



DEMOCRATIC REPUBLIC OF TIMOR-LESTE
MINISTRY OF STATE ADMINISTRATION AND TERRITORIAL MANAGEMENT

COUNTRY PROFILE - TIMOR-LESTE

Government Reorganization to Improve Service Delivery

INTRODUCTION

A. Where is Timor-Leste:

Timor-Leste or as it is well known as East Timor is the eastern part of the island of Timor, which lies between the South China Sea and the Indian Ocean. It is an island in the Indonesian archipelago, located about 400 miles northwest of Australia.



East Timor and its capital, Dili.

East Timor has a population of some 1,000,000 and has a high fertility rate of around 4 per cent per annum. The official languages are Tetum and Portuguese, while English and Indonesian are working languages. Approximately 95 per cent of East Timorese are Catholic.

B. Political Overview:

The Democratic Republic of East Timor (Timor-Leste) achieved formal independence on 20 May 2002. East Timor's independence resulted from the August 1999 UN-sponsored national referendum in East Timor, in which 78.5 per cent of the population voted for independence. The United Nations Transitional Administration in East Timor (UNTAET) was established after the widespread violence and destruction that followed the independence vote, and governed East Timor until independence.

The first democratic legislative elections were held two years later on 30 August 2001. Over 91 per cent of East Timor's eligible voters elected a Constituent Assembly with majority members are from the then largest political party and the founder of Timor-Leste independence, FRETILIN. In March 2002, the Constituent Assembly then passed East Timor's Constitution, based on the Portuguese model, with a unicameral system of parliament, a prime minister with executive power and a president as Head of State. On the 20th of May 2002 (the day of Timor-Leste's restoration of independence), Mari Alkatiri from FRETILIN was sworn in as the first Timor-Leste Prime Minister for the next 5 year. Prior to the 20th May 2002, Xanana Gusmão, the independent fighter of

Timor-Leste was directly elected by the Timorese to become the 1st President of Timor-Leste.

5 years later, Dr Jose Ramos-Horta replaced Xanana Gusmao as President on 20 May 2007, following his success in presidential elections. Following the 30 June 2007 parliamentary elections, former president Xanana Gusmao was appointed as Prime Minister and sworn in with his new cabinet on 8 August. Prime Minister Gusmao leads a coalition government called the Alliance of the Parliamentary Majority, comprising CNRT, PSD, PD and UNDERTIM. Fernando d'Araujo ("Lasama") of the Democratic Party is President of the Parliament (Speaker). Fretilin, which was unable to form a coalition with a parliamentary majority, is in the opposition.

CURRENT ISSUES AND DEVELOPMENTS OF PUBLIC SERVICE DELIVERY(PSD) IN TIMOR-LESTE

The new Government that was sworn after the election has major states reforms in various sectors namely the institutions of the State, state management, new program to reduce poverty, justice sector and the others.

In relation to the management of the state, the new government is undertaking reforms in:

1. Public Service Reform;
2. Decentralization reforms;
3. Public Finances;
4. Fighting Corruption

In this particular country report, let me elaborate in more details regarding decentralization reforms in Timor-Leste. At the end I will take the reorganization of the Ministry of Health to improve service delivery as a case study

A. Policy of the Government on Decentralization and Local Government

Decentralization reforms in Timor-Leste started long before the policy of the Government on Desentralization and local government was approved by the Government in March 2008. The approval of Policy is the commitment that the Government would like to make in relation to the decentralization. The overall vision underlying this policy orientation guidelines for decentralisation and local government in Timor-Leste is to establish strong, democratic and efficient Municipalities with sufficient human resources and fiscal capacity to be actively involved in, and contribute to, the realisation of the Government of Timor Leste's development objectives. The Municipalities will operate in accordance with robust downward, horizontal and upward accountability mechanisms.

These policy orientation guidelines will provide an orientation to the Government in further analyzing the details of a Local Government Reform and in preparing a law proposal on decentralization and local government and a law proposal of administrative

and territorial division. It is the intent of the Government to finalize these law proposals in 2008 and submit the proposals for consideration to the National Parliament to prepare legislation.

Main Objectives Of The Reform And Priorities:

The main overall *objectives* of the reform are to:

- Promote the institutions of a strong, legitimate and stable state across the territory of Timor-Leste;
- Promote opportunities for local democratic participation by all citizens;
- Promote more effective, efficient and equitable public service delivery for the social and economic development in the country.

Basic Guiding Principles For The Reform:

The following basic guiding principles will be applied in the development of the system of local governance and the establishment of Municipalities:

- Consistency with *the provisions of the Constitution*;
- *Democratic representation* and close links between the elected bodies at the Suco level and the municipal assemblies with local interests represented at the municipal level;
- *Accountability and transparency*: Openness in decision-making and management and accountability towards local constituencies;
- *Citizen participation* and active involvement in decision-making, service delivery and monitoring;
- *Efficiency and effectiveness*: The number and size of Municipalities and their capacity will be consistent with the tasks and service delivery responsibilities that they are assigned and enable sufficient economies of scale to be captured;
- Focus on *improved local service delivery* as a means to alleviate poverty;
- *Clear roles and responsibilities* of each tier of government and each stakeholder in the reform process in order to avoid overlap, ambiguity and inadequate accountability;
- *Functional assignments* will be matched with commensurate revenue assignments at the new municipal level and will be cross-sectoral;
- *Balanced development* in the country: The fiscal framework will ensure that the Municipalities can deliver services in an equitable manner;
- *Phasing in* of all reforms in a synchronised manner: The phasing in of reforms will be a guiding principle throughout the implementation arrangements. Municipalities with the strongest capacity will move faster within areas such as assignment of service delivery responsibilities, funding arrangements and personnel management;
- *Building on the lessons of experience*: by leveraging the lessons from the Local Development Programme, which is explicitly designed and implemented with the aim of guiding policy development.

The Proposed Local Government Policy:

It is proposed to constitute a single tier of municipal local government in Timor-Leste, the level, size and population of which will approximately correspond to the present District Administrative division.

The law proposal shall include provision and criteria for the establishment of new municipalities in the future. However, given the present situation of low level of human resources and experience at the local level the District option is preferred for the short- and medium term.

B. The Case for Government Reorganization to improve Service Delivery.

Based on the policy, the Ministry of State Administration and Territorial Administration, which is responsible for local government reform, is starting with proposing the legal framework for establishing Municipalities in Timor-Leste.

1. Institutional Arrangements at District and Sub-District levels:

The existing situation

a. District level

The current sub national institutional arrangements are based on what was developed during the CNRT¹ and United Nations Transitional Administration in East Timor (UNTAET) administrations. The Local Government Options Study of June 2003, described the administrative staffing at District level at that time as follows:

District staff	Responsible line ministry
District Administrator	MSATM
Administrator	MSATM
District Finance Officer	MoF
District Finance Officer (added in 2008)	MSATM
Assistant Finance Officer	MoF
District Development Officer	MSATM
District Personnel Officer	MSATM
Administrative Assistant	MSATM
Support administrative assistant	MSATM
Driver	MSATM
Security (9)	MoDS
Central Administrative service	MSATM

¹ The CNRT was the umbrella resistance movement grouping of political parties, many sympathetic Suco chiefs and other organizations such as the church (in places)

In addition to the staffing described above, the different line ministries, such as the Ministries of Education, Health, Agriculture, Justice, Defense and Security, Public Works etc. have their own de-concentrated representatives at District level and in some Sub-Districts, with responsibility for service delivery.

The existing structure of the District Administration was recently² laid out in a MSATM Decree 02/2008 (Diploma Ministerial no 02/2008/MAEOT) and comprises the following departments:

- District Administrator's Department
- District Secretariat
- Department of Finance
- Department of Social Assistance
- Department for Planning and Development
- Department for Sub-district administration.

The decree outlines the responsibilities of the District Administrator and the different departments. It goes without saying that the Department for Sub-district becomes redundant in the proposed new structure without Sub-districts.

b. Sub-District level

The present staffing at the Sub-District level is:

Sub-District staff	Responsible line ministry
Sub-District Administrator	MSATM through District Administrator
Local Government officer	MSATM through District Administrator
Community development officer	MSATM through District Administrator
Security officer	MSATM through District Administrator

c. Suco level

It is only at the Suco level where currently there is a directly elected body at sub-national level. The first Suco Councils were elected in 2004 after the passing of two laws in Parliament:

- i) Decree-law On Community Authorities
- ii) Law on The Election of Village (Suco) Chiefs and Village (Suco) Councils.

The Suco Council consists of the following representatives:

Suco Council
Suco Chief
Heads of all Aldeias

² In March 2008.

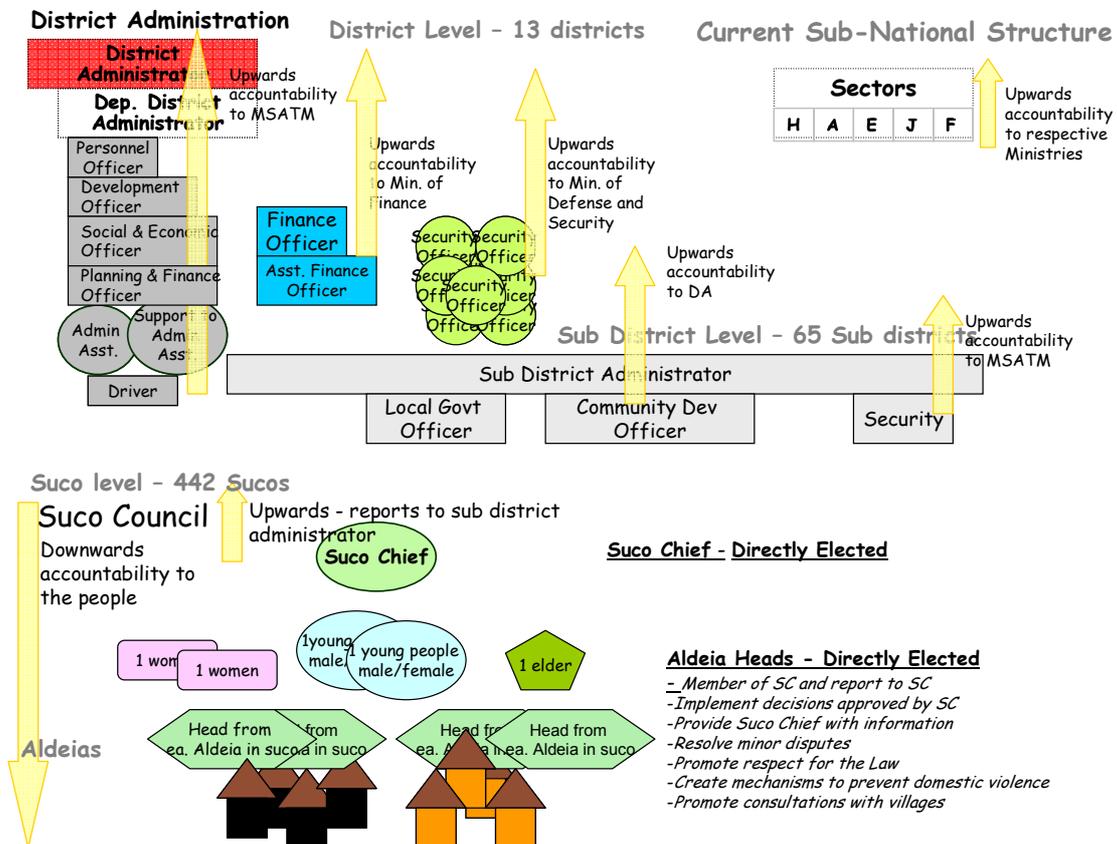
Two women
Two young people
One elderly person

With a total of 2,228 Aldeias in Timor Leste, the total number of elected members of the Suco Councils comprises 4,880.

Currently, there is no professional, administrative staff attached to the Sucos. Volunteers and representatives of NGOs/CSOs may however from time to time provide administrative support. MSATM is planning to facilitate the Sucos with one administrative staff who should be able to handle financial matters.

The existing institutional structures of sub-national levels in Timor Leste can be graphically illustrated as indicated below.

Diagram 1 Current Sub-national Structure



2. The policy proposal of 13 new Municipalities and no Sub districts

As stated above, The Council of Ministers on 12th of March 2008 approved the Policy Orientation Guidelines for Decentralization and Local Government in Timor Leste. In this it is proposed to constitute a single tier of municipal local government, of which the number, size and population will approximately correspond to the present District

administrative division. It is stated that the District option as basis for the new Municipalities has been preferred in view of the low level of human resources and experience at the local level.

The Policy Orientation Guidelines further states that existing administrative jurisdictions, i.e. the present territorial division, forming the District and Sub-district levels will be merged to form new consolidated and efficient administrative units at District level. Most Sub-districts offices will be kept and transformed into service providing extension units for basic service delivery as part of the new municipal structure. As an exception to this general picture it is mentioned that the structure will be different in the District capital in which responsibilities will be managed directly by the new municipal office.

It follows from this that there will be 13 new Municipalities, corresponding to the present 13 District administrations.

As the Suco level is not proposed to be changed, there will also in the nearest future be 442 Sucos.

2.1. Proposed future institutional arrangements

2.1.1 Reasoning behind the future institutional arrangements

When designing the proposal and variations for the new institutional set-up at municipal level, the following aspects have been taken into consideration:

- Administrative efficiency
- Democratic control
- Cooperation with sectors
- Cooperation with Sucos
- Learning from experiences.

The variations provide different proposals on how to maximize the democratic control, how best to interact with the Sucos and how best to let the elected people and the administrators cooperate and interact, respectively.

The policy orientations for the options as presented in this section of the report are taken from the Policy Orientation Guidelines and the recommendations in the MSTAM's TWG report.

The similar aspects of the policy orientations which relate to the sub-national institutions are:

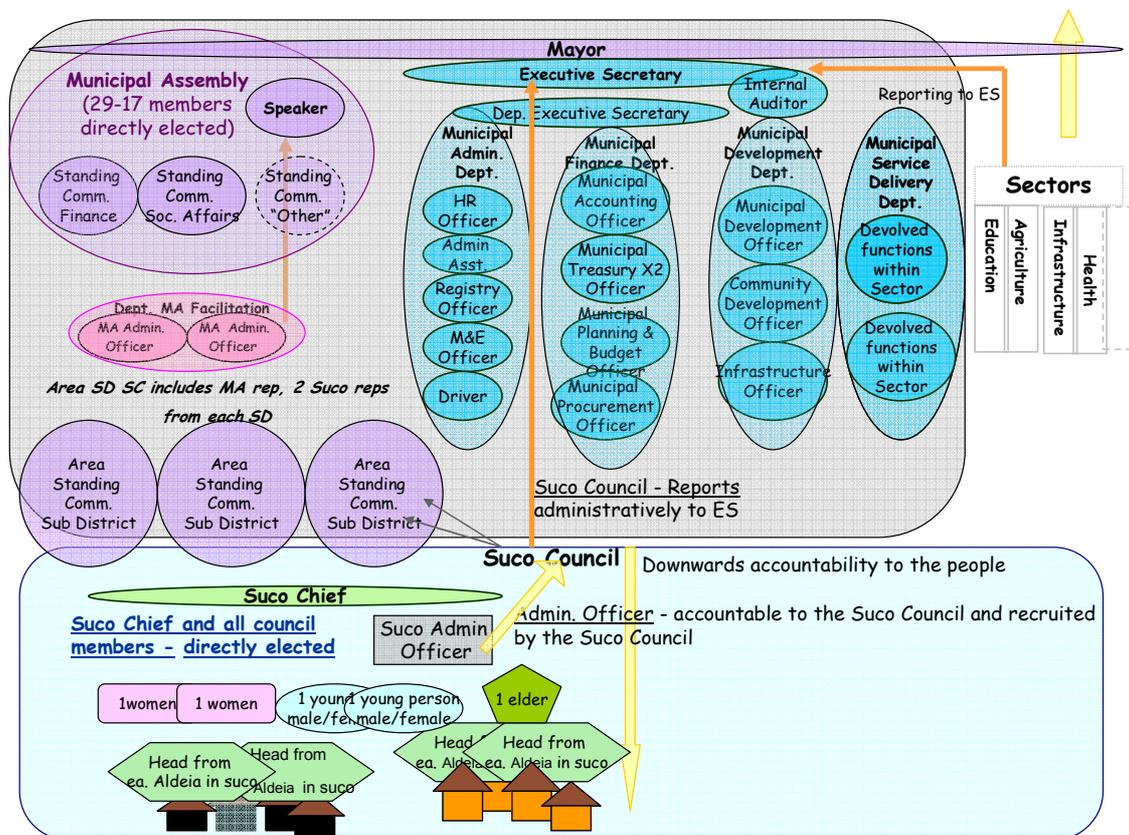
- Each Municipality will have a Municipal Assembly.
- Municipal Assemblies will consist of directly elected members and indirectly elected deputies.
- Each Municipality will be managed by a Mayor and each Municipal Assembly will be chaired by a Speaker – both indirectly elected by the Assembly.
- Municipal Assemblies will be the legislative organ with powers assigned to approve budgets, adopt by-laws and oversee the activities of the Municipality and service delivery units.
- Municipal Standing Committees will be established with the powers to oversee key planning, development, finance and sector service delivery functions.

- Sub-district Area Standing Committees can be established as part of the Assemblies committee structure to facilitate coordination and involvement of Sucos.
- Each Municipality will have its own administration under the control of the Assembly and sectors will be co-supervised together with the Assembly and parent Ministries.
- An Executive Secretary will manage the Municipal administration, comprising of a small number of staff for the management of basic functions such as planning and finance.
- Sector staff will be redeployed to the new Municipalities in accordance with their assigned functions. Sector staff would be technically responsible to their parent Ministry through the Mayor.
- Sector staff report directly to the Municipal Mayor for programs and activities which have been decentralized to the Municipality.

2.1.2 Proposal

The proposal presented is basically a combination of the institutional arrangements as proposed in the draft Report of the Technical Working Group on Decentralization of MSATM dated May 2008 as well as the draft mission report called Towards a Decentralized Fiscal Framework for Timor Leste, May 2008. The proposal is graphically illustrated below.

Diagram 2 Future Municipal Structure - Proposal



a) Municipal level

At the municipal level the Municipal Assembly is present and has been directly elected by people who can prove they reside in that Municipality. The number of people elected is still to be determined, however it is foreseen this number will be approximately 15 - 21 members. The Mayor and Speaker are indirectly elected by the Assembly during their first meeting with the speaker being elected first. It is expected that the election period will be every five years. The Mayor presides over the entire Municipality.

The Municipal Assemblies form three types of mandatory Standing Committees, namely

- i) Standing Committee on Municipal Finance
- ii) Standing Committee on Social Affairs and
- iii) Area (sub district) Standing Committees.

Municipal Assemblies can also form other Standing Committees on a needs basis.

The Area (sub-district) Standing Committees will enable coordination between the Municipality and the Sucos and provide input to the municipal planning and budgeting processes.

The Assembly will have its own support staff called the Department of Municipal Assembly Facilitation and it is envisioned initially to be comprised of two full time staff. These staff will assist with facilitating the tasks of the Assembly and oversight functions of the administration and sectors. These people will be accountable to the Speaker.

There will be a district administration established in each Municipality. The administration is headed by an Executive Secretary who will be accountable to the Mayor and recruited by MSATM, in the first instance. An Internal Auditor will be recruited in each Municipality who reports to the Mayor through the Executive Secretary. There will also be a deputy to the Executive Secretary. The administration will be comprised of four departments and these are compared with the current arrangements and described as follows:

Current District Depts. as per MSATM Decree 02/2008	New Municipal Administration Departments
District Administrator's Department	Municipal Administration Department and includes internal auditor
District Secretariat	Municipal Administration Department (as above)
Department of Finance	Municipal Finance Department
Department of Social Assistance	Municipal Service Delivery Department
Department for Planning and Development	Municipal Development Department (with planning functions moved to finance)
Department for Sub-district administration	Redundant – however note that municipal service extension/outreach offices are being discussed for the sub-district levels.

The Municipal Administration Department will be staffed by human resource, administration, registry, M&E officers and a driver. The Municipal Finance Department will be staffed by accounting, treasury, planning and budgeting and procurement officers. The Municipal Development Department will be staffed by municipal development, community development and infrastructure officers. The Municipal Service Delivery Department will be staffed by sector staff from those sectors which have devolved

functions. All administration staff are accountable to the Mayor through the Executive Secretary.

Lastly at the Municipal level there will also be vertical deconcentrated sector functions for some time. The staff in these sectors will be upwardly accountable to their respective Ministries. These staff will also be accountable to the Mayor and report through the Executive Secretary.

b). Sub district level

The Municipalities will be formed by the consolidation for the existing district and their related sub districts. Most sub district offices will be kept and transformed into extension units for basic service delivery. The current sub district staff will be absorbed into the new administration of the Municipality.

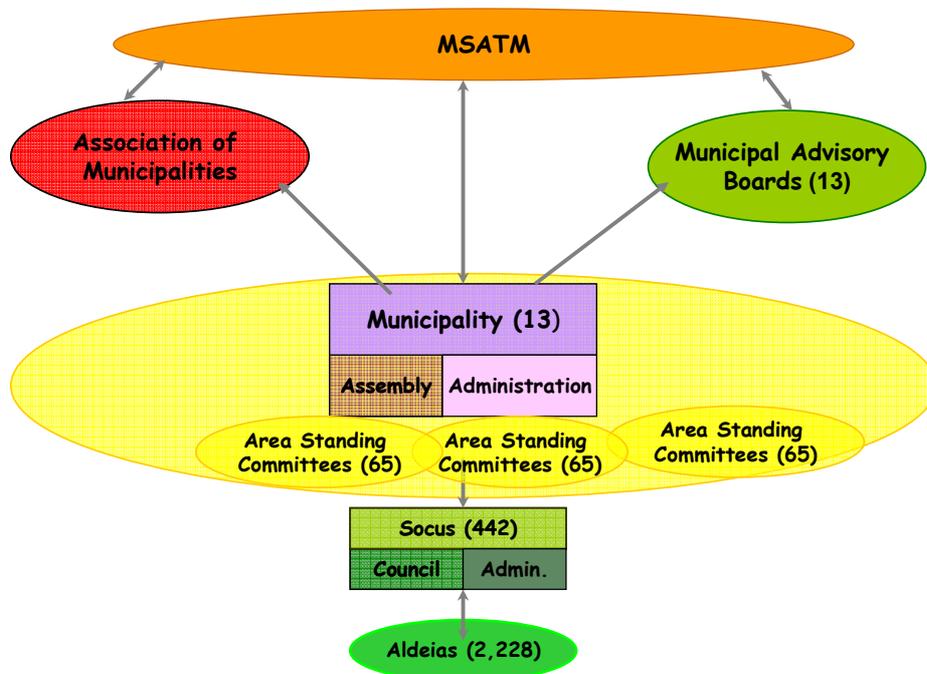
C). Suco level

The only change for the Suco Council structure in this proposal when compared with the current arrangements will be that two Suco Council members for each Suco Council in its specific sub district will be members of the Area Standing Committees. The Suco administration Officer has also been included as the only staff member of the Suco Council.

3. Snapshot of the future system of local government in TL

Below is an overall graphic illustration of how the future LG system in Timor Leste might look in light of the above sections:

Proposal for Future Core Structures in LG System - Timor Leste



C. Case Study in the Ministry of Health

Government Service delivery in Timor-Leste is currently very restricted as most services are delivered by line ministries. Ten Technical Working Groups of line ministries have been established and have submitted their reports outlining the functions that may be decentralized or devolved to the new Municipalities. Based on these reports, the following functions have been identified to be assigned to the Municipalities (this is also mentioned in the proposed local government act):

- Construction and maintenance of local roads,
- Construction and running of local markets
- Construction and maintenance of small-scale water supply
- Agriculture extension services
- Disaster management and prevention
- Sanitation
- Maintenance of parks and green areas
- Co-management or facilitation of health posts and limited activities in relation to health care
- Limited activities in relation to primary education, like pre-schools, and civic education
- Establishment and maintenance of local sports facilities
- Organization of cultural events.

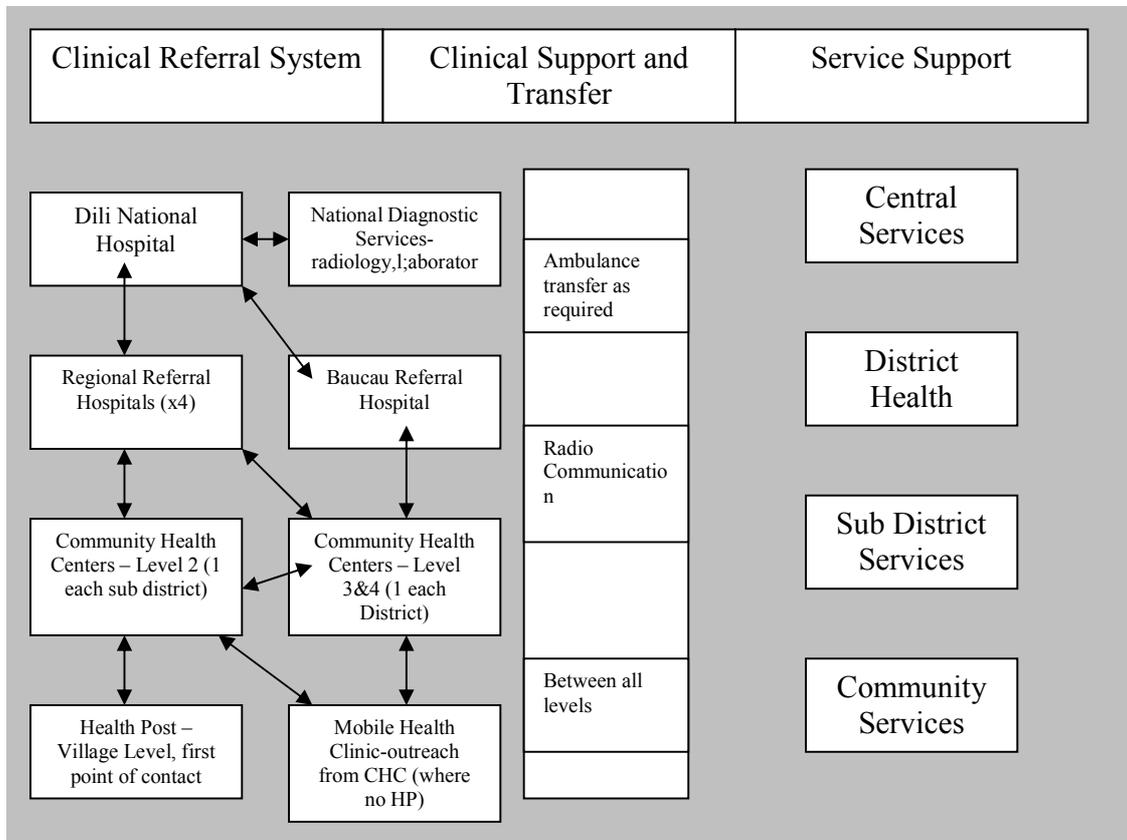
Having explained the reorganization of the future local government in Timor-Leste and future functions to be assigned to the future local government, I would like to describe as a case study of the reorganization of Local Government related to the health sector in Timor-Leste.

1. Health Sector Reform in Timor-Leste:

Health sector in Timor-Leste is one of the most advanced Ministry with its deconcentration policy compared with other Ministries.

Currently, MoH is operating at four service levels – central, District, Sub District and Community Level. Its diagrammatic functioning is as follows:

Diagram 4: Current arrangement for Health Sector Service Delivery and Functions:



Even with the structure described above, MoH still feels that some of the services are not being delivered more efficiently and effectively. Therefore, it has always been the commitment of the MoH to push forward for decentralization of some basic health services to the future local government in Timor-Leste. The general argument for decentralizing the health sector in Timor-Leste is the potential for improved service quality and coverage. The current strategic initiative for decentralization and local government in Timor-Leste has established the context within which full decentralization of the health sector can proceed following a set of functions already in place at the District Health Services (DHS).

The current and past experiences in the health sector are indicative of the difficulties in how benefits of the health services can be realized. The Ministry of Health is in the process of embarking on a series of reforms which include the adoption of a new Health Sector Strategic Plan (HSSP), reinforced by Basic Services Package (BSP) for primary health care and hospitals. A very important challenge for a complex organization such as MoH is to change its working culture toward more multidisciplinary team-work, more integration of services, community involvement and commitment to the implementation of BSP. The values are reflected in the way devolution of function is proposed.

It is expected that the role of the MoH in the future is primarily to provide policy and planning leadership (both strategic and technical) for the whole sector, to ensure an equitable financing and resource allocation system for the health sector, to provide national leadership on health service delivery and intersectoral collaboration including any appropriate legislation, and to regulate all health care providers to ensure quality standards are set and maintained.

A snapshot of the type and number of civil service staff employed is captured in the following table:

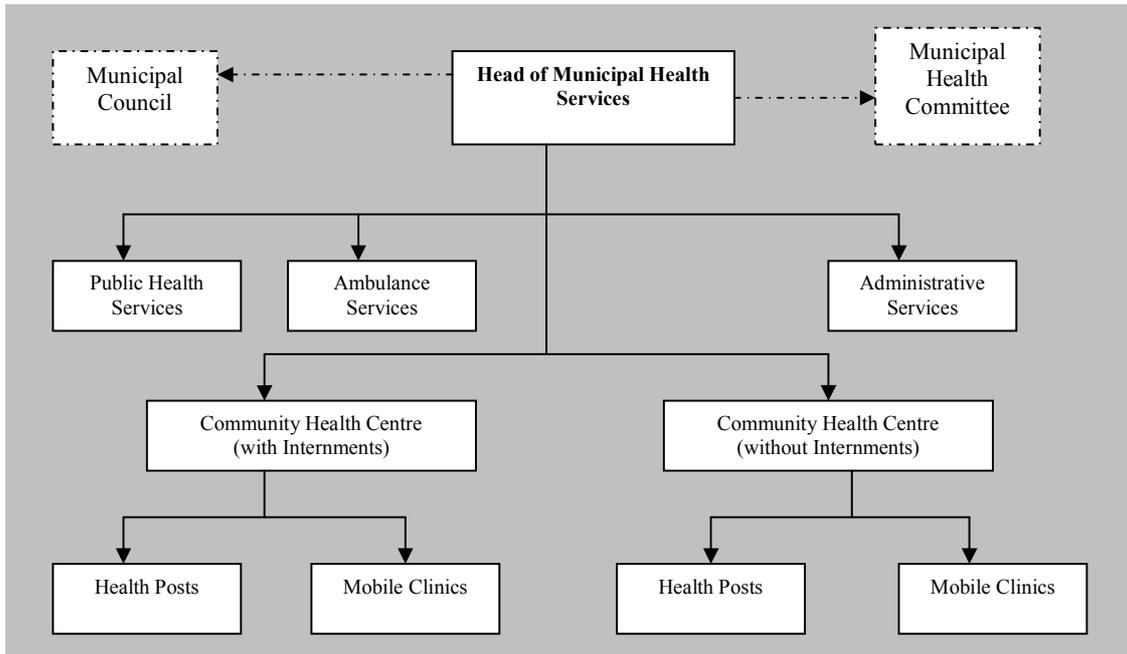
No	Category	No of Posts filled
1	Management & Adm Personnel	394
2	Teaching and training personnel	20
3	Specialist Doctors	0
4	General Doctors	14
5	Dentists	1
6	Dental nurses	28
7	Nurses	688
8	Midwives	329
9	Environmental/Public Health Personnel	8
10	Nutritionist/ Dietetics Personnel	3
11	Pharmacists	19
12	Laboratory technicians	59
13	Radiographers	6
14	Physiotherapists/Rehab.	9
15	Others	3
	Total:	1581

2. Health Functions to be devolved to Municipalities:

Due to its workload, MoH has stated in various occasion and it is now official that it would like to devolve some of its functions to the future local government. Unity and national coherence in the health sector is important to ensure that MoH is able to achieve, over time, a degree of equity in the health care delivery within and between municipalities. The basic functions put forward for devolution of powers to municipalities are as follows:

- Management of human resources;
- Management of Service delivery;
- Health Planning;
- Finance Management;
- Procurement Management;
- Logistic and Asset Management

To execute the above mentioned functions, MoH proposes the following Organic Structure of the future Municipal Health Services:



It is expected that with establishing Municipal Health Sector, basic health service delivery can be provided more efficiently and more effectively to the communities throughout the country. As showed in the table, the new structure will fit in to the structure of the future Municipal Local Government in Timor-Leste which technically will cover most of the areas throughout the countries. As stated before, the policy of the Ministry of Health is to make sure that basic health services can be extended in the areas where communities have difficulties in accessing the health services. This reorganization of the health sector will make government closer to the community and vice versa which in turn contribute to the achievement of objective of the local government reform.

With the proposed structure, the CHC managers will be empowered enough to take on responsibilities of managing their own resources and register data for planning purposes. Additionally, improving in the health, environmental and socio-economic issues of local communities requires inter-sectoral efforts, such as involving education, housing, NGOs, religious and civic organizations, and the private sector. In this regard, the role of the Municipal Health Committee is important in addressing sustainable development in the communities.

3. External Barrier for devolving Health Functions to Municipalities:

However, it is vital that the Ministry of Health together with relevant Ministries should develop a financial policy which guarantees equitable financing to support access to agreed package of health services

Overall assumptions under which financial needs are proposed here included (among others):

1. Ministry of Finance provides the costs in the first five years to fully equip Health Facilities as per Basic Service Package (BSP) plus replacement cost for vehicles and other minor capital;
2. A new organizational structure for MoH that clearly defines the staffing number and levels required;
3. Staffing levels considers a new career path for health personnel and incentives for medical professionals;
4. Technical assistance needs to be reinforced;
5. Training costs are to be maintained;
6. Others

Close to the financial requirement, Human resource development is an essential component of the health sector development and it is a necessary part of capacity building. MoH management team will need capacity to take on, manage, and lead new activities under the proposed decentralized system. The following areas of training are required to support the decentralization process in the health sector, namely: management skills, analytical skills, and community engagement skills. More specifically, 5 major areas of capacity building needs in order to ensure continuous delivery of quality health services during the transition for effective decentralization:

- Planning, monitoring & evaluation of services and programmes;
- Management of personnel;
- Financial management;
- Procurement and asset management.

Other barriers that can be identified is that: one of the commonly cited aims of decentralization is that local levels are allowed to focus resources and health services on locally-identified priorities. Therefore, what happens when there is a mismatch between nationally – and locally – identified priorities? How can we ensure that municipalities will not build new facilities without agreement of the central level? How can we ensure that external aid is not channeled directly to local government without the knowledge of the centre?

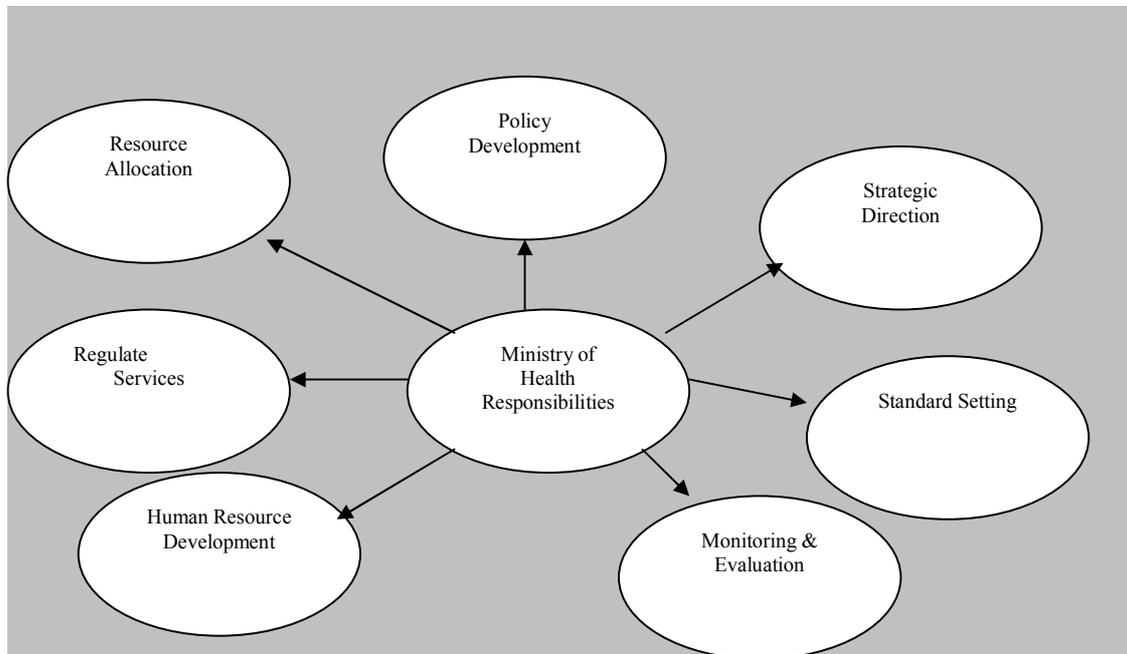
A second area of conflict is that under devolution, government funds are channeled via the local government authorities, and then on to municipal health offices and health facilities. This means that there is, in effect, a recentralization of control in the health sector.

A third area of conflict is that there may be a mismatch between authority and responsibility of the decentralized unit. Finally, one major issue arising is that the increased responsibilities come greatly increased requirements for staff capacities, covering both staffing numbers as well as skills.

4. Functions and services to be provided directly by the Ministry of Health:

Despite transferring many of its more operational management and planning responsibilities to Municipal Health Services, the MoH will need to strengthen its capacity in key areas at central level in order to ensure an effective decentralization in the

National Health Service. The illustration below shows functions that are centrally managed by the MoH:



Conclusion:

It is the intension of the Government of Timor-Leste to bring government closer to the communities and the communities closer to the government. It has been 9 years since the country is free from foreign occupation and that its government administration is still very centralistic. With the Decentralization and local government in Timor-Leste, it is expected that one of its main objectives can be achieved which is to promote more effective, efficient and equitable public service delivery for the social and economic development in the country.

The fact that the objective of the reform can be achieved is because based on the structure that is elaborated before, most of the local government services are going to be closer to the communities. So far, some of the basic services such as in the health sector are already closer to the community. However, more responsibilities and clear roles should be in place for an autonomous institution like municipalities. Therefore, once the decentralization reform in Timor-Leste is implemented, most of the government institutions are going to be reorganised which in turn will then improve service deliveries to the communities in the country.

What is needed is that the Council of Ministers of Timor-Leste needs to approve approve as soon as possible the legal frameworks for local government in Timor-Leste, so that it will then be approved by the National Parliament for implementation. Once it is approved

by the National Parliament, the next step is the local elections will be held; administrative structures of future municipal local government will be established; and more importantly, human resources who are working for the municipalities need to be capacitated.

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