL would require more time and resources than is realistic given the scope of INFUSE Credit registry is managed by the BPA, and as of yet the MFIs do not participate, but INFUSE should support ODTIs to do so.	Revised

PART II: ANNUAL FINANCIAL PROGRESS REPORT OF THE INCLUSIVE FINANCE for the UNDER-SERVED ECONOMY [INFUSE] PROGRAMME

Introduction

The section presents annual financial data, followed by short analyses for the Joint UNDP and UNCDF **Inclusive Finance for Under-Served Economy Programme** in Timor-Leste for the period of 1st January to 31st December 2011. Aimed at reporting on the overall resources transferred to INFUSE as per Standard Administrative Arrangements, this report does not include financial data related to the Core funds of the Participating UN agencies.

The MPTF Office, as the Administrative Agent of the **Inclusive Finance for Under-Served Economy Programme (INFUSE) Timor-Leste Joint Programme**, receives, administers and manages contributions from Donors, and disburses these funds to the Participating Organizations in accordance with the decisions of the Steering Committee. In addition it submits annual consolidated reports, which report to donors on total contributions received, transfers made to Participating UN Organizations for the implementation of approved projects and the expenditures incurred against these projects.

1. Sources, Use and Balance of INFUSE Timor-Leste Joint Programme Fund

During the reporting period from 1 January to 31 December 2011, US\$933,575 was received by the MPTF Office for the INFUSE Timor-Leste JP from donors (Government of Timor-Leste and the Australian Agency for International Development). Additionally, US\$4,658 was earned in interest. Thus, cumulatively, total of US\$3,0046,385 was made available to the Programme since its inception. Of this amount, US\$2,274,599 was transferred to Participating Organizations, with US\$1,046,665 having been transferred in 2011.

Table 1. Sources, Uses, and Balance of Funds, as of 31 December 2011

	Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	TOTAL
Sources of Funds			
Gross Donor Contributions	2,097,575	933,575	3,031,150
Fund Earned Interest Income	10,577	3,244	13,821
Interest Income received from Participating Organizations	-	1,414	1,414
Refunds by Administrative Agent (Interest/Others)	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	2,108,152	938,233	3,046,385
Use of Funds			
Transfer to Participating Organizations	1,227,934	1,046,665	2,274,599
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	1,227,934	1,046,665	2,274,599
Administrative Agent Fees	20,976	9,336	30,312
Direct Costs	-	-	-
Bank Charges	66	22	88
Other Expenditures	-	-	-
Total: Uses of Funds	1,248,976	1,056,023	2,304,998
Balance of Funds Available with Administrative Agent	859,177	(117,790)	741,387
Net Funded Amount to Participating Organizations	1,227,934	1,046,665	2,274,599
Participating Organizations' Expenditure	719,905	1,069,261	1,789,165
Balance of Funds with Participating Organizations	508,029	(22,596)	485,434

Apart from donor contributions, the INFUSE Timor-Leste also receives funds from interest income earned on the balance of funds. 'Fund earned interest' comprises two sources of interest income: (1) interest earned on the balance of funds held by the Administrative Agent; and (2) interest earned on the balance of funds held by Participating Organizations where the Financial Regulations and Rules of the Participating Organization permit remittance of interest. During 2011, the fund earned interest amounted to US\$ 3,244 and interest income from Participating Organizations was US\$ 1,414 for a cumulative total interest of US\$ 4,658.

The Administrative Agent fee is charged at the standard rate of 1% of donor contributions received. As of 31 December 2011, the cumulative AA fees charged to the INFUSE Timor-Leste totaled US\$ 30,312.

2. Donor Contributions

The Government of Timor-Leste, one of the main donors and the counterpart of INFUSE Timor-Leste, transferred US\$200,000 in 2011, bringing its cumulative contribution to \$700,000. In 2010 the Australian Agency for International Development (AusAID) had signed a SAA (Standard Administrative Agreement) with the MPTF Office for INFUSE Timor-Leste. In 2011, the MPTF received the amount of US\$733,575 from AusAid. The total contribution received from AusAID amounts to US\$2,331,150 as indicated in the table below:

Table 2. Total Donor Deposits, cumulative as of 31 December 2011

	Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	TOTAL
Government of Timor-Leste	500,000	200,000	700,000
Australian Agency for International Development	1,597,575	733,575	2,331,150
Total	2,097,575	933,575	3,031,150

3. Transfer of Funds

During 2011, the MPTF Office made net transfers to UN participating organizations, UNDP and UNCDF of US\$195,193 and US\$851,472 respectively. This brought the total net transferred amount for 2011 to US\$1,046,665. In total, the cumulative net transferred amount is US\$2,274,599 as shown in table 3 below.

Table 3. Transfer/Net Funds by Participating Organization, as of 31 December 2011

Participating Organization	Prior Years as of 31 Dec 2010		Current Year Jan-Dec 2011		TOTAL	
	Approved Amount	Net Funded Amount	Approved Amount	Net Funded Amount	Approved Amount	Net Funded Amount
UNCDF	1,059,360	1,059,360	851,472	851,472	1,910,832	1,910,832
UNDP	168,574	168,587	195,193	195,193	363,767	363,767
Total	1,227,934	1,227,934	1,046,665	1,046,665	2,274,559	2,274,599

4. Expenditure Reported by Participating Organization

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the six categories for inter-agency harmonized reporting of expenditure approved by the UN Development Group (UNDG) organizations.

All expenditure reported for the year 2011 were submitted by the Headquarters' of the Participating UN Organizations via UNEX, the MPTF Office Reporting Portal for Participating Organizations expenditure reporting. These were extracted and analyzed by the MPTF Office and verified by the Country Office AA with delegated authority.

4.1 Overall Expenditure and Financial Delivery Rates

Out of the cumulative net transferred amount of US\$2,274,599, total cumulative expenditure amounted to US\$1,789,165, a 78.65% delivery rate as at the end of 2011 as indicated in the table below.

Table 4. Financial Delivery Rates, for 2011 and cumulative as of 31 December 2011

Joint Programme	Net Funded Amount	Expenditure			Delivery Rate (%)
		Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	Total	
Timor-Leste INFUSE	2,274,599	719,905	1,069,261	1,789,165	78.65
Total	2,274,599	719,905	1,069,261	1,789,165	78.65

4.2 Total Expenditure Reported by Category

Table 5.1 reflects expenditure categorized as per the UNDG approved six-category expenditure format. The highest percentage of expenditure was on other direct costs (93.65 %), which represented Technical Assistance, Grants and Loans provided by INFUSE JP to the Central Bank of Timor-Leste, Mercy Corps, the Institute for International Education, Timorese Microfinance Institutions (MFIs) partners and their technical service providers (Tuba Rai Metin, Moris Rasik and World Education Australia Limited). The second highest expenditure was much less (only 6.24% on personnel)

Table 5.1 Total Expenditure by Category and Reporting Period, in US\$ Thousands

Category	Expenditure			% of Total Programme Costs
	Prior Years as of 31 Dec 2010	Current Year Jan-Dec 2011	Total	
Supplies, Commodities, Equipment and Transport	150	-	150	0.01
Personnel	16,966	87,072	104,037	6.24
Training of Counterparts	42	1,361	1,403	0.08
Contracts	-	189	189	0.01
Other Direct Costs	639,868	920,884	1,560,752	93.65
Programme Costs Total	657,026	1,009,506	1,666,532	100.00
Indirect Support Costs	62,879	59,755	122,634	7.36
Total	719,905	1,069,261	1,789,165	

4.3 Cumulative Expenditure of Participating Organizations with breakdown by Category

The total cumulative expenditure for INFUSE JP was US\$1,789,165. Off this, UNCDF reported expenditure of \$1,680,824 (87.96% delivery) and UNDP reported expenditure of \$108,341 (29.78% delivery). Details are shown in the table below.

Table 5.2. Expenditures reported by Participating organizations, cumulative as of 31 December 2011

Joint Programme Title	Participating Organization	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate (%)
JP Timor-Leste INFUSE	UNCDF	2,668,036	1,910,832	1,680,824	87.96
	UNDP	530,802	363,767	108,341	29.78
Total		3,198,838	2,274,599	1,789,165	78.66

Table 5.3 below shows the total expenditure in 2011 with a breakdown by UNDG categories.

Table 5.3. Total Expenditure by Participating UN Organization with breakdown by Category, 1 January - 31 December, 2011,

Participating Organization	Net Funded Amount	Total Expenditure	Expenditure by Category							% of Programme Costs
			Supplies, Commodities, Equip & Transport	Personnel	Training of Counterparts	Contracts	Other Direct Costs	Total Programme Costs	Indirect Support Costs	
UNCDF	1,910,832	1,680,824	-	9,134	-	-	1,556,623	1,565,758	115,066	7.35
UNDP	363,767	108,341	150	94,903	1,403	189	4,129	4,129	7,568	7.51
Total	2,274,599	1,789,165	150	104,037	1,403	189	1,560,752	1,666,532	122,634	7.36

6. TRANSPARENCY AND ACCOUNTABILITY OF INFUSE TIMOR-LESTE

The MPTF Office continued to provide information on its GATEWAY (<http://mptf.undp.org>), a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating UN Organizations. All narrative reports are published on the MPTF Office GATEWAY which provides easy access to nearly 8,000 relevant reports and documents, with tools and tables displaying financial and programme data. By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a ‘standard setter’ by peers and partners.

ANNEX 1: January 1– December 31, 2011 Funding Disbursements

Description of Activity	Recipient	Delivery Mechanism	Amount	Disbursement Status
Support to BPA for Development of Supervision Guidelines for ODTIs	Firm: Frontier Ventures LLC	Grant	\$170,000	\$102,000 disbursed; final payment remaining
Capacity Building for Moris Rasik	Firm: World Education Australia Ltd (WEAL)	Grant	\$223,920	Disbursed
Transformation support to Moris Rasik	Firm: World Education Australia Ltd (WEAL)	Grant	\$84,000	Disbursed
Microinsurance Fellow	Institute for International Education	Grant	\$90,650	Disbursed
Grant for development of PPI	Firm: Mercy Corps	Grant	\$50,000	Disbursed
Institutional Capacity Building	MFI: Tuba Rai Metin	Grant	\$15,810	Disbursed
Loan for Capital	MFI: Tuba Rai Metin	Loan	\$150,000	Disbursed