



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE

MINISTRY OF STATE ADMINISTRATION DECENTRALISATION SECRETARIAT

DECENTRALISATION AND LOCAL GOVERNMENT POLICY – GUIDELINES FOR MINISTERIAL TECHNICAL WORKING GROUPS

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 and then stipulated in the draft organic Law on Local Government, with flexibility for adjustment in related and subsequent legal instruments.

Services/functions that are devolved to Municipalities will be directly managed and financed by the Municipalities – and will not be directly implemented by line Ministries. Decisions about such services/functions, then, will be made by Municipalities.

In order to define the services/functions that are to be devolved to Municipalities (as well as examine related budgetary, staffing, oversight and other issues), nine sector Ministries will establish Technical Working Groups (TWGs), headed by focal points (nominated by their respective Ministers). In addition, a special MoPF TWG will also be established to examine fiscal, financial and public expenditure management issues linked to local government (**Guidelines for the MoPF TWG are attached for purposes of information**).

Generic Terms of Reference for the Ministerial TWGs were approved by the Council of Ministers in December 2006.

These Guidelines, drafted by the Decentralisation Secretariat of the Ministry of State Administration, are intended to help Ministerial TWGs carry out their tasks and to make suggestions with regard to working methods.

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).

2. TWG composition and tasks

The composition of each TWG should normally include the following:

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

Each 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 TWGs with technical support and advice as required and/or as requested.

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

(i) Current arrangements for sector service delivery and functions

- To undertake a functional mapping exercise, identifying all the services currently provided and functions assured by the Ministry;
- To carry out “finance” mapping, with a view to determining what these different services/functions cost (per annum) at the moment.

(ii) Functions to be devolved to Municipalities

- To identify which of the Ministry’s functions and services could/should be devolved to Municipalities in the short (Year 1), medium (Years 2-5) and long (Year 10 onwards) terms, and to provide a rationale for such a process of devolution. In general, this should be done on the basis of “subsidiarity”, such that any function/service that can be devolved to Municipalities should be. This will also require that certain services or functions be “broken down” into sub-services or sub-functions (see notes 1a and 1b at the end of these Guidelines).
- To determine an implementation strategy for how services/functions will be devolved to the Municipalities by the Ministries.

(iii) Financial and resource needs for devolved services and functions

- To identify the staffing and budgetary implications of devolving services/functions to Municipalities. This will include costing (on an annual basis) devolved services/functions;
- To define the status of civil servants responsible for the delivery of devolved services/functions (seconded, redeployed, transferred) in the short, medium and long terms.

(iv) Ministerial functions and service delivery responsibilities

- To define which of the Ministry's functions and services could/should not be devolved to Municipalities and provide a rationale for their continued centralisation;
- To determine how the Ministry will need to be restructured, staffed and resourced so as to be able to meet its newly defined responsibilities;
- To explain how the Ministry will ensure quality control of and technical support for devolved services/functions;
- To assess the need for changes in data collection and M&E in the context of a decentralised institutional environment;
- Where appropriate, to define the role of the Region in supporting Municipal service delivery;
- To estimate the budgetary resources needed by the Ministry in the light of sector devolution.

(v) Capacity building needs

- To identify the Ministry's capacity building requirements (at both the central and local levels) in order for sector decentralisation to be successful.

(vi) Risk analysis and mitigation

- To undertake an analysis of the possible risks attached to the devolution of sectoral functions to Municipalities and to identify suitable risk mitigation measures.

(vii) Legal issues

- To identify any need to modify existing legislation/regulations in order to ensure consistency with GoTL's policy on decentralisation and local government.

(viii) Draft proposals for sector devolution

- Finally, and in the light of the above, to draft sector devolution proposals – specifying which services/functions are to be devolved to Municipalities, how staff will be managed/transferred, what conditional grants will be required to ensure quality of services/functions, whether legal changes are required etc. These sector devolution proposals will be the basis upon which the Government will decide upon the assignment of functional responsibilities to Municipalities (see note 2 at the end of these Guidelines for the format that TWG sector devolution proposals should take) and will be submitted to the Decentralisation Secretariat in the Ministry of State Administration.

3. TWG working methods

Although each Ministerial 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. mapping functions/services), 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 sector devolution proposals be presented to the Council of Directors of its respective Ministry for endorsement, before being submitted to the Decentralisation Secretariat in the Ministry of State Administration.

9 January 2007

Attachments:

- 1) Notes:
 - Note 1a: Breaking down the primary education sector
 - Note 2: structure and format of TWG sector devolution proposals
- 2) Decentralisation and Local Government Policy – Guidelines for the MoPF Technical Working Group

NOTES

Note 1a: Breaking down the primary education sector

What specific primary education service delivery functions and consequent public expenditure management responsibilities are appropriately assigned to Municipalities ? And which are not ?

Primary Education – what functions & expenditure responsibilities for Municipalities ?

- School construction ?
- School repair ?
- School furniture ?
- Procurement of books & other materials ?
- Teacher training ?
- Teacher hiring ?
- Payment of teachers' salaries & other personnel matters ?
- Teacher supervision & school inspection ?
- Liaison with and support to parent-teacher committees ?
- Curriculum ?
- Overall monitoring of primary education quality, delivery and access indicators ?
- Etc.

Note 1b: Breaking down decision-making in the secondary education sector

Who makes decisions about the following issues in the secondary education sector ?
Central government, local government or the school itself ?

Instructional matters:

Instruction time
Designing programs of study
Defining course content
Choosing textbooks
Teaching methods
Mode of grouping students
Support activities for students
Creation/closure of schools
Creation/abolition of grades
Setting qualifying exams
Credentialing
Methods for assessing students' regular work

Personnel management:

Hiring teachers
Hiring principals
Fixing teacher salaries
Fixing principal salaries
Career of teachers
Career of principals

Resources:

Allocation to school for teaching staff
Allocation to school for non-salary current expenditure
Allocation to school for capital expenditure
Use in school for capital expenditure

Note 2: structure and format of TWG sector devolution proposals

1. Introduction

2. Current arrangements for sector service delivery and functions

- 2.1 Ministry functions (detailed description)
- 2.2 Ministry organisation and staffing (organigram, staff categories/numbers and locations, etc.)
- 2.3 Sector financing requirements by sub-sector and by administrative unit

3. Functions to be devolved to Municipalities

- 3.1 Rationale underlying proposals for devolved services and functions
- 3.2 Basic services and functions to be devolved to Municipalities
 - 3.2.1. Short term
 - 3.2.2. Medium term
 - 3.2.3. Long term
- 3.3 Broken down description of functions and expenditure management responsibilities to be devolved to Municipalities
 - 3.3.1. Short term
 - 3.3.2. Medium term
 - 3.3.3. Long term
- 3.4 Implementation strategy for sector devolution

4. Financial and resource needs for devolved services and functions

- 4.1 Financial needs for devolved services and functions
 - 4.1.1. Short term
 - 4.1.2. Medium term
 - 4.1.3. Long term
- 4.2 Staffing requirements, arrangements and proposals
 - 4.2.1. Short term
 - 4.2.2. Medium term
 - 4.2.3. Long term

5. Ministerial functions and service delivery responsibilities

- 5.1 Rationale underlying proposals for centralised services and functions
- 5.2 Functions and services to be provided directly by the Ministry
 - 5.2.1. Short term
 - 5.2.2. Medium term
 - 5.2.3. Long term
- 5.3 Ministerial quality control, monitoring and technical support for Municipalities
- 5.4 Ministerial restructuring and staffing needs
- 5.5 Ministerial budgetary requirements

6. Capacity building needs

- 6.1 Municipal level
- 6.2 Central level

7. Risk analysis

- 7.1 Risks
- 7.2 Mitigation measures

8. Legal issues

8.1. Existing legal basis for sector

8.2. Amendments required to current laws and regulations in the light of decentralisation and local government policy

9. Other issues linked to sector devolution

Annexes:

- Copy of Ministerial budget allocations for 2006-2007
- Copy of AAP and QRMs for 2006-2007
- Copy of sector legislation and regulations
- List of any legislative work in progress