



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE

MINISTRY OF STATE ADMINISTRATION DECENTRALISATION SECRETARIAT

DECENTRALISATION AND LOCAL GOVERNMENT POLICY – GUIDELINES FOR MSA TECHNICAL WORKING GROUP

1. Context and background

In late 2006, the Government made a policy commitment to establish 30-35 Municipalities in Timor-Leste, to be created out of the existing Sub-Districts. These Municipalities will be corporate bodies, accountable to local citizens through indirectly elected assemblies. It is the Government's intention to establish a first batch of approximately ten Municipalities in the course of 2008-2009¹.

In line with official policy, these Municipalities will be empowered to take responsibility for a range of service delivery and administrative functions. The specific functions to be devolved to Municipalities will be defined through a process of consultation with Line Ministries (which will establish Technical Working Groups – TWGs) and then stipulated in the draft organic Law on Local Government, with flexibility for adjustment in related and subsequent legal instruments.

In addition, MoPF will set up a dedicated TWG to work on the design of an appropriate set of arrangements for Municipal finance and public expenditure & financial management. The MoPF TWG report will provide the foundations for the Municipal finance provisions that will be an integral element of the Organic Law on Local Government and pursuant regulations.

Finally, and in order to deal with more generic issues related to Municipalities and with Ministry-specific issues, the Ministry of State Administration will establish its own TWG

These Guidelines, drafted by the Decentralisation Secretariat of the Ministry of State Administration, are intended to help the Ministry of State Administration's TWG carry out its tasks and to make suggestions with regard to working methods.

2. TWG composition and tasks

The composition of the MSA TWG should normally include the following:

- Directors (including Administration/Finance)
- Senior Technicians
- International Advisers

¹ See Government Resolution No. 6/2006 and Government Resolution No. _/2006 for full details of the Government's policy on decentralisation and local government, as well as the Decentralisation Strategic Framework (DSF).

The TWG will be headed by a focal point, who will be nominated by the relevant Minister. The focal point will lead and coordinate the activities of his/her TWG, will be responsible for supervising TWG reports and will liaise on a regular basis with the Decentralisation Secretariat in the Ministry of State Administration.

The Decentralisation Secretariat in the Ministry of State Administration will, as far as possible, provide the TWG with technical support and advice as required and/or as requested.

The tasks of the TWG, to be completed by the end of June 2007, are as follows:

(i) Representational arrangements

- Make recommendations concerning the numbers of indirectly elected Suco councillors who will be members of Municipal Assemblies and, if necessary, on other ex-officio members;
- Consider and suggest the modalities and working methods that will apply to the functioning of Municipal Assemblies (functions of members, frequency of meetings, quorums, decision-making processes, etc.);
- Define the transitional arrangements through which Municipal Heads will be appointed by the Central Government (appointee, qualifications, role, etc.);
- Define the period during which such arrangements for appointed Municipal Heads will apply;
- Recommend how Municipal Mayors will be elected following the transitional period during which Municipal Heads will be appointed by Central Government;
- Make recommendations concerning the responsibilities and powers of Municipal Mayors.

(ii) Personnel management issues

- Make recommendations concerning the status of personnel directly employed by Municipalities and how they are to be managed (salary levels, recruitment, promotions, etc.);
- Consider the status and management of any civil servants who are “seconded” to work for/with Municipalities.

(iii) Financial management issues

- Make recommendations concerning the role of the Ministry in Municipal financial management (fund flow, authorisation of transfers, etc.);
- Make recommendations on how the Ministry will coordinate with other Ministries (MoPF, Line Ministries) with regard to Municipal financial management.

(iv) Local Government Commission

- Consider the need to provide for a Local Government Commission at the national level, with a broad mandate to review local government issues (including fiscal decentralisation) and arrangements;
- Make recommendations concerning the responsibilities, powers, functioning and membership of a Local Government Commission (see DSF).

(v) Role, functions and structure of the Ministry of State Administration

- Define how the Ministry will relate, in general, with Municipalities
- Define how the Ministry will support and monitor Municipalities and their performance;
- Make recommendations concerning any need to restructure the Ministry in the light of new/changed functions and in the context of decentralisation and Municipalities.

(vi) Capacity building needs

- Consider the generic capacity building needs of Municipal Assemblies and staff and make recommendations on how those needs will be met;
- In the light of its new/changed functions, consider the capacity building needs of the Ministry (staffing levels, training, systems and procedures, investments, etc.).

(vii) Risk analysis and mitigation

- Undertake an analysis of the possible risks attached to decentralisation and to identify suitable risk mitigation measures.

(viii) Legal issues

- Identify any need to modify existing legislation/regulations concerning general issues (elections, MSA organic law, civil service regulations, etc.) in order to ensure consistency with GoTL's policy on decentralisation and local government.

(ix) Draft proposals for addressing generic local government issues

- Finally, and in the light of the above, to draft proposals concerning generic decentralisation and Municipal issues. These proposals will be submitted to the Decentralisation Secretariat in the Ministry of State Administration and will inform the drafting of a detailed legislative proposal on local government in general. A format/structure for this report is to be found in Note 1 of these Guidelines.

3. TWG working methods

Although the Ministry's TWG will decide on the precise way in which it will accomplish the above tasks, it is strongly recommended that:

- (i) The entire TWG meets at least once a month to discuss progress and debate sector devolution issues;
- (ii) For specific tasks (e.g. Municipal staffing issues), individual TWG members or sub-groups be given particular responsibility, reporting back to the TWG as a whole during its regular meetings. As far as possible, such reports should be drafted and then kept on record by the focal point;
- (iii) The TWG's final proposals be presented to the Council of Directors of the Ministry for endorsement, before being submitted to the Decentralisation Secretariat in the Ministry of State Administration.

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Note 1: suggested report structure/format

1. Introduction

2. Representational arrangements for Municipalities

- 2.1 Municipal Assemblies – membership, election and composition
- 2.2 Municipal Heads (transitional arrangements)
- 2.3 Municipal Mayors – elections, responsibilities and powers

3. Personnel management

- 3.1 Municipal employees – status, remuneration, recruitment and management
- 3.2 Staff seconded from Central Ministries to Municipalities – status, appointment, management, accountabilities

4. Financial management

- 4.1 Ministry role with regard to Municipal financial management
- 4.2 Coordination with MoPF and Line Ministries concerning Municipal financial management

5. Role, functions and structure of the Ministry of State Administration

- 5.1 Rationale underlying proposals for reform of the Ministry
- 5.2 Relations between the Ministry and the Municipalities
- 5.3 Ministerial monitoring and support for Municipalities
- 5.4 Ministerial restructuring and staffing needs

5. Capacity building needs

- 6.1 Municipal level
- 6.2 Ministerial level

6. Risk analysis

- 7.1 Risks
- 7.2 Mitigation measures

7. Legal issues

- 8.1. Existing legal basis for the Ministry
- 8.2. Amendments required to current laws and regulations in the light of decentralisation and local government policy

Annexes:

- Copy of legislation and regulations applicable to general decentralisation issues
- List of any legislative work in progress