

# Raising Our Hands

for our

# Development

Local  
Development  
Program

Ministry of State Administration and  
Territorial Management



# Local Development Programme

The Local Development Programme (LDP) is a pilot program that is testing decentralization models in order to establish a local governance system that is effective, transparent and responsive to community needs.

The process of studying options for local government will raise many questions, such as: where to establish local government and how to manage territorial divisions, how to organize financial and staffing requirements at the local level, and what will be the responsibilities of local government in the future? These are just a sample of the many questions raised when forming a local government. The LDP pilot was established in order to provide lessons based on practical experience that will help in the national debate about decentralization.



*Members of the Sub-District Development Committee in the Baucau Sub-District vote on their development priorities for their sub-district*



In order to test different possibilities for decentralization, the Ministry of State Administration and Territorial Management (MSATM) has already begun piloting two models of local governance. The first pilot model began in Bobonaro in 2005 and has since expanded to Lautem, Aileu and Manatuto. A second pilot model started in 2008 in the districts of Baucau, Ainaro, Manufahi and Covalima.

In this booklet, we will explain these two models, how they work, and the Government's current plan for decentralization. Through this information we hope that everyone can begin to understand this program and participate in the decentralization process so that, together, we can make progress in this nation.

*The Maliana Sub-District Assembly chose to rehabilitate this drainage system with part of their allocation of Local Development Funds*

# What is Decentralization?

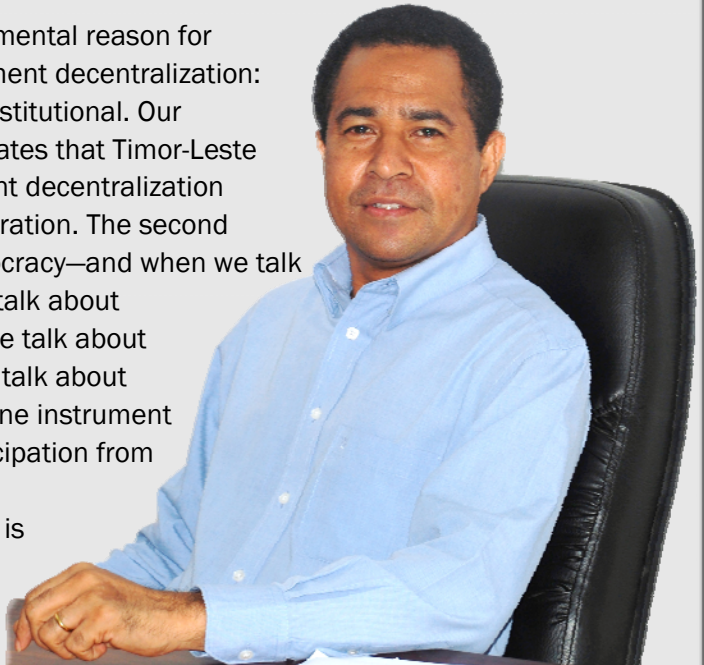
Decentralization is a process where a local level of government receives authority and responsibility from the central level of government to provide services and implement development activities that respond to the local needs of the community.

Why does the Government plan to decentralize?

- **Participation:** Local authorities are closer to their communities, and therefore the community can directly inform their representatives about their priorities for local development.
- **Accountability:** Local communities can directly observe the activities of their local government, and therefore local development plans will be more accountable to the community.
- **Poverty Reduction:** When local government has the authority and the resources, their work will help improve the efficiency of local development work. Development efforts will be strengthened as a partnership between the Government and the community.

## In the words of Minister of State Administration and Territorial Management Dr. Arcângelo de Jesus Leite

“There are two fundamental reason for Timor-Leste to implement decentralization: the first reason is constitutional. Our constitution clearly states that Timor-Leste will begin to implement decentralization of the public administration. The second reason is about democracy—and when we talk about democracy we talk about participation. When we talk about participation, we also talk about representation. And one instrument that can ensure participation from the community in the development process is decentralization.”



# Local Assemblies

In order to begin testing models of local governance, MSATM established a pilot legislative body called the Local Assembly. Through the work of these Local Assemblies, MSATM can gain experience about how the future local government system may function, and also build the capacity and responsibility of existing local administrations.

**Definition:** *Legislative Body*

An elected group with the mandate to make decisions as community representatives about laws, policies or budgets, according to the mandate that they have been given.

Local Assemblies are composed of community representatives. Currently, in the Local Development Programme (LDP), members are elected from the Village Councils to the assemblies. It is important that members are community representatives because the main function of the Local Assemblies is to make decisions based on local needs.

Assemblies established through LDP are given the mandate to manage a small local budget called the Local Development Funds (LDF). Assemblies are responsible for executing this budget following finance regulations and also ensure that those projects selected for funding are properly implemented.

LDP also includes trainers that work with the Local Assemblies and make sure that Assembly members fully understand their responsibilities as community representatives. This training is the first step towards ensuring that the future local governments, when established, will have the capacity to fulfill their duties.



With training and support from the Central Government, Assemblies have already begun to be responsible for local development in their district. It is in their hands; in their capacity and through their vote, that Assemblies are already beginning to develop this nation and work for a better future.

*Members of the Manufahi District Assembly discuss their responsibilities as community representatives during a training organized as part of LDP*

# The Local Development Fund

The Local Development Fund (LDF) is allocated towards development and poverty reduction activities in the LDP pilot districts. Most LDF projects already approved by local assemblies have been infrastructure development, such as clinics or health posts, school buildings, water and sanitation, irrigation, as well as other infrastructure projects.

The Local Assemblies are responsible for preparing the investment plan for LDF based on local community needs. The planning process includes consultation with the community to solicit project proposals, and the Local Assemblies decide which projects will be funded by their LDF allocation through a democratic voting process. This process gives the community greater responsibility in planning for government services towards poverty reduction.

Another important aspect of the LDP pilot is to test financial systems at the local level. During this pilot phase, MSATM administers the LDF at the central level to ensure that all funds are spent following regulations, and the lessons learned from this process will be important for the future implementation of the decentralization process.

## LDF Allocation in 2008:

District	Population	Investment Capital (\$)
Bobonaro	82,384	330,000
Lautem	57,453	230,000
Aileu	36,889	148,000
Manatuto	38,580	154,000
Ainaro	53,269	213,000
Baucau	104,571	418,000
Covalima	55,941	224,000
Manufahi	44,235	177,000



*The rehabilitation of this irrigation system in the Marco Village, was funded by LDF allocated by the Cailaco Sub-District Assembly in Bobonaro District*

- LDF is allocated based on the district population and a small equal share distribution
- In 2008, the LDP is based on \$4 per capita
- The LDF allocates 30% of funds to district-level investments and 70% to sub-district level

# Structure of Local Assemblies

The Government is currently piloting two models of local government through the Local Development Programme (LDP) to gain practical lessons for the future decentralization process, and to work towards a local governance system that is strong, transparent and will serve the community. The first model establishes local assemblies at both the district and sub-district level. The second model, which began implementation in 2008 following the current government's policy guidelines, establishes local assemblies at the district level only.

## 1 The First Model: District and Sub-District Assemblies

⇒ Decisions made at the district and sub-district level

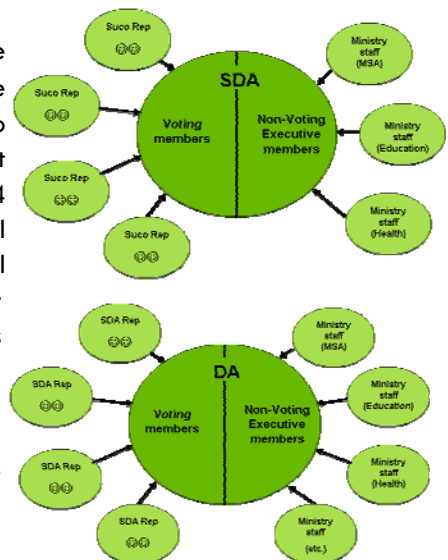
- Assemblies established at the district and sub-district level in the LDP pilot districts Bobonaro, Lautem, Aileu and Manatuto.
- Sub-District Assemblies (SDA) and District Assemblies (DA) have their own budget for infrastructure projects and decide independently how to allocate these budgets.
- Both the SDA and DA have voting and non-voting members. Non-voting, or executive, members are composed of the current district and sub-district administration officials as well as other MSATM staff. Executive members also include local-level staff members from other Ministries. Executive members cannot vote on assembly decisions, but participate in the discussions and give technical suggestions to the voting members.

### SDA Voting Members:

- Voting members are elected from the Village Councils. In sub-districts that have 5 or more villages, each village will elect two representatives and one representative must be the village leader. From sub-districts with 4 or fewer villages, each Village Council will elect an additional representative (for a total of three representatives). All villages must select at least one woman and one man as representatives.

### DA Voting Members:

- Each SDA will elect two representatives to the DA. Each sub-district must elect one man and one woman.



## 2

### The Second Model:

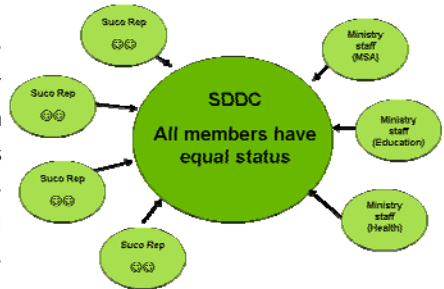
#### District Assemblies and Sub-District Development Committees (SDDC)

⇒ Decisions made at the **district level** only

- Established in the Baucau, Ainaro, Covalima and Manufahi Districts.
- Decision-making power on the investment plan for LDF and the selection of projects for the district and sub-district level is given only to the District Assembly.

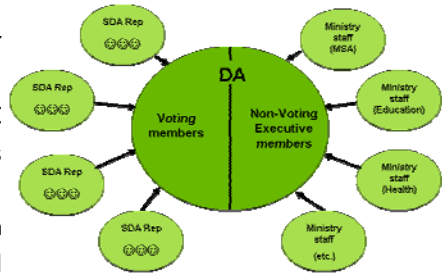
#### SDDC Members:

- Composed of Government staff at the sub-district level, including sector representatives and representatives from each village council. Two representatives are elected from each village in sub-districts with three or more villages, and three representatives elected from sub-districts with two or fewer villages.
- All members can vote on the SDDCs recommendations for sub-district priorities;
- Village representatives are elected from the village councils, and must include the village leader. All villages must elect at least one man and one woman to the SDDC.



#### District Assembly (DA) Members:

- The DA has voting and non-voting, or executive, members.
- Voting members are three SDDC representatives from village councils elected by the SDDC;
- Executive members cannot vote, but can participate in discussions and give technical suggestions to the voting members.
- Executive members are MSATM staff and functionaries from other Ministries working in the district.



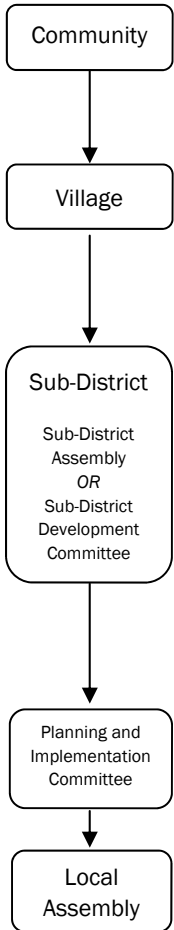
#### *Raising their hands as community representatives:*

*Members of the Sub-District Vemasse SDDC in the District of Baucau vote for their sub-district's development priorities*



# Local Planning

The LDP planning process helps local assemblies decide how to allocate their LDF budget. The process is slightly different in the two pilot LDP models, but both of the processes follow the same basic concept that all decisions should be based on community consultation and be made to address community needs. A summary of the LDP planning process is as follows:



- 1. Identification of Projects at the Village Level:** Village Council members hold consultations with the community at the local level, and hold a public village meeting to discuss the community’s ideas and priorities for local development and what projects should be done in the village.
- 2. Village-Level Prioritization:** Following the local consultation by the Village Council members, a public Village Council meeting is held in order to vote on proposals for projects from the village. Each village submits two project proposals for projects at the sub-district level and one project proposal for a district-level project. Project proposals are submitted to the Sub-District Assembly or Sub-District Development Committee.
- 3. Sub-District Prioritization:**  
SDA: In the four LDP districts with Sub-District Assemblies (SDA), Bobonaro, Lautem, Aileu and Manatuto, the SDA is responsible for deciding which sub-district projects will be funded and pick two district-level project proposals to recommend to the District Assembly.  
SDDC: In the four LDP districts with Sub-District Development Committees (SDDC), Baucau, Ainaro, Manufahi and Covalima, the SDDC receives proposals from the villages and then votes on sub-district development priorities to recommend two district-level projects and three sub-district level projects to the District Assembly.
- 4. Verification and Evaluation:** Proposal recommendations from the SDDC or ASD are sent to the Planning and Implementation Committee (PIC) that will verify proposal information and evaluate both district and sub-district proposals.
- 5. Decision:** The Local Assembly (either District or Sub-District) decides on the highest priority projects and approves the annual investment plan for projects at the district and sub-district level.



Members of the SDDC in Venilale, Baucau present their proposals for development priorities

## Prioritization through Comparison

Village councils, SDDCs and Assemblies all use a comparison system during the planning process to vote on local priorities.

This system works by comparing each project to every other project, instead of voting on all projects as a whole, so that decisions that are made by the voting members are based on local priorities for development.



*Members of the SDDC Vemase in Baucau District prepare their parallelism matrix in order to vote on priorities in their sub-district*

## The Experience of the Local Development Programme

The LDP planning process is a new system for determining local development priorities that aims to encourage local representatives to work closely with their local community in making decisions about development. Decisions that are made about the allocation of the Local Development Funds come from the local level instead of the central level. Like all new processes, sometimes things work well and sometimes there are problems. The experience that LDP has gained in piloting these systems is important for the Central Government as they will use these lessons learned when they are debating options for the future decentralization process. Some of the lessons learned, from the beginning of LDP in 2005 until 2008 are as follows:

- ◆ Assemblies effectively follow local needs during the planning process and in deciding how to allocate their portion of the Local Development Funds
- ◆ Local Assemblies and their communities are able to make tough decisions about local level priorities for development
- ◆ Based on the planning process, Local Assemblies have decided to allocate their Local Development Funds as investments in the following sectors:
  - ◇ Education – 31%
  - ◇ Roads & Irrigation – 22%
  - ◇ Water & Sanitation – 19%
  - ◇ Agriculture & Fisheries – 10%
  - ◇ Infrastructure Projects in Other Sectors – 18%
- ◆ Human resource capacities can be rapidly developed to handle local planning, budgeting and implementation

# Local Management

Local Development Funds (LDF) are managed at the local level. This means that the LDF is in the hand of the Local Assemblies, and that the local procurement process and local financial systems are important to ensure that the LDP program runs properly. When a local government system is established in the future, they will need clear management systems that enable local governments to manage their own finances.

Because of this, MSATM has already released special finance regulations to facilitate the local management of budgets. The District Administration Treasury (DAT) has been established at the district level to manage LDF finances. Local Assemblies (district and sub-district) have established a Finance Committee that can authorize all dispatches from the local budget.

Local Assemblies are responsible for the procurement process and selecting a contractor that will implement the project funded by LDF. Assemblies are also responsible for monitoring the implementation of these projects and ensuring quality in the completed projects. Special procurement regulations have already been approved to facilitate this process. Local Tender Boards have been established to procure up to \$10,000 at the local level, as this will ensure local level contract management and supervision of implementation.

## Accountability

Accountability to the Central Government remains important in the LDP process, as Local Governments must work according to the established regulations. As part of the LDP program, all Assemblies have to follow a set of rules called the Minimum Conditions order to gain access to their allocation of LDF in the next fiscal year. The Minimum Conditions include provisions that all Assemblies have to follow finance regulations and conduct their activities as Assemblies properly in order to qualify for the following year's LDF.

The Minimum Conditions system provides incentives to the Assemblies to improve their performance. Examples of Minimum Conditions regulating the Assemblies work are as follows:

- Assemblies are established following the regulations
- Assemblies financial systems are accountable and transparent
- Decisions made by the Assemblies are available to the public

# Participation

An essential part of the role of future local governments will be that their decisions are based on local needs. To ensure that the Local Governments really are following local priorities, however, the community needs to be aware of the work of the local governments and their decisions about the use of their budgets. When the community has access to this information, then they can become the watchdogs of their local government and active participants in the decentralization process.

Through LDP, the pilot Assemblies already are working towards creating a system that provides information about the LDF and Assembly decisions to the general community. According to the regulations, Assemblies are responsible for distributing public information through the following methods:

- Posting information publicly such as the list of assembly members, copies of all meeting minutes, copies of the annual investment plan as well as the total annual LDF allocation or total allocated budget, and copies of the Assembly's annual report. These documents must be posted in a notice board in a public place.
- Sending copies of all meeting minutes to all Assembly members and the Executive Secretary of the DA.
- Local village council representatives are responsible for communicating information about Assembly activities to members of the village council.
- Local village council representatives in the Assemblies are also responsible for posting copies of the Assembly's meeting minutes in their village.

Information can also be distributed through:

- Local Radio Stations;
- Letters sent to village leaders, sector departments and other stakeholders;
- Information archived at the Administration Office and made available to the general public.

*The Baucau community can read information about their Assembly and LDP at the public notice board*



# Moving Forward with Decentralization



In 2008 the Government plans to accelerate the decentralization process and prepare two law proposals to submit to National Parliament: one on local governance and one on territorial and administrative division. While the final decision will come from the National Parliament, the Government is planning that once a law has been approved, implementation of the decentralization reforms can begin as soon as 2009.

When the law on local governance is approved, this will not mean the end of the Assembly and pilot local governance system established under LDP. The experience gained from LDP will continue to support the decentralization process, and the capacity that local authorities have gained through LDP will be invaluable in implementing the new structure.

Through the work they have done up until now, Assemblies have proven that they are capable of many things. Through their hands, as representatives of their communities, Assemblies have made decisions about the development of their districts and communities. When local governments are established, they can continue this work, building on the progress which has already made, with the hope that local government will become the key to the development of this nation.

## RAISING OUR HANDS FOR OUR DEVELOPMENT



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Territorial Management

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