The Development of a Model of Public Management for East Timor. A Framework for Local Governance

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ABSTRACT

Administrative reform in developing countries is seen as of vital importance to the socio-economic development of a country especially in one where the aftermath of independence left little infrastructure in place. The purpose of this study was to: a) evaluate models of public management and local governance in different countries; b) identify the critical components of an effective and efficient system of local governance appropriate to the needs of the people of East Timor; c) examine and debate the options for future local governance structures, their roles and functions; and d) determine the appropriate governance structures and processes for effective service delivery that could inform other developing countries.

The theory used is based on a post-modern construction of the role of citizens in the development of their countries, and the relationships between local and central governments. Two alternative models of local governance, one based on the existing system and another that, although still based on the traditional district structure, suggested regional groupings of the districts into five regions. Through a participatory research method, in association with the research questions, the study explored the alternatives of deconcentration and decentralisation structures, services and associated levels of responsibilities.

The major results revealed that, there is a growing appreciation of democratising the government institutions by reforming the hierarchical and top-down administrative structure and the need to develop not local government as such but local governance within the context of a centralisation-decentralisation continuum. Given the scarcity of resources, deconcentration of essential services based on regional settings was the major consensus, in order to provide service delivery to the communities in the region. This would imply the transfer of responsibilities and resources from central to regional administrations for effective service delivery. However, decentralisation was also desired in the sense of setting up community government councils either at municipal and rural community levels. The local councils will not only represent the people and voice their needs at local level but also develop horizontal networks between local governments and local non-state actors: the private sector, civil society, and international organisations. Such networks will help mobilise additional resources for local level development and enhance the accountability of local level political and management officials.
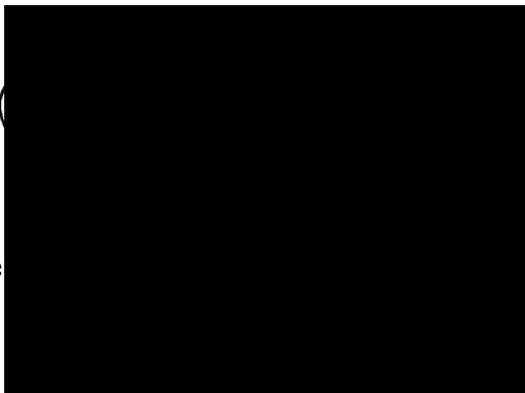
This study provided empirical evidence to support the point of view that selective models of local governance as endorsed by multilateral donor agencies such as the World Bank, the Asian Development Bank, and the IMF, can be applied in the specific situation of a developing country if they are careful designed with a full participation of potential stakeholders including the beneficiaries. Furthermore, it showed a participatory method for collecting and widening the views and perspectives of the citizen in shaping a political future of a country in transition, which is a unique experience in the history of all public administrations.

CERTIFICATE

I certify that this thesis does not, to the best of my knowledge and belief:

- incorporate without acknowledgement any material previously submitted for a degree or diploma in any institution of higher education,

- contain any material previously published or written by another person except where due references is made in text, or

- contain any defamatory material.

Signature

Date ___3 November 2003___

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Melbourne, October, 20th 2002

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CHAPTER ONE: INTRODUCTION

Current interest in public management and governance has grown appreciably over the past decades, not only in industrialised countries but also in developing ones. There is wide recognition that the problems of public management and rural development in developing countries are intractable, that many difficulties remain unresolved by the efforts of government (Mahwood 1993), and that development and societal problems cannot be solved solely by governments acting on their own (Turner and Hulme, 1997).

The aim of this thesis is to develop a public management best practice model that can be applied to local government in developing countries. Specific attention is paid to how this model can be applied to East Timor.

Chapter one provides an introduction to this thesis. It discusses the research background, research objectives, and the significance of the research. It also presents a simplified overview of the research methodology, definitions of the special terms used in the research, and an outline of the organization of this thesis. Chapter 2 will elaborate on the theoretical of political and governance issues with an extensive literature review.

1.1   Research Background

Good governance is critical to long-term political, economic and social development of any country. A growing body of research and experience has demonstrated that democratic governance provides the most promising enabling environment for broad-based socio-economic growth. This is achieved by fostering not only competence and effective societal

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management, but also shared pluralist management and decision making (Brinkerhoff, 1999). Combining governance with democracy emphasizes the need to devise ways of managing public affairs in a transparent, participatory, and accountable fashion (Goss, 2001). Experiences in the developing world and the countries of Eastern Europe and the former Soviet Union show that governance arrangements can be linked to the transition to democratic political systems. This is done through institutionalising politically democratic models as a necessary precondition for good governance (Morley and Vilkinas, 1997; Verheijen and Coombes, 1998). Good and democratic governance in modern times requires attention not only to shifting relations between governments, citizens and parliaments, but to the effective functioning of government itself at all levels.

East Timor emerged at the time when the political landscape of governance, including local governance throughout the world, is experiencing fundamental changes. It is a time when East Timor starts its political, economic and social recovery from scratch, after the vast destruction in 1999 following the vote for independence, which marked the end of Indonesian military occupation of more than two decades. One of the challenges confronting the country is that local government structures in the past were too small in terms of size and population, and is not adequately equipped with the qualified persons and technology required to carry out its activities to an acceptable standard. In addition, a dependency mentality, which is the legacy of the colonial administration under the Portuguese and Indonesians is still apparent. Local communities still expect the central government to provide for all their needs. As a consequence, needs for service provisions are not adequately met. Achieving a new central-local balance in service provision and accountability is a challenge for the government in the coming years.

The changing context of East Timor from a colonized territory to an independent country has changed people's expectations and brought new opportunities for reform. The setting up of a multi-party system, where different parties compete for votes and influence, free general elections and the demand of elected bodies at central and local levels for a more balanced system of power sharing in the political decision-making process, are important developments

which the new country is trying to come to terms with. The development of a democratic political system at both central and local levels is essential for the country to develop sustainable governance institutions in the long term.

Like other nations emerging from trauma, such as Bosnia and Herzegovina, South Africa, Rwanda and Cambodia (World Bank, 1996), East Timor has now experienced its first years of governance and the beginnings of its socio-economic recovery as an independent nation after its proclamation of independence on May 20th, 2002. As perceived by the people and clearly stated in East Timor's Constitution, the fundamental purposes of government are: to provide good government, to facilitate development, to manage resources, and to provide equitable and appropriate services to all. Hence, the public is entitled to expect that the business of the government (national, regional or local) will be conducted with efficiency, impartiality, integrity, compassion and sensitivity, and that their elected representatives will be committed to these standards of behaviour and will ensure that their administration performs accordingly.

As with the case of East Timor, all modern states have been subject to contrasting pressures to different degrees. On the one hand, economic, international and other factors have led to centralisation, which means that the central government alone articulates the interests of the whole nation rather than those of regional, or local groups. On the other hand, especially in the late twentieth-century, centrifugal tendencies have increased, with the rise of ethnic, regional and community politics (Heywood, 1997). The response of central governments to the latter has been to grant some kind of decentralisation, which has usually meant a shift of power, responsibilities and decision-making power on domestic issues (education, health, social welfare and planning) from central to peripheral bodies.

In this context, there have been debates about what specific roles of government are best suited for local governments. The role of local government, as described by a number of authors, has been to be both a political institution and a provider of services (Steward, 1983; Dearlove, 1973; Vickers, 1972). As political institutions, local governments have the capacity and the authority to vary within limits the services they provide. However, as Batley and Campbell

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(1992), pointed out, many of these debates were mainly motivated by the political or ideological conflicts surrounding public sector reforms in how services are delivered. The major crises experienced by local governments in developing countries, in terms of meeting the demands of citizens, are still unresolved. This is what Reddy and Sabelo (1997, p. 8) called a consequence of "ill-adjusted functions", which are manifested in various ways:

- Local government often does not correspond to the material and the cultural interests and needs of its communities.
- Services that should be functionally consolidated or placed in the hands of the authority are fragmented among several local bodies accountable to the central government and thereby increase the difficulty of comprehensively meeting the needs of communities.
- Many local authorities are too small in size and revenue and, consequently fall short of adequately qualified person power and technology to execute their activities to an acceptable standard (Reddy and Sabelo 1997).

These deficiencies often hamper the development of a satisfactory pattern of governance and, consequently, public management. A number of factors to be considered before making any decision as to what local government role would be appropriate to a particular country include the political, economic, geographical and demographical aspects of the country. For small state countries this is even more difficult (Larmour, 1998). They lack adequate resources, and therefore cannot afford a system that costs more than it is worth, and actually prevents social and economic development and real human development.

Nation building in post-colonial situations, such as East Timor, is a process of creating (or reviving) effective institutions and structures of various kinds at all levels. Creating the right institutions and structure alone will not ensure good governance or sound economic policies. That will depend also on the ways in which they are utilised, the quality of the ideas behind them, and the political culture in which they operate. However, an emerging country such as East Timor needs to anticipate how those institutions can be expected to function, and what effects they will have on the political life of the country.

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A new country has a unique opportunity to develop a local governance system which is based on a set of 'best practices' principles that serve the nation's interests and the needs of its people. This study was designed to meet these challenges posed by this opportunity in East Timor.

1.2 Research Aims and Objectives

The main purpose of this study is to identify and examine the key dimensions of local governance in the context of public management in developing countries, and establish a model of local governance tailored to the specific situation of an emerging country such as East Timor.

The general aims of this study are to:

a) evaluate models of public management and local governance in different countries;

b) identify the critical components of an effective and efficient system of local governance appropriate to the needs of the people of East Timor;

c) examine and debate the options for future local governance structures, roles and responsibilities; and

d) determine the appropriate governance structures and processes that could inform other developing countries.

This research is mainly guided by the following questions:

First, does East Timor need a system of local government? This included investigation of whether or not the country could afford it, to what extent the existing inherited structure of government is still relevant to East Timor, and what can be learnt from the experiences of other similar countries.

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Second, what critical components of the system of local government are appropriate for East Timor? This examined the options available for restructuring the local governance of the new country, including which of these options would better serve the people of East Timor, and what kind of local-central government relationships would be appropriate?

Third, what options for East Timor are there for establishing the role and functions of local government and how would local authorities be elected or appointed? This also included how to position the traditional leadership of East Timor, the *"Liurais"* in the political and administrative structural arrangements of local governance?

Fourth, what are the options of service delivery mechanisms which would best serve the people of East Timor? This also investigated how the system would be implemented.

Fifth, to what extent are the lessons from East Timor relevant to other developing countries?

1.3 Significance of the Research

East Timor is the first new nation to emerge in this era of the 21st Century. Because of the devastation of civil war the institutional infrastructure has collapsed. Emerged from largely oppressive Portuguese and Indonesian colonial rules, all the relevant government structures and services need to be reconsidered in establishing a democratic post-colonial regime. Recognising the urgent need for new institutions, including local government, the then interim government under the United Nations Transitional Administration in East Timor (UNTAET), commissioned the researcher to undertake a co-operative inquiry in participation with key stakeholders in the pursuit of policy recommendations on how to structure democratic local governance in East Timor.

This is a significant opportunity to shape the type of local government that will be adopted and to impact on the future well being of all East Timorese. The participative research design used in the study was based on democratic values and took into account people's concerns with the human costs of the autocratic management of the top-down administrative system of the past. As participative research, this study offers a unique approach to the search for a democratic model of local governance and the opportunity to create a new political order in such a tiny and emerging country as East Timor. The study will be of great significance because the model or models resulting from the participatory research could inform the decision makers post-transition, particularly the first elected members of the parliament and government as to how to reorganise the territory. By doing so it will help democratise the governance system in East Timor and, in turn, can inform other developing or emerging democracies.

The study will also be of significance, as it will attempt to evaluate models of public management and local governance in different countries, which have become the global priority for many international donors in the promotion of democracy in developing countries and determine what could work in East Timor given the country's own political, economic and social circumstances. In this respect, Kettl (1998, p. 14) reminded that 'foreign lessons will be instructive but not definitive'. In fact each country is unique in its own history and culture, its political and administrative systems and its stage of development. Even though experiences and lessons can be shared, they might be hardly replicated in other situations or countries (Page, 2000). The results of this thesis will, therefore, inform the government decision about how the concept of democratic governance with community participation in the decision making process could be implemented taken into account the specific situation of post-transition to independence of East Timor in order to adapt to local needs and ensure effectiveness.

1.4 Contribution to Knowledge

The contribution to knowledge of this thesis consists in shedding light on the options of

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structuring local governance in a country emerging from prolonged and largely oppressive colonial rule, the impact of which has been exacerbated by the traumas of the transition process, which destroyed much of the country's infrastructure including its political and social structure. Drawing on the experiences and paths taken by other post-colonial states contained in the literature review on one side, and the traditions of the people and the memories of the colonial past, while also recognising the economic and structural constraints, the thesis argues for reconsidering the relevant local government structures and the very services themselves providing insights into a unique set of circumstances in establishing a post-colonial regime.

This study contributes to the development of knowledge by exploring the applicability of a model of local governance in the context of an emerging democracy. It will seek to answer two key questions: a) what types of local governance work best in developing countries undergoing political changes, with deep economic and cultural cleavages and a fragmented multi-party system and b) whether western models of local governance as endorsed by the World Bank and the IMF can be applied in the specific situations of a developing country such as East Timor.

This study will also provide at least three significant contributions to research on governance. First, apart from using information from evidence from other countries, through participatory research, the study challenges the conventional model of research in which members of the communities are treated as passive subjects or participate only to the extent of being its subjects and receiving the results. In this study the members of the communities involved were actively engaged in the quest for information and ideas to guide their future actions. Second, it will outline new alternatives for planning, and repositioning the role of the government and its bureaucracy by taking into account public management reform principles such as cost-efficiency and other appropriate strategic approaches.

As a contribution to the knowledge, this research will contribute an empirical study, guided by a participatory method used to collect the views of the citizens, that will shape the political future of a country. This unique experience in the history of all public administrations is relevant to the intellectual, human and socio-economic development of society. The study will

provide substantive input which will be of value for researchers, academics, policy makers in the areas of governance reforms particularly local governance, and at the same time the model identified in the study could inform other developing countries.

1.5 Definitions of the Special Terms Used in the Research

This study encompasses a number of concepts, including public management, governance, decentralisation and democratic local governance. The definitions of these major terms in this thesis are provided below following alphabet order. They will be further elaborated in other chapters particularly in the literature review.

Centralisation means that all powers are in the hands of the central government including the provision of services to the people in the whole country. Here, the decision making authority and financial and management responsibilities are all in the hands of the central government (Rondinelli, 1981).

Decentralisation (Rondinelli, 1981) is a process of transferring power to lower levels of government or popularly elected local governments. This sort of decentralization is also called **Devolution,** and both, in many cases throughout this study, are used interchangeably. Transferring power, in the context of this study, means providing local governments with greater political authority (e.g. to convene local elections or establish participatory processes), provide financial resources (e.g. through transfers or greater tax authority), and/or delegate administrative responsibilities. Decentralisation or devolution gives the local governance system the opportunity to become increasingly democratic (Goss, 2001; Rhodes, 1997). As devolution opens avenues for the development of democratic local governance, local governments gain authority, resources and skills, make responsive choices with citizen input, and operate more effectively and with greater accountability. Effective decentralisation is a key tool to strengthening democracy, and this can help in strengthen democracy in the nation as a

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whole.

Deconcentration is the redistribution of decision making authority and financial and management responsibilities among different levels of the central government (Rondinelli, 1981). This concept is often considered the weakest form of decentralization (administrative decentralisation) and is used most frequently in unitary states. Within this category, however, policies and opportunities for local input vary: deconcentration can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces, or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries. It is seen as strengthening the territorial administration of the state, i.e. at the sub-national level or levels. The sub-national level administrators and offices are employed and empowered by the central government to make certain decisions on behalf of the central government and are accountable to the central government for the decisions they make (Rondinelli, 1981).

Democratic Governance - From human development perspective, the UNDP (2002) refers to democratic governance as developing institutions, effective rules including transparency, participation, accountability and the rule of law, and processes that are more responsive to the needs of the ordinary citizens, including the poor. It requires partnerships between government institutions, civil society organizations and private sector for participatory, transparent, accountable and equitable service delivery and local development. The greater the extent to which people are involved in decision-making, management and service delivery at all levels, the greater the potential for effective, sustainable and equitable development (UNDP, 2002).

Democratic local governance is the process of governing democratically at the local level, viewed broadly to include not only the machinery of government, but also the community at large and its interaction with local authorities. In this context, local government councils are seen as local political institutions that organise and articulate citizens' concerns in a constructive manner and bring these to bear on the formulation of local policy (Goss, 2001).

Developed and Developing Countries – For operational and analytical purposes the World Bank groups countries by four income groups: a) low income, $745 or less, b) lower middle income, $746 to $2,975, c) upper middle income, $2,976 to $2,205, and high income, $9,206 or more (World Bank 2001). Other analytical groups based on geographical regions use classifications such as low income and middle income economies which some times referred to as developing economies/countries and these with high income as developed countries.

Emerging Countries – Countries emerging from prolonged and largely oppressive colonial rule in transition to democracy. These countries generally live in very special circumstances due to the fact of long period of conflict which has been exacerbated by the traumas of the transition process, which destroyed much of the country's political, economic, social or even physical infrastructure, as has been the case of East Timor. These countries in the first phase engaged with transition process of nation-building and reconstruction, in that all of the relevant structures and the very services themselves, for obvious reasons, needed to be reconsidered.

Governance – UNDP defines governance as the exercise of political, economic and administrative authority in the management of a country s affairs at all levels. It comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations (UNDP, 1997). This definition of governance encompasses not just the state, but the private sector and civil society as well. The role of the state is viewed as that of creating a stable political and legal environment conducive to sustained development, while civil society institutions and organisations are viewed as a means of facilitating political and social interaction and mobilising groups to participate in economic, social and political activities. The World Bank identified three distinct aspects of governance: (i) the form of political regime, (ii) the process by which authority is exercised in the management of a country's economic and social resources for development; and (iii) the capacity of governments to design, formulate, and implement policies and discharge functions (World Bank, 1997).

Good Governance - Good governance ensures that political, social, and economic priorities are based on broad consensus in society and that voices of the poor and the most vulnerable are heard in decision making over the allocation of development resources (UNDP, 1997). This UNDP's definition of good governance is indeed heavily oriented towards participatory mechanisms for decision making. From the human development perspective, good governance is democratic governance which means: i) people's human rights and fundamental freedoms are respected; ii) participation and consultation which means people have a say in decisions that affect their lives; iii) representative and accountable government with inclusive and fair rules, and people can hold decision-makers accountable; and iv) the rule of law (Rayner 1997).

Government – Government is the structure within which the activity of politics takes place and which provides the framework for politics. Government is any mechanism through which ordered rule is maintained, its central feature being its ability to make collective decisions and enforce them (Heywood, 1997). A government system or regime, however, encompasses not only the mechanisms of government or institutions of the state, but also the structures and processes through which these interact with the larger society. Governments play a vital role in public management and development. However the part that government plays depends on its capacity to make effective decisions, its institutional set-ups and administrative capabilities, the country's level of development, external conditions and a host of other factors (World Bank, 2000).

Public Management - This study defines public management as 'state design', which according to Terry (1998), includes the distribution and exercise of political power and the enactment of administrative states responsive to that power distribution. It involves reform programs which have been directed at dual aims of ensuring that the public service has the right people, structures and organization to develop and deliver the right policies and services while at the same time ensuring that the public services operates as efficiently and effectively as possible. In other words, Public Management refers to the capacity of the government to make and implement policies, the effectiveness of the government programs and the effectiveness of the government institutions that provides services to the people. Here, the design of governance

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structures, should remain clear and strong responsibility and accountability features in the management and control of public resources.

Subsidiarity means that responsibilities for public tasks is placed at the level closest to the citizens, at local authority or regional level for example. It is only when a particular problem cannot be solved at that level that authority to deal with it is passed upwards (Blichner, Lars & Linda, S., 1993; Byron, 1998).

1.5 Summary of the Research Methodology

The methodology employed in this study was participatory research (Heron, 1996; Maclure and Bassey, 1991), where both researcher and participants were actors in the investigative process, influencing the flow, interpreting the content, and sharing options for action. In this study, the researcher solicited the help of a reference group called "Think Tank on Local Governance" set up specifically for the research purpose as the collaborating organization, which played an active role in the execution of the research project. The researcher acted as a discussion organizer, facilitator and as a technical resource person facilitating collaborative discussions which required critical reflection to engage in practices such as paraphrasing, relating the discussions to some broader theory or value for practice with the objective to transform the experience into learning and then transfer it into a different context, and broaden discussions. Action Research was the primary choice in this research as it emphasizes the values of researching *with*, rather than *on*, people (Reason, 2002) to help understand how, as change agents, co-subjects and co-inquiries, people might more effectively impact public policy and institutional change at local level. The findings of the Think Tank were tested in nationwide focus groups discussions, seminars and public dialogues. In this section, the steps undertaken in carrying out the research are briefly summarized. A detailed description of the methodology used is given in Chapter Six.

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1. The Think Tank with 16 members all East Timorese recruited from a wide range of organizations, was set up by the Ministry of Internal Administration with the responsibility to recommend appropriate local government model to the interim government. They identified and examined ideas that could be transplanted, and assessed how well they worked elsewhere, and what adaptations were needed to ensure that they transfer successfully to East Timor. The members conducted an investigative visit of two weeks to the Philippines, sponsored by the Asian Development Bank. The Think Tank was involved in planning, recruiting, and conducting focus groups' discussions. The researcher was responsible for planning the agenda and preparing the critical issues to be discussed by the Think Tank and in facilitating the focus groups proposed by the Think Tank.

2. The findings of the Think Tank were further presented and tested in six focus groups discussions, organized in four different parts of the country, and involving 75 people. The focus groups members were selected to reflect a cross-section of East Timorese society, without any one group dominating. The researcher acted as the facilitator in all sessions assisted by an assistant researcher. The need for flexibility to explore responses and to avoid irrelevant topics was handled through the use of a semi-structured format of questions, so as to allow the researcher to retain control, direct and further develop more specific questions. The findings were transcribed and analysed using NUD*IST (Richards, L, and Ricahrds, T., 1997).

3. Meetings were then conducted with 63 and 45 participants respectively to test these findings. These included representatives from the Districts and National University students and staff with the objectives of obtaining comments and suggestions from a wide cross section of people including feedback from academics.

4. A four hours public forum was organized in Ermera, in September 2001, with 450 attendants all delegates or representatives from all sub-districts and villages of East Timor. The meeting was to evaluate the World Bank sponsored program of Community Empowerment Project

(CEP). The researcher was given the opportunity to present the findings of the local government consultation process.

5. These sources were used to formulate and refine the principles for the design of a new local government structure. These sources were also used to identify the implementation issues. The recommendations received from the above sources fall into two categories – those that can be incorporated in a draft policy paper on local government and those that needed to be considered at the time of implementation of the restructuring process. The paper in its final shape was circulated and formally presented to the 88 members of the Constituent Assembly of East Timor and was widely broadcast via national TV and Radio UNTAET to the whole country.

6. In January 2002, in-depth interviews were conducted with 19 politicians and experts, was undertaken to confirm and amplify the policy draft.

7. Transcripts of the discussions were recorded for the purpose of analysis and were written up and coded. The coding scheme was entered on NUD*IST, a software package to facilitate the classification of data and to explore links between relevant categories identified by the analytical framework used.

1.6 The Outline of the Thesis

This thesis is organised into eight chapters, with chapter one providing the introduction.

Chapter two discusses different concepts and perspectives of public management and local governance: (i) issues related to public management and governance, and (ii) the concept of decentralisation, including the different models of decentralisation applied in different countries with different emphasis on the: political, administrative, fiscal and economic or market decentralisation; (iii) the models of local government systems, their respective

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characters, and administrative structures in post-colonial countries; and (iv) the concept of governance, the post-modernist concept of local government structure, the role of local governance, decolonisation and democratisation in post-colonial countries, and lessons from other countries.

Chapter three is devoted to understanding the context of East Timor in relation to its historical background, political change, the transition to independence, and the current situation facing the new East Timor government and bureaucracy.

Chapter four is about the theoretical framework used for this research, which is derived from the literature review.

Chapter five is devoted to the discussion of the methodology, involving the general design of the research, including the data collection and data analyses. This research was designed primarily as participatory research using a Think Tank on Local Governance as a collaborating organization where the findings were tested by a number of focus groups research, workshops, followed by in-depth interviews.

Chapter six, presents the research results.

Chapter seven discusses the results presented in Chapter six.

Chapter eight presents the conclusions from the research and the implications of this research. The limitations of this research and some areas for future research are also discussed.

CHAPTER TWO: PUBLIC MANAGEMENT AND LOCAL GOVERNANCE - LITERATURE REVIEW

As mentioned in Chapter one, this study seeks to identify a theoretical base for developing a model of public management and local governance for developing countries particularly emerging ones such as East Timor.

This chapter explores issues related to different models of decentralisation in the context of administrative reform and public management; the models of local government systems and their respective fundamental components; and the design and structure of local government and their roles to strengthen the institutional environment in developing democracies. The main objective of this chapter is to draw upon the literature to guide the development of a theoretical framework for this research.

2.1 Administrative Reforms and Public Management

The problems faced by public sector management all over the world raise questions about the design and structure of governmental bodies. Government, according to Finer (1974) is institutionalised politics. It works through institutions which means officials must be organised into coherent groups to serve the government (Wanna, J., O'Faircheallaigh, C., and P. Weller, 1992). In a broader sense a government consists of all those organizations charged with the task of reaching decisions for the whole community (Peters, C., and Bouckaert, 2000). However, narrowly speaking, it refers to levels of political and

administrative structures within which presidents, prime ministers, ministers, department heads and other officers down to the lower levels, work together to deliver outcomes in terms of policies and services.

Rosenau (1989) defines the state as a concept more abstract than government. The state is better understood as a political community formed by a territorially defined population, which is subject to one government. Four core features of a state are: a defined territory, a permanent population, a government, and the capacity to enter relations with other states (Rosenau, 1989). The central feature of a state is its capacity to regulate the legitimate use of force within its boundaries. Weber (1957) noted that the unique feature of the state is its integration of force with authority. While authority is the right to rule, it creates its own power so long as people accept that the authority-figure has the right to make decisions. Therefore, a legitimate system of government is one based on authority: that is, those subject to the state recognise its right to make collective decisions.

Weber (1957) provided a path-breaking analysis of the bases of authority. He distinguished three types of authority: traditional, charismatic and legal-rational authority. While the first type operates on the principle of patrimonial or inherited authority, the second is based on the exceptional qualities of the leader inspiring and influencing the followers. However this type of authority is often short-lived and it is very hard to institutionalise, since it is based on personal attributes and not on permanent institutional structures.

Opposite to charismatic authority is the third type which is legal-rational authority. It means that obedience is owed to principles rather than to individuals: in other words, government by rules. One characteristic of legal-rational authority is that it limits the abuse of power. When the authority of a government is widely accepted, the exercise of this authority is legitimate, but, on the other hand, when officials go beyond their authority, the limitations imposed by rules provide the opportunity for redress. In this regard, authority is a similar idea to legitimacy (Hague, R., Martin, H., and Shaun, B., 1998). This type of authority,

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predominant in the modern state and society, is supported by a state institutional design that guarantees the implementation of democratic principles.

In comparative political science, classifications of governments distinguish between democratic and authoritarian regimes, developed and developing countries and consolidated and transitional states. Rayner (1997) presents four fundamental characteristics of a democratic government and society as: a) participation and consultation, b) the protection of human rights, c) representative and accountable government, and d) the rule of law. While a consolidated state provides an accepted framework for political competition and well developed, predictable and unchallenged governing institutions, a transitional state is one seeking to establish or entrench a new form of government. In the contemporary world, the most common transitions are from being a colonised territory to an independent country or shifting from an authoritarian rule towards democracy. The former was the most common during the 1960s and 1970s, but the latter is more common with the collapse of the Soviet Union in 1989 (Sachs, 1996). East Timor is an example of a country, which has experienced both types of transition.

In many developing countries, particularly those in transition to democracy, there has been a tendency towards centralisation. Evidences can be found in countries such as Indonesia (Rohdewohld, 2000), and in many African Countries (UNDP, 1997). In Indonesia, recent decentralization reform has started with the coding of two new laws on local government. These were: Law No. 22 (1999) on Regional Governance, and Law no. 25 (1999) on Fiscal Balance between Central Government and the Regions. The then President Abdulrahman Wahid put his political support behind the two decentralization laws in an effort to build up credibility and legitimacy as a political reformer (Rohdewohld, 2000). Both laws if well implemented would substantially change the pattern of government and administration in Indonesia, giving provincial and particularly local governments far-reaching responsibilities for the provision of public services, and making the local and provincial executive accountable to elected representative bodies. However, as the implementation of the two

laws has not been smoothly implemented as planned, and coupled with poor organizational design and implementation, has engendered inefficiency and corruption at local level (Caragata, 2001), most of the power returned back to the central government.

Political, economic and other international factors have led to centralisation which means that the central government alone articulates the interests of the whole nation rather than those of regional, or local groups (World Bank, 1997). The virtues of centralisation allow the state to develop the economic life of the country more efficiently, it helps to promote national unity, and it allows for regional inequalities to be countered (Heywood, 1997). In some of these countries the delivery of public services is over-centralised, with the presence of centralised decision-making apparatus, which distances power from communities (Mwita, 2000). The quality of public sector management in these countries lags behind those of developed ones due to the ills caused by over-centralisation. Decisions are taken centrally where a general development strategy is designed at the top by central government authorities for the whole country, and generally does not take into account the demands of local populations. Hence, undesirable decisions and mismanagement of performance and resources are common practices in these countries at the expense of public service quality (World Bank 2000). This also reduces accountability among public sector employees at the local level.

Since the 1970s, many public sector organizations throughout the world have undergone a series of progressive reforms (Hede 1992; Kaul, 1997; Kooiman, 1993; Morley and Vilkinas, 1997; Turner, 1999). Although the national economic and development policies in these countries may differ from country to country (Verheijen and Coombes, 1998), the issue of administrative reform remains a primary focus in these changes. Administrative reform is seen as of vital importance to the socio-economic development of a country especially in developing ones. As Dodge (1991) argued, administrative reform is a concerted and deliberate effort to upgrade the capacity of the administrative system to be more

efficient and effective. The process, as he said, requires many organisational structures of government agencies to be reviewed, and work procedures simplified.

Morley and Vilkinas (1997) characterised the most significant factors that lead to recent reform in the public sector as:

- Dissatisfaction with the "bureaucracy" which is seen to be "inefficient, inflexible, unresponsive and inadequately accountable".
- Economic recession has led to diminished economic resources with which governments can provide services in a climate of increasing demands for services; and
- continuing debate over the level of involvement of public administrators in policy formulation and service provision: should they be solely implementers of government policy decisions (or also providers of services)?

Two particular problems which characterised the theory of bureaucracy in the traditional model of public administration are: first, the problematic relationship between bureaucracy and democracy (Kaul, 1997), and secondly efficiency which is the main concern of public management in developing countries (Verheijen and Coombes, 1998).

A study conducted in 1969 on the status of public administration in the world (Pagaza, 2001) revealed among other things that: a) public administration in the world had progressed; b) institutional reforms were being undertaken globally; and c) countries were interested in carrying out public administration reforms for administrative efficiency. The study also illustrated how different countries involved in public administration reforms were at different stages of progress. First generation reforms involved reforms in state functions and the public servants; second generation reforms involved reforms in public management; and third generation reforms which have centered on making citizens part of public administration included issues such as ethics, citizens' charters, respect for values etc. (Pagaza, 2001). The findings of this study show that, in a majority of countries, the different generations of reforms were co-existing. The study concluded that public administration reforms will not make progress unless they are tailored to the specific circumstances of the societies concerned.

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Since the 1980s a global reform movement in public management has been vigorously underway. Driven by their preoccupation with efficiency (Verheijen and Coombes, 1998), many governments have used management reform to reshape the role of the state and its relationship with citizens. As Kettl (2000) described, the shift towards public management embodied six core characteristics replacing the traditional rule-based, authority-driven process with market-based, competition-driven strategies. He describes the six characteristics as:

a) Productivity, which concerns the efforts of the government to produce more services with less tax money. Governments have had to find ways to squeeze more services from the same – or smaller – revenue base.

b) Marketisation where some governments have privatised extensively by selling public enterprises, while others have relied heavily on non-government partners for service delivery. The basic idea here, is to replace traditional bureaucratic command-and-control mechanisms with market strategies, and then develop new strategies to change the behaviour of programs managers.

c) Service orientation related to how government can better connect with citizens. To make programs more responsive, governments, in many high income countries, have tried to develop better systems of service delivery, in order to regain public trust in government institutions. Instead of designing programs from the point of view of service providers (especially government officials) and managing them through existing bureaucratic structures, reformers have tried to put citizens as service recipients first. In some cases, this strategy has meant giving citizens choice among alternative service systems. In others, it has meant training program managers to focus on service.

d) Decentralisation, which is concerned with how can government make programs more responsive and effective. Many countries have substantially decentralised their programs to lower levels of government. Some countries (e.g. Australia, Canada, Switzerland, and the United States), have transferred more service delivery

responsibilities to local governments to make them more responsive, while other have also decentralised responsibility within public agencies to give frontline managers greater incentive and ability to respond to citizens' needs.

e) Policy, which is related to how can government improve its capacity to devise and track policy. Many governments have separated government's role as purchaser of services (its policy function) from its role in providing them (its service delivery function). These governments have sought to improve the efficiency of service delivery, which might or might not remain in the hands of government, while improving their purchasing capacity.

f) Accountability for results or the improved ability of the government to better deliver services. Governments have tried to replace top-down, rule-based accountability systems with bottom-up, results driven systems. They have sought to focus on outputs and outcomes instead of processes and structures as with the old traditional public administration system.

To effectively respond to the economic, social and political pressures, many governments have sought to transform their basic systems of governance, devising institutions that are more democratic, building civil society, and reshaping their relationships with citizens. While industrialised countries have to deal with the decline of citizens' trust and confidence in public institutions (Goss, 2001), developing nations found themselves under quite similar pressures, along with strong calls to make their economies more efficient (World Bank, 1999a).

Donor-supported efforts for public administrative reform in a number of developing countries were more supply-driven by the donor governments or organizations and were not generated and built on domestic political will for reform (Schacter, 2000). Many of these examples of 'blueprint' approaches to governance reforms have failed to bring positive change to these countries. One of the reasons for these failures was that they ignored the critical shortage of local institutional capacity in these countries. The donor supported

reforms were rarely sustained because project designs failed to accurately gauge the capacity of local institutions to implement them. The blueprint approach, normally delivered through relatively short missions by external experts, lent itself to dealing with the capital city where political and administrative structures are highly concentrated, rather than dispersed to sub-national centres. Hence, implementation depended upon continued inputs of external technical resources, which made even wider the capacity gap between centre and periphery (Schacter, 2000).

Together with many other factors, these forces combined to create strong political pressures for public sector reform and decentralisation. Without strong public management well equipped to tackle public problems, along with a good decentralisation policy with technical capacity to design and deliver public services and programs, governments in many developing nations have been unable to play their required roles. These problems faced by public sector management raised questions about the design and structure of government as a political system. This included capacity building, which encompasses, not only the institutions of the state and the mechanisms of government, but also the structures and processes through which these interact with the larger society.

2.2. The Concept of Decentralisation

As the states are confronted with the decline of their capacity to do all just by themselves (Linderberg, 2002), the rise of ethnic, regional and community politics, especially in the late twentieth-century have created centrifugal tendencies, which have become one of the central elements in the shifting role of the public sector towards more decentralisation (Heywood, 1997). This includes the shift of political and decision making power and responsibilities on domestic or local issues from central to peripheral bodies. The attraction of decentralisation is that it broadens the scope of political participation, brings government 'closer' to the

people, makes political decisions more intelligible, and fosters checks and balances within government (Rondinelli, 1981). It entails a fundamental value change leading to a different form of accountability within the public sector (Cheung, 1996).

The prime motivation behind public sector reforms and decentralisation vary between countries. Some countries are emerging from dictatorships seeking to disperse power among smaller governmental units. Others are reducing the size of the central government as part of a transition to a more efficient market economy. Many others seek to increase public involvement and accountability in government decision making. Where one country is responding to donor pressures for popular reform, another is hoping that the poor performance of the national government can be overcome by allowing local governments to provide fundamentally local public services (Goss, 2001).

In practice, all government systems have some elements of decentralisation whether in the forms of devolution, deconcentration or delegation, or some combination of the these. According to the World Bank (1999a) there are four arguments in favour of decentralisation, namely:

(1) The first is based on the assumption that the demand for local public services varies from place to place. Once decentralized, the provision of local services can adjust better to local demands.
(2) The second is efficiency. It can be argued that locally financed and produced services will cost less.
(3) The third is of a political nature. Local government is an important training ground for democracy. Stronger regional and local governments can control the tendency of central government to become all powerful.
(4) The fourth and last is the institutional. Coordination at the local level is necessary and local public services cannot be controlled independently. It is likely that local government can coordinate these services much more easily than a national government would (World Bank, 1999a, p. 71-2).

For decentralisation policies to work, there are two main elements of organization required to support the success of public sector reform and decentralisation (Olowu, 2001). These

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are: a) Central Agencies, which are responsible for policy formulation and coordination with other government organization; and b) Executive Agencies responsible for the implementation of these policies. The development of a democratic local governance would need at least three prerequisites: i) a viable local political mechanism to determine local preferences and to hold the local government accountable to their constitutients; ii) local governments must have the institutional, technical and managerial capacity to deliver the services demanded by their constituents; and iii) they must have access to the financial resources required to meet their responsibilities.

2.2.1 Models of Decentralisation

Rondinelli (1981) defines decentralisation as — the transfer of authority and responsibility for public functions from the central government to subordinate or autonomous government organizations or the private sector. Decentralisation is the conceptual framework that is most frequently used to address central-local relations (Heywood, 1997). There is a common understanding at the most basic levels of government that decentralisation within the state involves a transfer of authority to perform some services from an individual or an agency in central government to some other individual or agency that is closer to the public to be served.

Each type of decentralisation—political, administrative, fiscal, and market—has different characteristics, policy implications, and conditions for success (Rondinelli, 1981). All these factors need to be carefully considered before deciding whether projects or programs should support reorganisation of financial, administrative, or service delivery systems. While distinguishing among the different types of decentralisation is useful for highlighting its many dimensions and the need for coordination, these concepts overlap considerably. As Rondinelli (1981) pointed out, political, administrative, fiscal, and market decentralisation

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can appear in different forms and combinations across countries, within countries, and even within sectors.

2.2.1.1 Political Decentralisation

Decentralisation is a process of transferring power to popularly elected local governments. It brings about change in the operations of institutions and almost invariably occurs gradually. Decentralisation requires the existence of elected local governments because local officials do not have meaningful autonomy unless they answer to their constituents. Appointed local officials must ultimately act according to the interests of those in the national capital who gave them their jobs; they are effectively agents of the national government. A local system in which government officials are appointed, then, is a centralised system as in Indonesia under Soeharto's regime.

Political decentralisation aims to give citizens and their elected representatives more power in public decision making. It is often associated with pluralistic politics and representative government, but it can also support democratisation by giving citizens or their representatives more influence in formulating and implementing policies (Turner, 1999). Advocates of political decentralisation assume that decisions made with greater participation will be better informed and more relevant to diverse interests in society than those made only by national political authorities. The concept implies that the selection of representatives from local electoral jurisdictions allows citizens to better know their political representatives and allows elected officials to better know the needs and desires of their constituents. According to Rondinelli, and Nellis (1986), political decentralisation often requires constitutional or statutory reforms, development of pluralistic political parties, strengthening of legislatures, creation of local political units, and encouragement of effective public interest groups.

2.2.1.2 Administrative Decentralisation

Administrative decentralization seeks to redistribute authority, responsibility, and financial resources for providing public services among different levels of government (Turner and Hulme, 1997). It is the transfer of responsibility for planning, financing, and managing certain public functions from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional, or functional authorities.

Rondinelli (1981), highlights three major forms of administrative decentralisation — deconcentration, delegation, and devolution — each with different characteristics.

Deconcentration, often considered the weakest form of decentralisation, is the redistribution of decision making authority and financial and management responsibilities among different levels of the central government. This concept is used most frequently in unitary states. Within this category, however, policies and opportunities for local input vary: deconcentration can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces, or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries (Rondinelli, 1981).

Delegation is a more extensive form of decentralisation. Through delegation central governments transfer responsibility for decision making and administration of public functions to semi-autonomous organisations not wholly controlled by the central government, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units (Smith, 1985). Usually these

organizations have a great deal of discretion in decision making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services.

Devolution is the transfer of authority for decision making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions (Coulson, 1995). In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of administrative decentralization that underlies most political decentralization.

In relation to the implementation of these concepts in developing countries, a study conducted by the United Nations in 1962 (Reddy and Sabelo, 1997) revealed the usage of two forms of decentralisation, namely :

(1) Deconcentration of decision making authority to dependent field units of the same department or level of government, that is the delegation to civil servants working in the field of power to make decisions in the execution of central policies (also referred to as administrative or bureaucratic decentralisation). Deconcentration concerns the delegation of authority to administrators who are located at subnational levels. These officials are appointed by and accountable to the central government as what happened in Indonesia before recent decentralisation reforms.

(2) Devolution of decision making authority to relatively autonomous regional or local governments, or to special statutory bodies, that is the power to make decisions (including restricted policy making power) to representative (usually elected) authorities, or to more or less autonomous public or voluntary enterprises (also referred to as political or administrative decentralisation). Devolution involves a

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number of public services at the local level being managed directly by the concerned local political authorities, which enjoy certain autonomy in the management of their affairs, as has been the case in the Philippines.

It is assumed that a local government has its own budget and a separate legal existence, with authority granted to it by the central government to allocate substantial material resources on a range of different functions (Mahwood, 1993). A number of writers believe that there is still a need for some working definition of decentralised or local government in developing countries which would distinguish it from bodies which are representative but have minimal or only specialised responsibility (Mahwood, 1993, Nzouanken, 1994).

2.2.1.3 Fiscal Decentralisation

Financial responsibility is a core component of decentralization. If local governments and private organizations are to carry out decentralized functions effectively, they must have adequate revenues — raised locally or transferred from the central government — as well as the authority to make expenditure decisions. Fiscal decentralization, according to Rondinelli and Nellis, (1986) can take many forms, including:

- Self-financing or cost recovery through user charges;
- Co-financing or co-production, in which users participate in providing services and infrastructure through monetary or labour contributions;
- Expansion of local revenues through property or sales taxes or indirect charges;
- Intergovernmental transfers of general revenues from taxes collected by the central government to local governments for general or specific uses; and
- Authorization of municipal borrowing and mobilization of national or local government resources through loan guarantees (Rondinelli and Nellis, 1986)

In many developing countries, local governments or administrative units possess the legal authority to impose taxes, but the tax base is so weak and the dependence on central

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government subsidies so ingrained that no attempt is made to exercise that authority (Bienen et. al, 1990; Devas, 1997; and Huque, 1986).

The World Bank (1997) reported that of the 75 developing and transition countries with populations greater that 5 million, all but 12 claim to be embarked on some form of transfer of fiscal power from central to subnational or local governments. This is occurring even in such "inherently" centralized countries as Jordan and Morocco and many of the states that were under the sphere of Soviet influence; military regimes such as Pakistan; nominal-federalist countries that are now starting to make the "federalism" meaningful (India, Mexico); countries that view decentralization as a tool to respond to the challenges of the market economy (Thailand); and nation-states that are trying to avoid the centrifugal forces of separatism (Russia) (World Bank, 1997).

The issues that each decentralizing country faces are at the same time different and similar. The differences arise from the diversity in national economic and demographic structures, institutions, traditions, geography, and access to new technologies. In developing countries where land and labour market may not function well and the democratic tradition is in its infancy, people at the grass root level, particularly the rural poor, may experience difficulties in getting their voices heard though the political process. Apart from that, many local governments lack the administrative capacity for large-scale decentralisation and need training in accounting, public administration, financial management, public communications and community relations (World Bank, 2001). The similarities are that there are a set of broad policy framework developed from the various countries experiences, that can provide a vehicle for addressing a country's policy options in a way that allows these countries to learn from other experiences.

Findings from a number of emerging economies (Fukukasu and de Mello, Jr, 1999), reveal a number of important processes common to fiscal decentralisation. These are: *first*, the devolution of expenditure functions and revenue sources to lower levels of government has

been unbalanced in many countries because the central governments are still controlling these revenue sources; *second*, revenue-sharing arrangements have relied excessively on inter-government transfers without encouraging significant local revenue mobilisation; *third*, the design of institutional arrangements within the context of decentralisation often allows the loss of central government control over sub-national finances, leading to a deterioration of the country's fiscal position, as has been the case of Indonesia recently. This, in many cases, have resulted in fiscal imbalances which consequently do not encourage good macro-economic governance of the country as a whole (Fukukasu and de Mello, Jr, 1999).

As mentioned before, the fiscal decentralisation literature emphasises some general prerequisites for successful decentralisation. It largely points to the availability of expertise and capacity at the sub-national level, without which those governments cannot handle increased resources and ensure effective expenditure management. Moreover, the matching of revenue sources and expenditure functions at that local level involves encouraging local revenue mobilisation. By boosting sub-national spending, fiscal decentralisation may put further strains on the finance of higher levels of government if it drives a wedge between resources mobilised locally and those transferred from higher levels, between local spending and local resources, or between the costs and benefits of providing local public goods and services (Fukukasu and de Mello, Jr, 1999).

2.2.1.4 Economic or Market Decentralisation

The most complete forms of decentralisation from a government's perspective are privatisation and deregulation (Rondinelli, 1981). The two forms of decentralisation shift responsibility for functions from the public to the private sector. They allow functions that had been primarily or exclusively the responsibility of government to be carried out by businesses, community groups, cooperatives, private voluntary associations, and other nongovernmental organizations. Privatisation and deregulation are usually accompanied by economic liberalization and market development policies (Ascher, 1987).

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Privatisation means allowing private enterprises to perform functions that had previously been solely delivered by government. It can range in scope from the provision of goods and services based entirely on the free operation of the market to public-private partnerships in which government and the private sector cooperate to provide services or infrastructure. It can also mean contracting out the provision or management of public services or facilities to commercial enterprises (Bingman, 1997). There is a wide range of public-private institutional forms and of ways in which such functions can be organized, particularly in infrastructure (Auger, 1999).

To implement privatisation policy, a country would need good regulatory framework such as deregulation and co-regulation to reduce the legal constraints on private participation in service provision or to allow competition among private suppliers for services previously provided by the government or by regulated monopolies. In recent years privatisation and deregulation have become more attractive alternatives to government provision in developing countries (Ascher, 1987). Local governments are also privatising by contracting out service provision or administration (Alford and O'Neill, 1994).

2.2.2 Choosing the Appropriate Form of Decentralisation

Many developing countries, after gaining their independence, initially emphasised centrally managed efforts to build a nation-state (Olowu, 2001). One of the reasons is that the central government alone has the resources and strategic position to manage economic life and deliver comprehensive social welfare. That, in turn, had a highly centralising effect and negative impacts on the efficient delivery of public service. After some years, some countries embarked on decentralisation leading to more creative, innovative, and responsive programs by allowing local experimentation. This has provided better opportunities for local

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residents to participate in decision making (World Bank, 2000) and also created a more geographical focus at the local level, by effectively coordinating national, state, provincial, district, and local programs. Hence, these countries have also increased political stability and national unity by allowing citizens to better control public programs at the local level.

However, decentralization does have potential disadvantages. Decentralization may not always be efficient, especially for standardized, routine, network-based services. It can result in the loss of economies of scale and of control over scarce financial resources by the central government (Rondinelli, 1981). Weak administrative or technical capacity at local levels may result in services being delivered less efficiently and effectively in some areas of the country. Poor people in many developing countries, have trouble getting prompt, efficient service from the public administration (World Bank, 2000). Administrative responsibilities may be transferred to local levels without adequate financial resources, making equitable distribution or provision of services more difficult. In other countries, decentralization has also made coordination of national policies more complex and may allow functions to be captured by local elites (Devas, 1997).

In many developing democracies, an appropriate balance of centralisation and decentralisation is essential to the effective and efficient functioning of government. Not all functions can or should be financed and managed in a decentralised fashion. Even when national governments decentralise responsibilities, they often retain important policy and supervisory roles. They must create or maintain the enabling conditions that allow local units of administration or nongovernmental organizations to take on more responsibilities. Central ministries often have crucial roles in promoting and sustaining decentralisation by developing appropriate and effective national policies and regulations for decentralisation and strengthening local institutional capacity to assume responsibility for new functions. Before developing elaborate plans for decentralization, project and program planners must assess the strengths and weaknesses of public and private sector organisations at the lowest organizational level of government in performing different types of functions. Even program

planners who do not see decentralisation as their primary motive must carefully analyse the types of decentralization that can actually work in a country in order to tailor policy plans to existing structures (Bingman, 1997). The success of decentralisation also frequently depends on proper training for both national and local officials in decentralized administration. Technical assistance is often required for local governments, private enterprises, and local nongovernmental groups in the planning, financing, and management of decentralised functions (Ryan, 1999).

2.3 Models of Local Government

Across the twentieth century there have been major developments of local governments all over the world. Many countries, whether they are well-established democracies or in transition, are searching for the most effective and efficient division of tasks and responsibilities between the different spheres of government (Amoros, 1996; Humes, 1991; Norton, 1994 and Page & Goldsmith 1987). In a number of them, this has led to a policy of decentralising responsibilities to local governments (Batley & Stoker, 1991; Blair, 1991); although there is not always consensus on what can and cannot be carried out at the local level. The size of local administration varies considerably between countries particularly in developing countries. It is influenced by such determinants as territorial size, population density, infrastructure, economic basis, geography, cultural values, ethnic homogeneity and other factors such as political concerns, security etc (Keuleers and Sibounheuang, 1999).

The current globalisation trend situates the wave of decentralisation within a comparative framework of two distinct types that characterise contemporary local government systems around the world (Nickson, 1998, Page & Goldsmith, 1987 and Norton, 1994). The 'economic model', according to which the primary purpose of local government is economic

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rationale – the efficient delivery of services, and the 'political model' which advocates a wider role for local governments including making policy choices on behalf of people.

2.3.1 The Economic Model

The economic model is based on practice in Northern Europe recognised in the welfare state of the British Administrative Tradition where local governments were reorganized into larger units in order to facilitate central control and to accommodate the provision of services. This model was designed to reflect changes in patterns of economic interaction between people as well as technical requirements of service delivery. Most of the economic development literature and practice through the 1960s assumed that central governments would plan, initiate, and finance economic development and that the role of the countryside was mainly extractive such as providing wage goods (cheap food), surplus labour, and taxes to support urban-based development (Siamwalla, 1999). The central government here, as the main actor of development, has a clear and paramount role in setting policy and the delivering of development to the people.

Under this model, local government's competencies are clearly defined, regulated by statute, which practically leaves to local government the role of 'local administration' (Nickson, 1998). The closest approximation to this 'ideal-type' model is the British system of local government, but it is also found in Ireland, Australia, New Zealand and large parts of the United States (Goss, 2001).

In this economic rationale, it is the central government, which ultimately decides the overall allocation of responsibilities for service delivery between different tiers of government including local government (Nickson, 1998, Page & Goldsmith, 1987 and Norton, 1994). Central Government will transfer the responsibility for service provision to local government based on the assumption that productive efficiency can be improved through

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lower unit costs, which arises from the use of locally available resources in construction, maintenance, and administration of public services. This model implicitly places local government as politically subordinate to the wishes of central government which, in turn, engenders a conflictual relationship between central and local government as the allocation of service delivery responsibilities is always at the discretion of central government. (Nickson 1998).

Massey (2001), in discussing the changes and challenges of public administration in the context of the English-speaking world, especially the Commonwealth and North America, pointed out that the tradition of common law has influenced the development of public administration in the English-speaking world, where there has been a tension between democratic accountability and efficiency. According to Massey, the quest to reconcile that tension has been at the centre of a generation of administrative reforms and will prove to be the enduring challenge of the future. He noted that democracy and reform often do conflict, especially when the public officials desire to implement public policies efficiently and effectively and not to simply do as the politicians tell them. Conflicting tendencies are also observed between personal and civic responsibility and the professional responsibility of public officials (Massey, 2001). Reforms in this model have also involved importation of private sector practices into the public sector and the development of entrepreneurial officials. The extreme case of interaction between private sector methods and the public sector was the privatisation of public enterprises and increased marketization of public sector services. Public 'administration' became increasingly public 'management' with the tenets of the New Public Management approaches, although this approach has also been criticized for, among many other things, universalism and a "one size fits all" type of approach (Goss, 2001).

As this model was mainly motivated by the idea of efficiency through the achievement of economies of scale and the promotion of the cost-effective delivery of services, there was a tendency in many western countries, particularly in the 1970's, to move towards larger sized

tiers of local government, in order to achieve that. Amalgamation of smaller units helped to facilitate coordination and the supervision of the central bureaucracy over a more manageable number of local units. However, the down-side of this move towards larger units of local administration has been a lack of participation and apathy on the part of the local population (Batley and Stoker, 1991; Blair, 1991). As a consequence, the size of local administration varies considerably between countries. Some of these countries (like Belgium) also carried out a radical amalgamation of its communes, the number of which was reduced from 2,663 (1960's) to 589 (1980's), with an average population of 16,000. The former communes became neighborhoods of the larger commune and kept their original names. To create a sense of belonging to the new (larger) commune, entirely new administrative offices were built in the centre of the new communes and the former community offices were transformed into cultural centres, youth houses, or libraries (Keuleers & Sibounheuang, 1999).

Under the economic scenario, a gradual transfer of service delivery responsibilities to local government has been taking place in services including education, heath, social housing, and water supply. In countries where responsibility for service delivery became more clearly defined, the phenomena of 'concurrent' (overlapping) responsibilities by different tiers of government became less pronounced (Batley and Stoker, 1991). And the earmarking of financial transfers would become more pronounced. This transfer of responsibilities is also accompanied by a tightening of central government control over the expanded service delivery role performed by local government. The respective central government ministries exercise this control primarily through the monitoring of standards of performance (e.g. exam results, immunization coverage, and building standards). These ministries increasingly adopt a regulatory role as they relinquished their direct operational involvement in service delivery. On the financial front, the audit function shifts from that of ensuring the mere legality of local government expenditure towards 'value for money' audits that monitored the efficient use of ear-marked transfers received from central government. In pursuit of greater productive efficiency in service delivery through the reaping of economies of scale, there would be also a move towards the territorial

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reorganisation of local government, especially the amalgamation of rural municipalities with small population and the establishment of metropolitan forms of government in large cities. The emergence of larger regions in Europe also resulted from the policy of the European Union to grant subsidies for regional economic development programs (Batley, and Stoker 1991).

2.3.2 The Political Model

The second model is what is called 'the political model'. Here, service delivery is important, but there is a wider role for local governments as the mouthpiece of shared community interests of a locality and in making policy choices on behalf of the people (Page & Goldsmith, 1987; and Norton, 1994). As Norton (1994) pointed out, this essentially political function of local government derives from strong citizen identification with local communities, such as the *gemeinde* in Germany and the *commune* in France, that demand more autonomy or self-government within the state (Norton, 1994). Local government, here demands shared responsibilities for service delivery with central government, as they have the sense of complementary contributions for more responsible service provision and better development of their communities.

This model was characterised by the Napoleonic administrative tradition in Continental Europe which, to a greater extent, has preserved the "traditional community" boundaries (Sharpe, 1996). The model involves, what Sharpe (1996 p. 10) called a "fused hierarchy" of central local relations and an intermediate tier of central administration to retain smaller scale local government units. This Napoleonic administrative tradition derives from a public administration model of operation which often enacted through hierarchic organizational forms structured around functional boundaries. This is a traditional command and control, top-down organization form in which strategy is constructed at the top of the organization and cascaded down the organizational structure. Countries like Portugal, France, Greece, Switzerland, Austria and Italy stressed the importance of community values and the need to

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preserve the historical identity (Marcou and Verebelyi, 1993). While in France, more than 15,000 of the 36,551 communes have fewer than 300 inhabitants, the function and responsibilities of local governments remain however very limited. In Portugal, a referendum was conducted in November 1998 asking people to vote on whether to establish administrative regions to assume many tasks presently performed by the central government (Kahan, et. al. 1999). The outcome of the referendum revealed that the people of Portugal rejected the idea of regionalisation, leaving the administrative powers at local level still in the hands of municipalities and small parishes as it was before (Kahan, et. al. 1999).

Underpinning this model is the concept of 'subsidiarity' derived from a catholic formulation of natural law theory (Byron, 1998), under which the capacity of lower territorial tiers of government to take decisions must be exhausted before higher tiers of government may become involved. In accordance with this concept, local government retains a high degree of political autonomy often enshrined in a written constitution. This autonomy is reflected in the general competence granted to local government to select which services to provide. Subsidiarity means that responsibilities for public tasks is placed at the level closest to the citizens, at local authority or regional level for example. It is only when a particular problem cannot be solved at that level that authority to deal with it is passed upwards (Sampaio, 1998).

Under this model, the actual division of responsibilities between different tiers of government is determined on the basis of partnership in a common endeavour where central-local relations are characterised by negotiation and consensus (Norton, 1994). Rather than being a supervisor, the role of central government is one of an advisor whose support can be requested by local government. In this model, accountability by local government is primarily to its own citizens rather than to central government. Local government is held accountable to citizens primarily for its political role in reflecting the collective interests of the community. Hence emphasis is placed on mechanisms of citizen consultation through organizations of civil society that incorporate the views of 'local actors' (such as the

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business sector, women's groups, and neighbourhood forums) in the formal policy-making process. The use of referendum and plebiscites is common for citizen consultation over matters affecting the strategic direction of local government. Local accountability is strengthened by the smaller average population size of municipalities, by a high ratio of elected officers to the number of citizens and a high degree of transparency of the local government administrative process (Goss, 2001).

The municipal executive head plays a key role as 'broker' within a network of public and private agencies, in which he/she is expected to display an ability to lever funds from a number of different public and private agencies. The closest approximation to this model is the system of local government found in Nordic countries, but it is also found in Portugal, Germany and Switzerland, and to a large extent in France, Spain and Italy (Batley and Stoker, 1991).

More recently, in a number of European countries, the move is again towards smaller units at the lower levels and the emergence of a greater variety of local government units in order to better fit local conditions (Keuleers and Sibounheuang, 1999). At the same time additional (higher) tiers of authority (often with an economic vocation) are being created to narrow the gap between the central government and the local governments. Typical examples of these are the administrative "regions" in France and in Spain and the emergence of the linguistic communities and the regions in Belgium. One of the reasons why they preferred to stay with small units of local administration was because of increased economic performance and societal wealth where strong economies tend to lead to a change in the political priories of the people and, hence, to a stronger focus on local government, as more resources can be managed directly by the local communities.

In Sweden, enthusiasm for larger units of local government in rural areas has waned considerably, as researchers now suggest that direct participation by the public becomes extremely difficult where local authorities administer populations in excess of 8,000 (Allen

1990). In Austria and Switzerland, local government is organised on the premise that each local authority needs to be small enough for every citizen to be able to identify with it. In the former Yugoslavia, large sub-districts were re-divided into 12,000 local communes with representative councils, and the power to decide on a large number of matters of purely local concern. In Ghana (West Africa), the 65 districts of the colonial era were increased to 110 districts in the late 1980s, which are now further divided and subdivided into smaller units. Sri Lanka and Bangladesh have also increased the numbers of their local government units (Allen 1990).

Under the 'political model' or European scenario, the transfer of delivery responsibility to local government for specific, clearly defined services would be less pronounced (Norton, 1994). Instead a partnership approach would develop in service provision between local government and a number of other 'actors', including central government, the private sector and non-profit community organizations. The system of financial transfers would be based increasingly on revenue sharing arrangements and those transfers would not be ear-marked to the same extent as under the 'economic scenario'. Less emphasis would be placed on central government monitoring of local government expenditure and the auditing function would remain confined to that of ensuring the legality of expenditure and revenue generation by local government. There would be minimal reorganisation of the territorial dimension of local government into larger units. Instead, economies of scale would be achieved through the pooling of resources on a case-by-case basis and the voluntary relinquishment of particular service delivery responsibilities to a higher authority when and only when it was considered appropriate by local government (Norton, 1994).

Table 1 below compares the specific characteristics of the two models of local government, and summarises the similarities and differences of the elements described in the descriptions of the two models above.

Table 1

The Parameters of the Two Models of Local Government Framework

Feature	The Economic Model	The Political Model
1. Legal Status	Creature of Parliament	National Constitution
2. Average of Population Size	Large	Small
3. General Powers	Limited by Statute	General Competence
4. Financial Control	Strict Regulation	Weak regulation
5. Financial Transfer Mechanism	Determined by Central Government	Revenue-sharing
6. Use of financial Transfer	Limited by ear-marking	High level discretion
7. National Monitoring of standards of service provision	Strict	Weak
8. Audit function by central government	Efficiency audits	Legal audits
9. Ratio of citizens to elected officials	High	Low
10. Electoral System	Majoritarian	Proportional
11. Voter Turnout	Low	High
12. Citizen Participation	Limited	Extensive
13. Sub-municipal decentralisation	Administrative deconcentration	Political devolution

Source: Nickson, 1998 p. 7.

As the process of decentralisation continues and local government in different parts of the world are further consolidated, the two alternative scenarios present themselves on the horizon. A local government system could move either in the direction of the 'economic' model or to the 'political' model reflected through changes in the main features of the local government system.

2.3.3 The Appropriate Model of Local Government

Local governments, in reality, have both political and economic purposes. Politically, local government being the levels closest to the people, are suitably situated to provide a way for ordinary citizens to have a say in how their communities are governed. Local governments provide opportunities for democratic participation of citizens in matters that affect them directly. They facilitate closer interaction between citizens and elected representatives. Economically, local governments provide basic services that affect people of their area of jurisdiction. The economic role of local government differs from place to place and levels of economic sophistication. On the economic side, decentralisation is credited with increasing efficiency, and improving decision-making as a result of informed local participation (Pollitt and Bouckaert, 2000; World Bank 1999a). In 1993, the Government of Uganda, for example, moved to a decentralized system of public sector management. A combination of political and administrative decentralization, with selective devolution of public sector management responsibilities, was adopted as the new structural system for governance. The stated aim of this restructuring was to improve the efficiency and effectiveness of service delivery in a number of areas, a key one being health care (DFID, 2002). Along with the move to decentralization came changes to financial management. In particular, the devolution of budgeting responsibilities became an important mechanism for operationalizing the new health sector management structure (DFID, 2002).

The calls for administrative reform in developing countries have been followed by pressures for rethinking the appropriate role for the government while creating space for other actors as well. The emergence of public management reforms along with its new concept of governance, places government as one of the actors undertaking the direct provision of a limited set of essential goods and services, while facilitating and encouraging the engagement of civil society and the private sector across a wide range of social and economic sectors leading towards improved development management and citizenship participation. These have raised questions about the design, structure and roles of local governments.

Many developing countries have embarked upon implementing administrative reforms in their public sector particularly at local levels. Both political and economic explanations have been advanced to account for this trend (World Bank, 2000). If in the economic model, administrative reform is mainly driven towards effectiveness and efficiency of service provision, in political context, the key impetus for reform is the spread of multiparty democracy which has placed increasing pressure on central governments to allow for local participation in decision making.

There is no such things as a universal model of local government, which can be adapted to other, or even similar, situations around the globe (Page, 2000). Neither is there a standard formula regarding population density or geographical size of a local unit. Every country has to weigh the relevance and degree of importance of a number of determining factors and elements (people's participation, cost of service delivery, political control and etc) when deciding on the institution, size, structure and scope of responsibilities of local authorities.

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2.4 Democratic Local Governance in Developing Countries

Much of the administrative reform and decentralization that has taken place in the past decade has been motivated by political concerns (Ford, 1998). For example, in Latin America decentralization has been an essential part of the democratisation process as discredited autocratic central regimes are replaced by elected governments operating under new constitutions (Nickson, 1998). In Africa, the spread of multiparty political systems is creating demand for more local voice in decision making. In some countries, such as Ethiopia, it has come in response to pressures from regional or ethnic groups for more control and participation in the political process (Reddy and Sabelo, 1997). In the extreme, decentralisation represents a desperate attempt to keep a country together in the face of these pressures by granting more autonomy to local governments (Smith, 1985). A variation on this theme has been decentralisation as an outcome of long civil wars, as in Mozambique (Ford, 1998) or Uganda (Regan, 1997), where opening political opportunities at the local level has allowed for greater participation by all former warring factions in the governance of the country. The transition economies of the former socialist states have also massively decentralized as the old central apparatus crumbled (Verheijen and Coombs, 1998).

In many countries decentralization has simply happened in the absence of any meaningful alternative governance structure to provide local government services. In some cases (particularly in East Asia) decentralization appears to be motivated by the need to improve service delivery to populations and the recognition of the limitations of central administration (Humes, 1991). Decentralisation can only work well, when local communities feel immediately implicated in the decision-making process. For them, the most appropriate administrative structure is the one that is able to find a reasonable balance between the needs of strengthening local participatory society and cost-effectiveness in the delivery of services. Here, decentralisation and the empowerment of the sub-national levels

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of government are key building blocks to break the centralistic grip of central governments on the regions particularly in countries in transition, and to develop a more balanced distribution of power and influence between levels of government.

Wolfgram (1999) described decolonisation in many emerging countries as two-step process: The first step is organisational and institutional and refers to the legal and constitutional transfer of powers from an existing colonial authority to a newly autonomous machinery of government in the emerging nation-state. This transfer may in turn be defined by stages which are first 'nominative' and then 'elective'. That is to say, in the first stage powers are initially transferred to a set of officials nominated by the existing power or their local elites. At some juncture however, these appointees (depending on their location in the structure of government) must then submit themselves to an elective process among the population at large. If the decolonisation process is to be democratic, this second stage is crucial because it ratifies (or calls into question), the legitimacy of the initial nominative transfer of power.

A second more problematic step in the process of decolonisation is psychological and sociological (Wolfgram, 1999). He described the second step, which involves the transformation of consciousness among the decolonised people, as follows:

> It requires an adjustment in perspective, a redefinition of self from 'colonised' to 'conqueror', from 'powerless' to 'empowered', from 'victim' to 'victor'. Where the first process – the organizational transfer of power – may be effected rather simply by the stroke of a pen, a symbolic flag raining, a handshake across a conference table, this latter psycho-sociological process cannot be so easily nor unanimously achieved. It is a struggle against years of assimilating negative self-images, against limited horizons bequeathed by generations of colonialism. It is a work against the dark desires for revenge and retribution on existing colonisers. It is a drive against the impulse to apply anger rather than a greater intelligence to problem-solving. It is a contest which takes place on the battlefield of the mind (Wolfgram, 1999, p. 4)

Decolonisation, in reality, does not always lead to democratisation. Many African countries have gone through this process. Democracy works because it satisfies two criteria: it reflects the will of the collective; and establishes the worth of the individual. The will of the people

has been perfectly summarised in the American Constitution as government of the people, by the people, for the people (Mayo, 1960). In practice these principles mean (among other things): frequently held elections, a universal adult suffrage irrespective of ethnicity or gender, freedom to campaign for one's cause, freedom to peacefully oppose without prejudice, a secret ballot, acceptance of the majority verdict, an open parliamentary discourse, the right to legislate for the good of the whole, and so on. A democracy should only not one in name, but one in terms of institutional arrangements and intrinsic attribution. Here a meaningful and workable representation is needed for a representative decision making process at local level where people through their representatives would determine activities to be performed by their local government in partnership with other local actors. This is what Goss (2001) calls democratic local governance which means leaving local people to organise themselves, to make decisions over their activities and be accountable to their own citizens for the consequences. This in turn would lead to broadening participation.

Decentralisation and the development of democratic local governance continue quietly to sweep the world (UNDP, 2002). A wide variety of countries, particularly in post-colonial regimes are increasing the authority of local governments and working to make them more responsive and effective. The process of democratisation, citizen participation and strengthening local powers are key instruments for boosting governance in post-colonial situations, for forging new political leaders including opening-up new opportunities for citizen participation in public policy making. Only through these actions, can one claim the validity of the decolonisation process and the values of democratisation to exist in a given post-colonial country.

Nation building in post-colonial situations is a process of creating (or reviving) effective institutions of various kinds. These are bound to grow and develop, interact and compete for people's energies, loyalties, and funds, sometimes conflict, and change in character as time passes, or in some cases decay, all in quite unpredictable ways (Ashcraft, et. al., 1989). Choosing the right institutions is important, but international experience, particularly in

emerging democracies, suggests that this is only part of the process (Olowu, 2001). With so many democracies being born or reborn in the past couple of decades, the whole field of institutional design has become a major growth area in political science. There is now a range of literature with a substantial body of knowledge and experience that has been accumulated that can be learnt from although it is not that simple to draw any lesson (Boston, 2000) and not that often transferable (Page 2000). Creating the right political institutions in a post-colonial regime will not alone ensure good governance or sound economic policies, especially in countries emerging from prolonged and largely oppressive colonial rule where all the relevant structures and the very services themselves are to be reconsidered. That will depend also on the ways in which they are utilised, the quality of the ideas behind them and the 'political culture' they give rise to. However, recognising the economic and structural constraints, emerging countries have to try and anticipate how these institutions can be expected to function and what effects they will have on the political life of the country taking also into account the traditions of the people and the memories of the colonial past which all should be heavily weighed in the deliberations about how to structure local governance.

2.4.1 The Roles and Functions of Local Government

Turner and Hulme (1997) noted that administrative structures in some Third World nations are still those established by colonial powers. In the colonial administrations, typically associated with late colonial rule in Africa, Asian and elsewhere including those established under Portuguese rule, the concepts and practices of indirect rule were applied. This concept of indirect rule means rule through the traditional authorities, was introduced by co-opting (or in reality, creating) native institutions, the essential feature of which was that native chiefs were constituted as an integral part of the machinery of the administration. However, there were limitations on chiefs' powers. Mamdani (1996, p. 15) described it as "a separate but subordinate state structure of natives".

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In relation to the concept of indirect rule in Africa, a British liberal imperialist Huxley, who was to become the first Director General of UNESCO in 1946, stated the following in relation to colonial administration:

> Indirect rule, in fact, means the employment of the existing institutions of the country for all possible purposes to which they are adequate, their gradual molding by means of the law made and taxes imposed by the Central [i.e. colonial] Government and of the guidance given by administrative officers, into channels of progressive change, and the encouragement within the widest limits of local traditions, local pride and local initiative, and so of the greatest possible freedom and variety of local development within the territory (Huxley, as quoted by Ehret, 2001, p. 30).

The colonial state is best characterised as an administrative unit, and a bureaucratic state (Turner and Hulme, 1997). Politicians were largely absent or severely restricted in their powers. The roles of administrator and politician were usually amalgamated. The precise arrangements of the bureaucracies varied between colonial powers but they were all designed to regulate laws and rules, and extract taxes and raw materials, and were backed by strong coercive force. Control was the theme of colonial bureaucracy but this not necessarily entail penetration of all or even many of the routines of everyday life. Much were left to 'traditional' institutions.

Bureaucracy has often been the strongest institutional inheritance of the post-colonial state. Bureaucracy even conquered without colonialism. Strong external impulses for defence of the state or to modernise could induce rulers to introduce elements of modern bureaucracy. For example, British and French threats in the nineteenth century helped precipitate modernising reforms in Thailand which included the adoption of Western administrative methods, while the overthrow of absolute monarchy in 1932 facilitated the consolidation of military-bureaucratic rule. This alliance has only recently been challenged seriously following the Bangkok uprising of 1992 and subsequent democratisation measures (Turner and Hulme, 1997).

Up to now many developing countries still use the inherited structure from their colonial past where the subnational government structure is usually comprised of several tiers, with each tier delivering services to their population within its jurisdiction. This highly hierarchical structure is derived from the "fiscal federalism" theory found in the traditional approach of public finance economists (Oates, 1972). This approach faces two main obstacles. First, in developing countries where the democratic tradition is in its infancy, it is not realistic to assume that people can make their voices heard through the political process. Second, establishing separate tiers of government for each service is costly and poses serious coordination problems.

The problems faced by public sector management all over the world raise questions about the design and structure of governmental bodies including local government. During the 1990s, fiscal decentralisation and local governance reforms became among the most widespread trends in development policies, particularly in developing countries. Economists and policy analysts have tended to recall that firstly, economic planning by central government has not been successful in promoting adequate development (Common, 2001; Verheijen and Coombes, 1998). Secondly, changing international economic conditions and structural adjustment programs designed to improve public sector performance have created serious fiscal difficulties for developing countries (Cheung, 1996; World Bank, 1999a). Thirdly, changing political climates also encourage the development of local governments in developing countries (Alford and O'Neill, 1994; Common, 2001; Heywood, 1997; Pollitt and Bouckaert, 2000). The new focus on a greater fiscal role for local government has been increasingly supported by international development agencies. The World Bank, for instance, through its World Development Report for 1999/2000 places considerable emphasis on decentralisation and urban development (World Bank, 2000) whereas the UNDP through its Report of 2002 put more emphasis on good and democratic governance (UNDP, 2002).

2.4.2 Towards Local Governance

A combination of pressures has forced authorities in many developed countries to re-evaluate their place in the system of government and in the administration of their state. While in a number of countries local authorities are still exercising the two traditional functions as a political institution and as service provider, in others they are less concerned with direct service provision and more concerned with local community governance (Galligan, 1998). The local governments tend to be less structured around professional boundaries and more concerned with broader issues of service-coordination. In a number of countries including Australia, particularly in Victoria (Alford and O'Neil, 1994; Galligan, 1998), and New Zealand (Armstrong and Elvins, 1996), many local governments no longer exercise direct control of the services they once used to provide and are more concerned with the procurement of services from a variety of sources. On the local governance dimension, councils may decide to take on a wider set of concerns in the locality and engage in a dialogue with other organizations to press for improvements, to bring coordination and focus efforts across several committees and departments rather than emphasizing the narrower statutory duties, professions or functions sustaining the traditional municipal service provision focus. Councils are governmental, representative, political organizations which differ in fundamental respects from private companies (Goss, 2001).

Many states are still taking major responsibility for policy formulation and implementation, although around the world, there is wide recognition that societal problems cannot be solved by governments acting just on their own (UNDP, 2002). However, because of, on the one hand, the constraints which have led to a decline of state capacity (World Bank 2000), and, on the other hand, citizens demands for democracy and participation, many states have been forced to a fundamental rethinking of the appropriate role for their government while creating space for other actors as well. In this new context, the government is only one of the actors among others, undertaking the direct provision of a limited set of essential goods and

services, and facilitating and encouraging the engagement of civil society and the private sector across a wide range of social and economic sectors (UNDP, 1999). This societal engagement reflects the current interest in governance rather than government (Goss, 2001). Here, governance does not merely include the actions of government but extends beyond it to address the role of citizens in the policy process. Also addressed is the way groups and communities within a society organise to make and implement decisions on matters of general concern. It includes public sector management, accountability, the legal framework, and transparency and information as well (Turner and Hulme, 1997; Frishtak, 1994).

A post-modernism concept of local government structure is more concerned with fulfilling the democratic function of government. This concept allows all members of a community to have a stake in the organizing and functioning of the structure in the delivery of services for the community of which an individual is a member (Lyotard 1984). The context for local government policy making, particularly the relationship between central and local governments, and the delivery of services at the local levels has changed profoundly over the last decades since the early 1980s. When public management is more broadly interpreted as governance, the institutional design of a country's administration evidently becomes even more important in relation to how power is exercised in the management of a country's economic and social resources for development (World Bank, 2000). In the developing world and the countries of Eastern Europe and the former Soviet Union, governance arrangements are linked to the transition to democratic political systems (Brinkerhoff, 1999).

Goss (2001) used the word local governance to describe emerging new forms of collective decision making at local level which lead to the development of different relationships, not simply between public agencies but also between citizens and public agencies. Held (1995) argued for new roles of local government, which, according to him, should be subject to subsidiarity, and should involve people in the direct determination of the conditions of their own association. Goss (2001) listed the emerging roles for local governance as indicated in Table 2 below.

Table 2. Emerging Roles for Local Governance

- Regulation, to prevent abuse of power
- Market management
- Leading negotiations about desired local outcomes
- Creating spaces for civic dialogue
- Providing the resources to make things happen
- Commissioning and providing a range of services
- Positively helping disadvantaged or excluded groups to negotiate inclusion
- Enabling and supporting self management
- Setting the framework for democratic participation

Source: Goss, 2001 p. 34.

What requires local governments to reach across to other agencies, or to people within local communities, is to build partnerships and new working relationships in exercising these roles. Here coordination and integration between and among the various levels and components of governance is very important, as policies emerge from consultations with stakeholders and affected interests at the local levels. Since budgeting and financial management play a critical role in many developing countries where the scarcity of resources (in human and natural terms) is the biggest problems (World Bank 1999a), a combination of political administrative decentralisation, with selective devolution of public sector management responsibilities has been adopted to cope with the new governance system. Here, local councils play a critical role, not only in becoming the mouth and the eyes of the people, but also in building partnerships and connecting the people to the service provider agencies for the services they need.

In current debates on local governance and decentralisation the emergence of new forms of local governance, with local government becoming a lead agency in new networks of collaboration, has posed dramatic new changes for all individuals and organizations involved in local politics, policy and service delivery (Goss, 2001). Drawing on a wide

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range of political and management theory, this approach has been increasingly supported by international development agencies such as the World Bank, the International Monetary Fund, the Asian Development Bank, the UNDP including many others, and endorsed to be applied to developing and emerging countries (World Bank, 1999a; Asian Development Bank, 2000; UNDP, 2000).

Governance, as referred earlier, is the activity, process or quality of governing. The World Bank (1999a) refers to governance as the tasks of managing a complex society, the policies which are made and the effectiveness with which they are carried out. Those policies emerge from consultations between affected interests involving the coordination of many public and private sector bodies. This is because good government is about protecting and promoting public interests (Peters, 1996). Whether or not it achieves this depends on the values, institutions and processes that determine how collective priorities are established and implemented. As policies emerge from consultations between those who are affected or interested, they are often modified when they are put into effect, and thus those who implement policy take part in governance (Hague et. al. 1998).

Most donors have requested their recipient countries to introduce the concept of governance, or "good governance" into their national goals (World Bank, 1994), and also to adopt it into their public administration (Larmour, 1998). Rhodes (1997, p.46-52), distinguishes five benefits in addition to good governance, as follows:

- reducing the size of the state
- the role of boards of management in large corporations
- the "New Public Management" which favours professional management, concern with clients, competition and contracting out
- relations between organisations when there are many centres of power, and the state is no longer supreme
- the management of complex public and private service delivery networks (Rhodes,1997, p.46-52).

For the World Bank and the developmental literature, the concept of governance is the essence of broadening a country's traditional way of governing where the government was

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the only or major actor to a base in which there is room for civil society and participation of other sectors including the corporate sector (World Bank, 1999a; Rhodes, 2002). It comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations.

Good governance according to UNDP, is a governance that is effective, participatory, transparent, accountable, and equitable and promotes the rule of law (UNDP, 1999). In the context of countries in special circumstances, this definition encompasses not just the state, but the private sector and civil society as well. All three are viewed as critical for sustainable human development. The role of the state is viewed as that of creating a stable political and legal environment conducive to sustained development, while civil society institutions and organizations are viewed as a means of facilitating political and social interaction and mobilizing groups to participate in economic, social and political activities. In the context of countries in special circumstances, and particularly those emerging from extended periods of conflict, the roles of the above three actors in the process will need to be reconsidered and partly adjusted (UNDP, 1999).

While many developing countries have continued with the old approach to decentralisation for a number of reasons including weak local capacity (World Bank, 2000), a number of these countries, in the last few decades have embarked upon decentralisation programs and policies with the objective of empowering the people and building local capacity for local democracy as part of democratising state institutions (Olowu, 2001). In these countries there is a growing appreciation of the need to develop local governance. This implies not only the vertical transfer of responsibilities and resources from central to local governments, but also the development of horizontal networks between local governments and local non-state actors such as the private sector, civil society, and international organizations. These non-state actors, apart from helping to mobilise additional resources for local level development which are still somehow dormant, more importantly enhance the accountability of local level

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political and management officials. The synergies between these institutions can lead to innovations and better productivity as disconnected structures are networked into a common framework at the local level (UNDP, 2002).

Good governance requires a coherent set of democratic structures and rules of local government to best serve the country's interests and to replace the hierarchical centralistic system of governance (World Bank, 1992). In good governance, policies emerge from consultations between affected interests (Hague et. al. 1998), and involve the coordination of many public and private sector bodies (Rhodes, 2002). As policies emerge from consultations between the many affected, they are often modified when they are put into effect, and thus those who implement policy take part in governance. This means new political structures are required to improve local democracy including innovative arrangements for changes in the structure of political decision-making and accountability at local levels through local community councils as political bodies at local level.

2.4.3 Lessons From Other Countries

Many writers have attempted to make international analytical comparisons of the reforms of public policy and public sector management (eg. Kettl, 1998; Pollitt, 1997; Rist, 1997). But unfortunately these lessons drawn are not often transferable (Page, 2000) and that 'foreign lessons will be instructive but not definitive' (Kettl, 1998, p.4). Due to its unique set of circumstances, different countries apply a variety of solutions to resolve issues concerning the relevant structures, size and management of services and their local affairs. There is a vast difference from one country system to another. What is common is that being closest to the people, local governments know better the needs of the local area and not only what the people can contribute but also how to engage them in economic and political activities. Although some countries have had difficulties in direct participation where local authorities have become too large in size (Batley and Stoker 1991), larger sized tiers of local

government have recently become more common in a number of developing countries as this enables them to achieve economies of scale and promote the cost-effective delivery of services (UNDP, 2002).

Larmour, (1998), discussed the experience of the Pacific Island countries in response to crises situations that in many cases reform in these countries, would be less prescriptive if it had happened before a crises hit. Also there was a need for education and training about both the restructuring process being implemented and in relation to the new skills required (Delforce, 1997). In view of the need for decentralization and good government, a Roundtable organized by the Commonwealth Local Government Forum and the South Pacific Forum has made key recommendations for successful decentralisation to the country members in the Pacific Region as indicated in Table 3 bellow.

Table 3. The key principles for successful decentralization strategies
in the Pacific Region

a) Giving formal recognition to the role of local government, including constitutional recognition and the enactment of appropriate national legislation;

b) ensuring autonomy for local government as an equal sphere of government alongside provincial and national government;

c) define clearly the distinct role and functions of local government in relation to other spheres of government;

d) establish regular, open and democratic local elections, taking account of the respective cultural context;

e) developing transparent and accountable local government;

f) ensuring that local government is properly resourced; and

g) recognising the role of traditional leaders and the relevance of local cultural diversity.

Source: Commonwealth, 1997 p. 6.

The Roundtable concluded that there were factors essential to achieving good government at the local level. These were: (a) Strengthening administrative and management skills of staff through capacity building, education and training. (b) Financial arrangements and resource growth through resource sharing with other government spheres and increased and expanded revenue raising authority and capacity. In this context local governments will be freeing up their ability to seek access to borrowings from financial institutions. (c) Local government and community empowerment with statutory provision for greater openness and accountability with access to a local government ombudsman on state and national issues. A public education program in local government was recommended to encourage full community participation. (d) New mechanisms for service delivery including more cost effective quality service provided by local government. State/national partnerships, and greater involvement of NGOs, the private sector and community organizations, all in a context of promoting environmentally and socially sustainable development. (e) Achieving equal opportunities and gender balance through the encouragement and involvement of

women in local government while recognizing that as a result of natural cultural differences that transitional mechanisms may need to be put in place in the move toward a greater balance in local government (Commonwealth, 1997).

In many of these small pacific island countries, knowledge and practice are still derived from their pre-colonial pasts using their traditional ways of doing and being. One of the good examples of this is Vanuatu where the concepts of traditional authority systems were incorporated in the structure of the state (Bolton, 1999). The primary community leaders incorporated into local context known as *kastom jif* (traditional chiefs), have a special role and responsibility to represent their communities in the structures of the state. This has provided a sense of continuity between the old, pre-colonial practices and the new context of the nation. Larmour (1998) and Bolton (1999) noted that some of these country islands have successfully implemented some of these principles, although others are hardly implementing these decentralization strategies in their countries.

2.5 Building Local Capacity

In a number of developing countries, particularly in Africa and in South East Asia (UNDP, 2000) poor people have trouble getting prompt, efficient service from the public administration. To change this, the first step is building the capacity of public administration. Officials also need tractable regulatory frameworks, with proper performance incentives and mechanisms to ensure accountability and responsiveness to clients, including poor people. Poor organisational design engenders inefficiency and corruption, typically hurting poor people the most.

During the past two decades, as people are becoming aware that their public sector often pursues activities that are not socially justified and in some cases generate rents for the elite

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(World Bank, 2000), many developing countries have launched public sector reforms to focus public action and programs on social priorities and increase the capacity of the state to reduce poverty. Some of them give more emphasis to improving public management systems to make public programs more efficient and accountable. Some have involved civil society in planning, monitoring and evaluating public programs and policies to ensure steady progress toward full responsibility and an accountable state (UNDP, 2002, World Bank, 2002).

Many different kinds of measures help improve public sector service delivery. One important measure is simplifying procedures and making them transparent to clients. In the Philippines several public agencies have streamlined procedures to curb corruption. At the outset of a transaction clients receive a list of required documents along with a timetable showing how long the process will take and a schedule of fees (Asian Development Bank, 2000).

While many developing countries are continuing with the old approach to decentralisation, for several reasons, including weak local capacity (World Bank, 2000), a number of African countries, in the last few decades, have embarked upon decentralisation programs and policies with the objective of empowering the people and building capacity for local democracy as part of democratising state institutions (Olowu, 2001). In these countries, there is a growing appreciation of the need to develop local governance. This implies not only the vertical transfer of responsibilities and resources from central to local governments (the conventional conception of democratic or devolutionary decentralisation). It also requires the development of horizontal networks between local governments and local non-state actors such as the private sector, civil society, and international organizations. These non-state actors, apart from helping to mobilise additional resources for local level development, they enhance the accountability of local level political and management officials. The synergies between these institutions have lead to innovations and higher levels

of productivity as disconnected structures are networked into a common framework at the local level (Olowu, 2001).

Decentralisation can make state institutions more responsive to poor people. However, this can only happen if it allows poor people to hold public servants accountable and ensures their participation in the development process. Not only the pace and design of decentralisation have an impact on efficiency, accountability, participation, and ultimately poverty reduction, but also only general principles from successful models can be transferred from one setting to another.

Decentralisation can greatly enhance the state's capacity to accelerate local development in order to reduce poverty, but only if it is effectively designed. Local authorities and agencies need considerable autonomy, including in fiscal maters, as well as considerable support and safeguards from the centre. Moreover, decentralised governments need mechanisms to ensure high levels of participation in the design and monitoring of programs and policies by all sections of the population to be served.

Support for training is also required. Studies of successful decentralisation (UNDP, 1999), indicate the importance of creating administrative capacity. Many local governments lack the administrative capacity for large-scale decentralisation and need training in accounting, public administration, financial management, public communications, and community relations (World Bank 2000). If subnational governments have strong administrative capacity and accountability mechanisms, decentralisation can reduce the scope for corruption. If they do not, it can increase corruption and reduce access to basic social services as in Indonesia, and the Baltics.

Widespread popular participation is vital to successful decentralisation. Without it, the potential benefits of local involvement cannot be realised. Good information channels between governments and communities are necessary for good results. Partnerships between

communities and local governments sharply increase the probability of long-term returns to the community (Goss, 2001). Participating in local government helps build civil society and ensure that majority needs are heard and goals are achieved. It also helps increase the voice of poor people in local affairs. One direct way of ensuring participation is to hold regular elections for local government. Electoral rules can also foster broad participation by reserving seats for marginal groups. The combination of a more egalitarian social organization at the community level and better local administration enables the creation of powerful coalitions for rapid development (Halpern, 1998). The state can facilitate interactions between local administrations and communities to engender development and reduce poverty. There are two main aspects to this role: reducing obstacles to collective action in communities and encouraging greater collaboration between communities and local governments.

The appropriate number of tiers of government and of jurisdictions in each tier varies depending on a country's physical characteristics, its technical and political makeup, and possibly its income level. But all countries face the same trade-off between representation and cost. Trends in mature decentralised countries suggest that costs are an important consideration (Nickson, 1998). Most OECD countries have a limited number of subnational tiers and jurisdictions. Some countries have recently been reducing the number of subnational units, largely on the grounds of efficiency and costs (Batley and Stoker, 1991).

From the experiences of a number of countries implementing decentralisation, there are three main ways to strengthen the institutional environments of democratic regimes to make them more effective at reducing poverty (World Bank, 2000). First, democratic processes must permeate all major levels of decision making. Second, citizens must be given systematic access to information so that they can hold their civil servants and politicians accountable. Third, strong civil society organizations can promote the political empowerment of poor people, pressuring the state to better serve their interests and increasing the effectiveness of antipoverty programs.

2.6 Summary

Decentralisation, as an element of governance, gives citizens and their elected representatives more power in decision making. It consists of reallocating political and economic powers including resources, decision making spheres, skills and responsibilities to local governments. With decentralisation local governments gain authority, resources, and skills; make responsive choices with citizen input; and operate effectively and accountably, opening avenues for the development of democratic local governance.

Decentralisation has four dimensions: political, administrative, fiscal and economic or market. These four dimensions, in essence, represent the primary components of power. Progress along any of these dimensions is decentralisation. Decentralisation tends to be strongest, however, when real political autonomy, sufficient administrative responsibility, and the financial resources to carry out primary functions appear at or are transferred to the local level together.

In the context of countries in special circumstances, particularly those emerging from extended periods of conflict the roles of the main actors namely: the state, the private sector and the civil society (UNDP, 1997), in the process of governance will need to be reconsidered and partly adjusted, as all three are viewed as critical for sustainable human development. The role of the state is viewed as that of creating a stable political and legal environment conducive to sustained development, while civil society institutions and organizations are viewed as a means of facilitating political and social interaction and mobilising groups to participate in economic, social and political activities.

The new forms of local governance which are endorsed by international development agencies, are becoming a great challenge to these emerging countries which, though in many respects are building new administrations, they still inherit directly or indirectly some of the institutions, structures and the very services themselves as well as the ethos of their colonial pasts. These endeavous should directed to strengthening decentralised local governance capacity focusing on civil society organizations and local administrations and in the same time balancing between the needs of strengthening a local participatory society and effectiveness in the delivery of services. There is also a need to adjust the relative emphasis paid to different activities within the broad ambit of governance and capacity building activities overtime.

Given the scarcity of resources, in these emerging countries, a combination of political administrative decentralisation has been advanced with selective devolution of local decision making to local people to cope with the new governance system at local levels. Democratic local governance would imply that the addresses of decisions at local level should be taken by local people themselves or through their representatives at local level. Here the traditional leadership of these countries need to be taken into account as many of them are still influential within their own communities. One viable political mechanism, to determine local preferences, is to create community local governance councils as governmental and political representative organizations concerned mainly with broad issues of service-coordination through partnership with other organizations rather than direct service provision. As emerging countries encounter difficulties in terms of resources, and recognising the economic and structural constraints, the service delivery function could be handed by the central government through its implementing agencies set-up locally or in a region serving a number of local communities.

The design of a local government body showed that the genuine interests of the people are served and their rights safeguarded, and at the same time, hold local governments accountable to their constituents. That is why strengthening local democracies and local

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governance structures, including the traditional ones, given the traditions of the people and the memories of the colonial past, will stimulate the development of civil society through increased civic participation. Participation would promote local democracy because it teaches people the social skills and attitudes that are necessary for democracy to take root.

Based on the literature review presented in this chapter, a theoretical framework developed for this study seeks to find a model of local governance for East Timor within the framework of good public management. Before describing the framework, Chapter three presents the context in which this study is conducted.

CHAPTER TREE: EAST TIMOR AND ITS CURRENT SITUATION - THE CONTEXT OF THE STUDY

3.1 Introduction

Chapter three presents a review of the background of East Timor's local government history during three different phases. The first was under the Portuguese colonisation, followed by the situation under Indonesian occupation and lastly under the United Nations Transitional Administration in East Timor (UNTAET). A brief discussion on the current situation of local government is also presented, with the main objective to show the readers how the development of local government has evolved and why public management reforms are needed to nurture the democratic environment in the new country.

3.2 The Portuguese Rule

The Portuguese reached the coast of Timor island on the enclave of Oecussi around 1515. But only in 1700s after the Governor was installed in Dili did they begin more efficient commercial exploitation of the resources of the island, from which they made huge profits exporting sandalwood (Gunn, 1999). Realising that sandalwood had become extinct, the Portuguese in 1815 eventually introduced coffee, along with sugar and cotton (Da Costa, 2000). Portuguese colonialism ensured that the native population, particularly the coffee growers, never managed to accumulate much capital. Instead the revenues from coffee exports went largely to the Portuguese and Chinese traders (Da Costa, 2000). As a consequence, East Timor remained largely underdeveloped with an

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economy based on barter. Discontent with the Portuguese colonisation caused a series of Timorese rebellions, including the revolt in Manufahi led by Dom Boaventura. After twelve years of resisting and fighting the Portuguese, Boavantura's forces were finally crushed by Portuguese troops in 1912 (Gunn 1999).

Before the World War II (WW II), the Japanese Empire considered East Timor to be of strategic importance for three reasons. First, Timor's geo-political position would facilitate Japan's southward expansion by helping to split the British colonies in Southeast Asia and Australia. Second, Portugal which was one of the weakest colonial powers and had also declared its neutrality between the 'Axis' and the 'Allies', was considered easy prey for Japan's political and military interests. Third, the oil and gas reserves in the Timor Sea could help meet Japan's fuel needs.

After WW II, in 1960s the Timorese and the Portuguese tried to help the country recover. But development was slow. The average annual growth rate between 1953 and 1962 was just 2%. Meanwhile the United Nations, through Resolution 1514 (XV) of December 14, 1960 declared East Timor a non self-governing territory under Portuguese administration. Portugal tried seriously and systematically to develop East Timor through three successive five-year plans. Money started to arrive and there was a sudden spurt in economic growth which averaged more than 6% annually. Nevertheless this was not sufficient to overcome decades of underdevelopment and by 1974 per capita income was still only $98 per year (Saldanha, 1994).

Agriculture absorbed at least 80% of the labour force but remained largely at subsistence level and accounted for just 33% of GDP in 1962. The main exports were coffee, rubber, wax, and candlenuts. There was very little private-sector activity outside trade, and the swings in international commodity prices led to numerous balance-of-payments deficits. Meanwhile the population was growing by more than 2% per year.

In terms of its administration, Portuguese Timor was regarded as an overseas province with its own administration, from late 1960s. At the apex stood the Governor, who hierarchically supervised the *administrador do concelho*, the *administrador do posto*, the *suco* and the *povoacao* at the lowest level. In the execution of daily affairs, the Governor was assisted by a *Conselho do Governo* (Government Council) and a *Conselho Legislativo* or Legislative Council. But, as head of the two councils and the commander-in-chief of the armed forces, the Governor was supreme, directly responsible to the Minister for Colonies in Lisbon (Gunn, 1999).

Portugal governed East Timor with a combination of direct and indirect rule, managing the population as a whole through the traditional power structures rather than by using colonial civil servants. This left traditional East Timorese society almost untouched. In 1974, however, the transition to democracy in Portugal had a sudden impact on all its colonies. The political climate in Portugal shifted to the left and for the first time the East Timorese were given freedom to form their own political parties. After a series of changing political alliances, the two main political parties, the Timorese Democratic Union (UDT) and the *Frente Revolucionaria do Timor Leste Independente* (Fretilin) formed a coalition, in early 1974 in preparation for eventual independence, guided by the local Portuguese administration.

On August 11, 1975, the UDT, covertly supported by the Indonesian government, launched a coup, in an attempt to seize power from the Portuguese and halt the ascendancy of Fretilin, which by then had become the party with the largest popular support. During the UDT coup attempt, more than 2,000 died. Most of the UDT members and many of its supporters fled across the border into West (Indonesian) Timor. Indonesia allowed them to enter only if they signed documents agreeing to the incorporation of East Timor into the Indonesian Republic. In the early days of the attempted coup, the Portuguese administration left Dili for Atauro island, leaving Fretilin in *de facto* control of East Timor (Hill, 1978). Fretilin then administered the territory until the Indonesian invasion.

On November 28, 1975, in an attempt to take its case to the UN, and to publicise Indonesian armed incursions into its territory, Fretilin declared East Timor as the Republica Democratica de Timor Leste. RDTL was recognised by a small number of countries, mainly the former Portuguese colonies, and was short-lived. Ten days later, on December 7, 1975, Indonesian troops lauched a full-scale invasion (Hill, 1978).

3.3 The Indonesian Occupation

Indonesian President Soeharto's New Order's administration was determined to thwart the emergence of a new state within the Indonesian archipelago, fearing this could set a precedent for other islands, particularly in eastern Indonesia. The result was the Indonesian invasion of December 7th, 1975. Some 60,000 people lost their lives in the early years of annexation, contributing to a total of about 200,000 deaths for the whole period of Indonesian administration (Horta, 1987).

In an effort to stamp greater control over its dissident new province, whose seizure was condemned by the United Nations, Indonesia invested considerable sums in East Timor to bolster its military role, particularly in infrastructure, and in the development of cash crops for export. The Indonesian government also employed large numbers of people in the civil service.

Following the invasion most of the population fled to the mountainous areas, where they survived for three years, living outside Indonesian control. Following a fierce aerial bombardment of these areas and their crops in 1978, however, most of the population were forced down into low land areas where they were met by Indonesian troops, and many were killed. The Indonesian military then began to relocate the remaining population into newly established resettlements villages (Horta, 1987). Restricting the

time villagers spent on producing their own food, the Indonesian military forced them into road construction, logging, and the cultivation of cash crops for export (Da Costa, 2000).

Unlike the Portuguese, the Indonesians favoured strong direct rule (Freitas, 2002). The administrative structure set-up by the Portuguese was fully adopted by the Indonesian administration. The administration was totally controlled by authorities using intermediaries and representatives, including the *liurais* (Sherlock, 1983), as mouthpiece for the local people. From the *"kepala desa"*, (head of village) the *"camat"*, (sub-district administrator, the *"Bupati"* (district administrator, up to governor, most of them were "outsiders" or at least representatives of a foreigner power, who were mainly appointed by the central government (situated in a foreign country) which is also the source of funds (Freitas, 2002).

Under Indonesian control, the executive power in East Timor (in the provincial level) was exercised not only by the governor but also by the army and police officials which both are hierarchically structured from the top down to the village levels parallel to their respective structures of government (See Figure 1). The Chief Executive *(Governor* and *Bupati)* along with the army officials maintain a dominant power keeping civil society represented by, among others, the parliament, the press and the legal system weak and ineffectual. ABRI (the army officials), the most powerful component besides government bureaucrats, not only hold a powerful position in strategic decision making but also many strategic positions in the government are in their hands including appointed representatives in the parliament at the provincial and district levels. Figure 1 below shows the Administrative Structure and Its Key Players during the Indonesian administration in East Timor.

Figure 1. The Administrative Structure and Its Key Players

Central Government (Jakarta)	President & Ministers		
1 Provincial Government	Governor	Military Commander	Police Commander
13 District Administrations	District Administrator	Military Commander	Police Commander
64 Sub-district Administrations	Sub-district Administrator	Military Commander	Police Commander
446 Village Administrations	Head of Village	Military rep.	Police Rep.
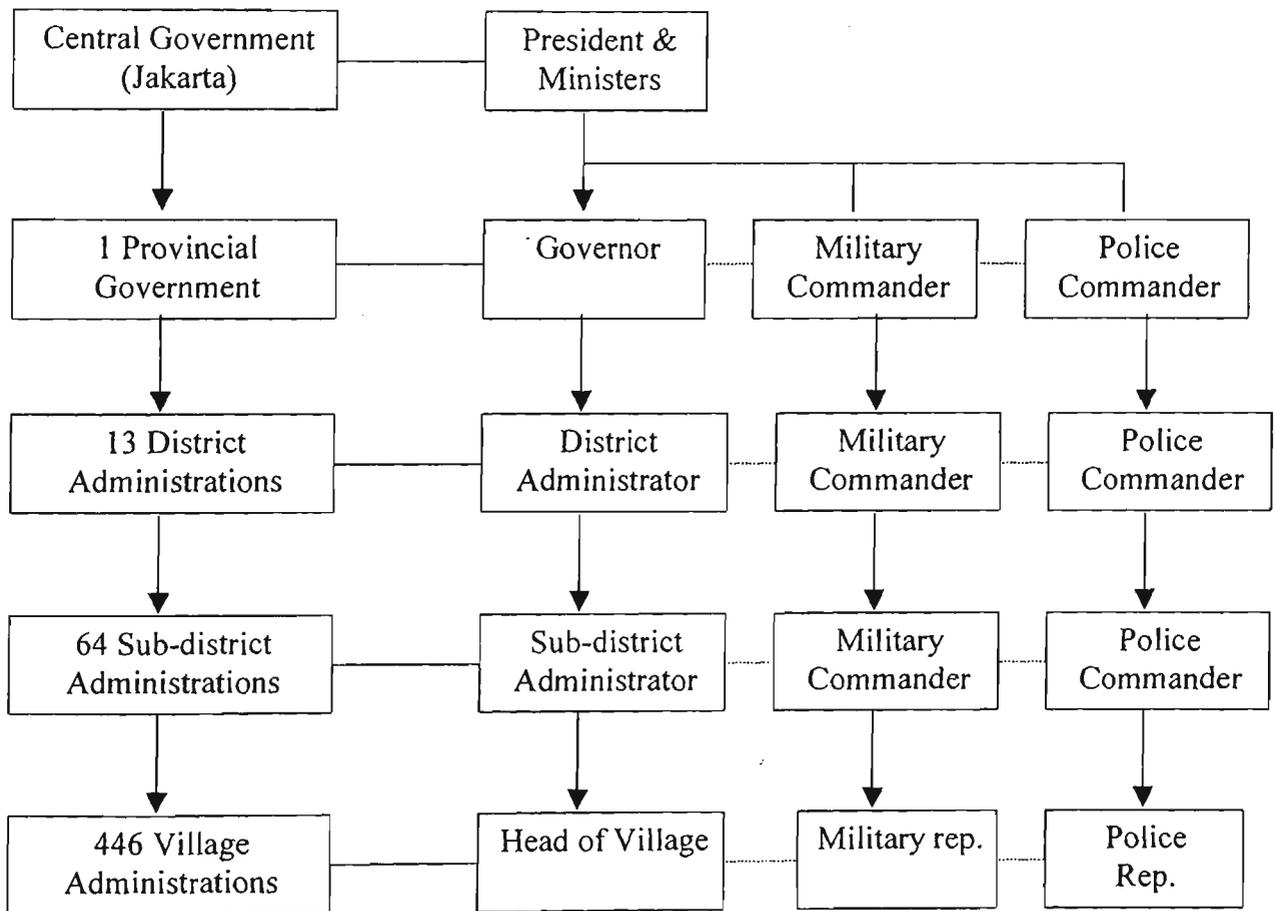
As can be seen in Figure 1, the administrative structure was characterised by a considerable fragmentation in the structure of local governments with great structural rigidity and many politicians and bureaucrats. With 14.609.380 km2 and a population around 832.574 people, as indicated in Table 4 (BPS,1997), it was divided into four tiers : the provincial level, districts or *kabupaten* in the second tier, sub-districts or *kecamatan* in the third, and villages or *desa* at the grassroots level. However, in terms of decision making, there is still another level which is the central the government where authority rests for the final decisions as shown in Figure 1. Consequently local citizens have little or no participation in the potential process and nor are local needs a consideration in setting priorities for allocation of funds. These entities provided the initiative while the local people assisted in carrying it out. These practices have moulded the people into a dependency category. People are made to rely on the government to solve their problems and make decision for them (Freitas, 1999).

Table 4

Population of East Timor from 1975 to 1997

Year	Number in Thousands
1975	673.217
1980	555.355
1984	626.545
1988	707.902
1990	747.557
1992	796.317
1995	829.753
1997	832.574

(Data aggregated by the author)

Even though the occupation took place more than two decades ago, the East Timorese people never accepted it, and were determined to preserve their culture and national identity, in which religion and the catholic Church played a crucial role. As the culmination of this resistance, on November 12, 1991, the Indonesian army opened fire and killed more than 200 people when thousands of East Timorese marched towards the Santa Cruz cemetery to mourn for Sebastiao Gomes killed a week before (Gunn, 1999). This, known as the "Santa Cruz's Massacre" marked a turning point in the brutal occupation of East Timor as the shocking images were beamed around the world. Individuals and organizations started to put increasing pressure on their governments and on international organizations on behalf of East Timor.

The capture and imprisonment of resistance leader Xanana Gusmao in 1992 also put the spotlight on the human rights situation. Indonesian was subjected increasingly to international criticism by governments, agencies and NGOs, culminating in October 1996 with the awarding of the Nobel Peace Prize to two Timorese leaders, Bishop Carlos Filipe Ximenes Belo and Jose Ramos Horta, on behalf of the people of East Timor. This assisted the growing assertiveness of the independence movement, fuelled since the late 1980s by the increasing involvement of youth in the urban centres of the territory.

In 1997 and 1998, the Soeharto government's New Order (*Orde Baru*) was shaken by a severe economic crises, which ignited social protests in Jakarta, leading to widespread demands for political change. As the situation continued to deteriorate, Soeharto was forced to resign and was replaced by his vice-president, Dr. Habibie. In a bid to distinguish himself from the Soeharto period, and to improve Indonesian image internationally, President Habibie stated that he was no longer willing to maintain the 'burden' of East Timor, and in January 1999 offered to the East Timorese a 'wide-ranging autonomy' within the Indonesian Republic. Should the Timorese reject this, Habibie declared that the Indonesian Government would be prepared to 'let East Timor go'. An agreement between Portuguese and Indonesian Governments to hold a

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referendum (or 'popular consultation', as it was then termed) on autonomy was finally reached in May 1999, under the auspices of UN Secretary-General Kofi Annan.

The UN started to prepare for the referendum by establishing the United Nations Assistance Mission for East Timor, UNAMET. On August, 30th, 1999 the people of East Timor voted overwhelmingly – 78% - against autonomy, and in favour of independence from Indonesia. Pro-integration militia gangs and the Indonesian army forces responded with extraordinary brutality, rampaging and plundering across the country. As a result of their actions, one-third of the population were forced to resettle in refuge camps in West Timor and neighbouring islands. Another one-third looked for refugee in the mountains of East Timor. Between 1,000 and 2,000 people are reported to have died in the violence. Departing Indonesian soldiers and the army backed militias torched homes and other buildings, including all government structures and buildings.

Following widespread international protest at the paramilitary rampage, and governmental pressure, particularly from the United States, Australia and Portugal, the UN Security Council authorised a multinational force (INTERFET) under the unified command structure of a member state, Australia, to restore peace and security. The UN also launched a large-scale humanitarian operation including food supplies and other basic services.

On October, 25, the UN Security Council, through Resolution 1272 (1999), established the United Nations Transitional Administration in East Timor (UNTAET) as an integrated, multi-dimensional peace-keeping operation responsible for the administration of East Timor during its transition to independence. On August 30, 2001, on the anniversary of the referendum, East Timor held elections for political representatives, whose task was to draw up a new Constitution. On April 14, the first presidential election was held, where Mr. Xanana Gusmao, won the support of more than 80% of voters. On May 20, 2002, formal independence of the territory was proclaimed.

3.4 The Situation of Local Government

East Timor has experienced in the past two kinds of colonisation from Portuguese and Indonesia. Under Portuguese administration, a government system operated at a provincial level under a governor administering the whole territory with district administrators who subsequently coordinated sub-district administrations. The villages were left to the traditional authority, the *liurais/datos* and/or *chefe de sucos* (Oliveira, 1952). Using well known classifications from colonial history, this kind of government can be classified as "indirect rule" (Freitas, 2002).

Under Indonesian administration prevailed a tight form of "direct rule", with a highly centralised political system. Unlike the first form of colonialism and in accordance with the need to "pacify" East Timor after the invasion of 1975, the management of each layer of administration was not only in the hands of a civilian administrator (the governor, the district administrator *(bupati)*, the sub district administrator *(camat)* and the village chief), but it was also horizontally extended embracing the military and the police commanders in order to keep the population (as shown in Table 5) under control. This made coordination even harder, as each of these components had to provide accountability upwards to their respective higher structures (Freitas, 1999 and 2002).

Table 5

Population of East Timor per Districts, Sub-districts and Villages

No.	Name of Districts	No. of Sub-districts	Villages	Total Population
1.	Covalima	6	29	52.623
2.	Ainaro	4	21	48.995
3.	Manufahi	4	29	40.773
4.	Viqueque	5	34	62.815
5.	Lautem	5	34	52.298
6.	Baucau	6	58	89.993
7.	Manatuto	6	29	36.870
8.	Dili	4	33	142.408
9.	Aileu	4	31	28.375
10.	Liquica	3	23	50.337
11.	Ermera	3	52	86.337
12.	Bobonaro	6	51	88.241
13.	Ambeno	4	18	52.509
	T o t a l	62	442	832.574

Source: Biro Pusat Statistic Timor Timur, 1997.

The 13 Districts (each with a Parliament), 62 Sub-Districts and 442 villages, many of them are too small in terms of population and resources and also financially weak. Most of them rely heavily on government grants. Many local municipalities and councils lack the resources to meet the challenges of the future, whilst others are being held back by

excessive regulation and inadequate powers. Problems of coordination and fragmentation abound. Variations in terms of area, population and resources are quite striking. but equally so is the lack of correlation between the variables. For instance, Manatuto, is the largest district in area (range from north to south in the middle of the territory), but is among the smallest in population. To illustrate how fragmented the inherited institutional design of local government in East Timor was, a comparison between East Timor and the other half island of Timor (West Timor) which belongs to one of the nearest Indonesian province is presented below in Table 6.

Table 6. Comparison Between Indonesian West Timor and East Timor

West Timor (Timor island only)	East Timor
16,242 km2 1,190,000 People 4 Districts 44 Sub-Districts 792 Villages	14,600 km2 800,000 People 13 Districts 69 Sub-Districts 442 Villages

As can be seen, West Timor (the other half of the Timor island which belongs to Indonesia), is indeed bigger in area and population than East Timor but it is only comprised of 4 Districts, less than half of the number of Districts in East Timor. Although it has more villages, the number of sub-districts are far less than in East Timor. In relation to the Indonesian administration, this table does not show the two other tiers of government namely the provincial and the central governments where ultimate decision making rests, particularly the later. This illustrates how complicated the structure was, including the process of decision making for any initiative from local governments which had to go through, as the ultimate decision making lay in the hands of the central government. The creation of several tiers of local authorities have led to serious implications for available fiscal and human resources including the problem of

effective coordination. The end result of this bureaucratic and hierarchical mindset had been the perpetuation of a system which had become notorious for being self-serving, inefficient, ineffective and non-responsive to people needs (Freitas, 1999).

The legislative and judicial systems were only a servile extension of the executive. At provincial level authority was exercised by the governor but important decisions had to be coordinated with the military and the police commanders through a forum called *MUSPIDA* (an Indonesian acronym extending for '*Musyawarah Pimpinan Daerah*') as a forum for coordination at Provincial, District and sub-district political leadership levels. Its membership at their respective layers of administration included the governor/the district or sub-district administrator, the military commander and the chief police. In East Timor this body was previously chaired by the Military Commander at each level but later changed to the civilian administrator after the openness of East Timor in 1989 (Freitas, 1999). The chief executive (the Governor or *Bupati*) along with the army officials maintained dominant power keeping the parliament, the legal system and the civil society, represented among others by the press, weak and powerless. The army officials were the most powerful component beside the government bureaucrats who not only held powerful positions in decision making but also many strategic positions in government were in their hands, including becoming appointed members of the parliament at the provincial and district levels.

The system was also characterised by:

a) the influence of the "State philosophy" as stated in the "Pancasila", with its principles of a "paternalistic society";

b) a number of civil servants that far exceeded the average (as percentage of the total population) of any other Indonesian provinces --- a practice that can be understood as a way to try to "buy" the passivity of the East Timorese regarding the occupation and also as a means to making East Timor more dependent on the coloniser rather than its own production; and

c) a highly hierarchical bureaucracy, and what we can call a 'culture' of 'wait for orders' and a lack of quality at all levels.

Just like all over Indonesia, corruption was the biggest problem in the whole history of the Indonesian administration in East Timor. Some analysts (Freitas, 2002) regarded the issue of corruption in Indonesia as being an integral part of the system as it happened nation wide with marked effects on every aspect of government . The cost of changing those practices/characteristics is the price that the new nation, East Timor, must pay in the future for Indonesian colonialisation.

The Joint Assessment Mission - JAM (World Bank 1999b) set up by the international community in 1999 to assess the needs of the territory in transition to independence, reported that under Indonesian occupation, the civil service was characterised by:

(i) overstaffing, with over 28,000 civil servants: 3.4% of the population compared to an Asian average of 2.6%;

(ii) too many layers of bureaucracy for such a small country, fostering inefficient decision making and opportunities for graft;

(iii) duplication of functions between line ministers and decentralised services;

(iv) a top-down organisational culture, with little community participation and marginalisation of traditional local decision-making structures;

(v) exceptionally low pay levels, encouraging the establishment of legal and illegal fringe benefits.

During the crises that followed the 1999 UN-sponsored referendum, East Timor suffered a near total destruction of its public records and infrastructure, and more than 8,000 civil service fled the territory. The transition to independence, as the consequence of the results of this popular consultation, has been traumatic and costly in human and economic terms including total devastation of the institutions of government, and of basic services. There were no judges, only one senior policeman and virtually no senior managers or operators of basic facilities. Therefore, as recommended by the JAM report,

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the window of opportunity for reform of the old system, as described above, must be balanced against the need for speedy action to restore services to the people (World Bank, 1999b).

3.5 The United Nations Administration in East Timor

The United Nations Administration in East Timor (UNTAET) established in October 1999, had as one of its first tasks the establishment of the basic foundations of the government administration to run the (independent) country. At the time, the structure and the decision-making process of UNTAET were all in the hands of international staff leaving just a consultative role to the East Timorese leadership at the highest level. In contrast to the recent option regarding UN intervention in Afghanistan --- which involved from the very beginning an Afghan Government with UN financial, technical and human resources assistance, --- the UN opted in East Timor to establish itself as administrator and slowly (*too* slowly for many East Timorese observers) co-opted East Timorese to work with it (Freitas, 2002).

As many as 1,000 civilian international staff from about 125 countries from all continents and regions of the world worked for UNTAET and were posted in the various structures of the administration throughout the territory (UNDP, 2001). Almost all positions in Public Administration were occupied by these international staff (Beauvais, 2002), leaving only complementary services - such as drivers, translators and cleaners - for East Timorese. This caused some reluctance amongst the well-educated East Timorese to join the civil services; instead, many of them preferred to work for international agencies or NGOs (Freitas 2002).

Problems regarding recruiting and retaining qualified international staff to perform the various functions, especially at the mid to senior management and professional levels were apparent (UNDP, 2001). A considerable number of them were recruited for short periods (six months) and then returned to their home basis, thus causing problems of continuity. Added to that was the widely differing governance and administrative management backgrounds, as they were recruited from different countries and regions in the world, ranging from the very advanced one to the very emerging and/or poor ones. Some did not even have competitive skills at all, as observed by many East Timorese. Later on, by its own experience and/or under pressure of the East Timorese and its leadership, this was changed to a cabinet style administration embracing East Timorese, particularly at senior levels (including Cabinet level) (Freitas, 2002).

The recruitment process for civil servants initiated after UNTAET-East Timorese led administration (ETTA) came into effect, was very slow. This could be attributed to the system of UNTAET/ETTA which was overly bureaucratic, with overly centralised decision making processes causing bottlenecks and delays. By the middle of the year 2001 the East Timor Transitional Administration (ETTA) has recruited and increased the size of the civil service to a number of almost 12,000 as recommended by JAM (World Bank 1999b) – less than half the size of the Indonesian Administration. The overall strategy was (and seems to be) to keep staffing levels small but adequate to the needs and affordable by such a small country.

By this time many of the well-educated East Timorese began to join the new civilian administration, and many more are still lining up looking for positions in the public sector as it still is the main source of employment in present day in East Timor. Actually, this behaviour goes in line with the tradition set up during Portuguese colonial times and followed and deepened during the Indonesian colonial administration. To fight this bureaucratic thinking and to instil a much more 'entrepreneurial' and ' affirmative' ethic is one of the main challenging tasks of the new government. However, as long as the labour market continues to be characterized by high levels of unemployment, the

pressures to enlarge the public service in an "Indonesian-like" strategy will be very high. The capacity of the Government to resist these pressures depends on its commitment to a lean civil administration and its capacity to develop the country, thus generating employment in the private sector. With so many people still working in agriculture, any increase on its productivity, needed to decrease the widespread rural poverty, will result in an increasing rural-urban migration and, consequently, new pressures to create new jobs in the civil administration. In the same sense any substantial increase of the education level, mainly the large number of tertiary students and graduates will produce a similar result.

One of the positive steps taken by ETTA was the gender breakdown targeting 30 per cent of women for the public service. By July, 31st, 2001 there were 25% women, five percentage points below the target. Foreign Affairs (39%), health (32%) and education (29%) were the sectors with most women (UNDP, 2001).

The effectiveness of this civil service is now being challenged by:

(1) lack of training of those who worked for the Indonesian Administration since most of them have little or no experience of correct procedures and/or of positions at decision making and implementation levels;

(2) lack of training and work experience of most of the new workers: young and working for the first time, while most of the experienced public servants from the Indonesian Administration could not find a position due to the UNTAET selection criteria ('working' knowledge of English, etc);

(3) a level of payment which is very low compared to:
   a. the high price level in East Timor;
   b. what many international organizations in East Timor are paying to their local staff, thus 'diverting' many more skilled workers from the civil service. Of course,

UNTAET itself 'drains' people from ETTA by paying higher salaries although they are not comparable with those paid to international staff;

c. the expectations of those East Timorese working abroad, with professional expertise who want to return to help push their country forward (UNDP, 2001).

All these put pressure on the State to pay higher salaries. However, attention must also be given to the effects of the wage policy of the state, by far the main employer over the average wage rate as this will impact on inflation and international competitiveness. This is important when the wage level in East Timor seems to be significantly higher than in other countries in the region, creating difficulties for the competitiveness of labour intensive industries. So, just as in other economic and social environments, the wage policy of the administration will be very important. One must have in mind that East Timor is a poor underdeveloped country, with very few resources, including financial, and very dependent, at least for the next years, on international aid, and that donors usually pay special attention to those policies that have the possibility to increase the budget deficit which, at the end of the day, will be paid by them.

Apart from that other factors also need the attention of the government. The political leaders have to tackle the situation of a substantial number of East Timorese living abroad that want and can contribute to national development but have no (material) incentives to come back to East Timor.

3.6 The First Constitutional Government of East Timor

The first Constitutional Government of East Timor that emerged from the first democratic election of August 2001, was a government lead by Fretilin, the winning party. It comprised 10 ministries, plus a number of deputy ministers and state secretary positions bringing the number of government officials to 26. Consequently changes to the newly set up Public Service was inevitable. Although still following the traditional sectoral paths inherited from the start-up phase of the second transitional government with some modifications, this elected government reorganised the role and structure of the government with sectoral ministries undertaking activities in their respective mandated areas: agriculture, water and public works, communications, transport, education, health, etc. Each ministry received policy advice and resources to spend in building structures and providing services in its area of competence (Freitas, 2002).

Similar to the sectoral ministries, the civil service was also reorganised along these lines of each central ministry providing and controlling the personnel required to delivery that ministry's services. As a consequence a number of managerial positions previously established were redefined followed by recruitment or repositioning of some senior public servants to each department, and political appointments of cadres or associates either from outside or inside the public service willing to implement the government's reform agenda. A number of East Timorese graduates were placed as chief executives and in many other strategic positions in the public service.

At the local level, the structure of local level administration in East Timor under the Transitional Administration of the United Nations in East Timor (UNTAET), and up until the first constitutional government of East Timor essentially replicates that of the Indonesian system (CCA, 2000). There are 13 District Administrators with some staff

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covering the various sectors, such as agriculture, education, human rights, while a small number of staff cover the sub-districts within each District administration.

3.7 Structural And Institutional Challenges

The huge destruction of East Timor post-referendum along with the desire to apply good governance in post independent East Timor, have provided big challenges to the country's public management, inasmuch as it meant, that management structures and functions have to be adapted to new conditions and demands. If in the past these structures were "compatible" with their respective circumstances, nowadays they are not likely to continue to be so.

The fact that the size and shape of local government units no longer match modern realities also gives rise to other weaknesses. Small councils lack financial flexibility, and political clout. Besides their small span of control, the large number of hierarchies and councils, also add to administrative costs and duplications. Throughout the world, the trend is towards less government. Bearing in mind its geographic and demographic characteristics, as mentioned before, East Timor needs a relative simplistic system of democratic government, so that people can understand it, and have confidence and participate in it.

One of the fundamental principles of the Constitution of East Timor is decentralisation and local power (Constitution, 2002). Decentralisation is an important mechanism not only to try to decide on several issues at the level they are raised but also to ensure people's participation in the decision-making process. It involves the setting up of a local authority, which is empowered to take care of certain responsibilities entrusted to it by law, particularly the services which have the most direct impact on the population

well being, using its own resources or the resources that are given to them to be used according their own priorities and decisions.

From the perspective of service delivery it is imperative that effective consultative and delivery structures are in place to maximise the impact of rural development efforts and enhance the quality of the efforts being made by all development agencies – Government, donors, NGOs and community based organisations. This means that a strong and broad-based popularly accepted local governance structure is required to ensure that communities participate, are properly consulted and able to bring their needs to the attention of those able to assist. Therefore, there is a need for a system of government designed by people, to allow for more accommodation of their opinions and interests. Hence, it will not only bring the bureaucracy closer to the people to improve administration, but most critically, entails that political power be devolved to citizens, so that they participate in, and be responsible for, political decisions affecting their lives.

3.8 Summary

Governance in the context of East Timor entails the building of a new nation, redesigning the basic pillars of governance and their respective structures and roles, if the country is to be a democratic one. Apart from its basic political rules at national level, one of the most fundamental issues facing East Timor as it moves toward statehood is the configuration and redesign of its sub-national local governments to reflect the new situation. This is because local governments are an indispensable feature of any genuinely democratic system. For a country like East Timor the redesign of its local governments constitutes a critical focus of the search for viable socio-politico and economic arrangements. This would include the extent to which power is concentrated or dispersed among multiple actors at the center and local levels of government. Here, the recognition of the circumstances and needs of such a poor, struggling and emerging

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country is likely to be different from a more advanced developing country or a rich and mature democracy.

CHAPTER FOUR: MODEL OF AN EFFECTIVE AND DEMOCRATIC LOCAL GOVERNANCE IN EAST TIMOR. A THEORETICAL FRAMEWORK

4.1 Introduction

The first chapter provided the research purposes and questions. The previous three chapters reviewed existing literature related to the subject area of the research questions. Based on the findings of previous literature, these chapters provided foundations for this theoretical framework of this research.

This chapter discusses the development of the model analyzed in this study. The first two sections will explain the research general aims and research questions which form the basis of the research model. Then, the following sessions will be presenting the model of an effective and democratic local governance for East Timor followed by variable identification and definition and the exploration of research questions for the study.

4.2 Research Aims and Questions

Based on the discussions presented in the literature review in chapter two, some conclusions can be made. Firstly, most of the studies on local governance were conducted mainly within the context of developed and developing countries. Among these few studies a majority were conducted in developed countries such as European countries, North America and

other major developing ones. Relatively little attention has been paid so far to emerging countries undergoing political change with deep economic cleavages and a fragmented multiparty system such as East Timor.

Secondly, many studies in the context of developed and developing nations emphasized the concept of decentralisation in the sense of delegation or devolution of power to lower levels. However, particularly in developing countries, many were rarely sustainable because project designs failed to accurately gauge the capacity of local institutions to implement them. Hence, implementation depended upon continued inputs of external technical resources. Few studies have been found within the context of a centralization-decentralisation continuum, combining, linking and relating the two approaches.

Thirdly, each country is unique in its own history, culture, political and administrative systems and stage of development. Even though experiences and lessons in governance in other post-conflict countries can be shared, they are not often transferable (Page, 2000). Moreover, the models of local governance presented in the previous chapters have not been systematically studied from a cross-national perspective in East Timor. In the immediate aftermath of the crises of September 1999, East Timor faced essentially an institutional vacuum. Much of the work in institutional building requires the creation of new institutions from scratch. Under the United Nations Transitional Administration in East Timor for two year and the first constitutional government of East Timor after independence, the structure of local level administration was essentially replicated from that of Portuguese and particularly the Indonesian system. Decisions were still made centrally in Dili and District Administrations neither have a budget nor any significant authority. Questions such as "Does the old model set up by the Portuguese and further explored by the Indonesians, mainly to control people, fit with the new situation the emerging country is facing, or does a new model need to be put in place to meet the functional requirement of a effective local government in a democratic setting?" are yet to be addressed.

Fourthly, apart from the reality that very few studies have been conducted by researchers outside a country in transition such as East Timor, in the history of public administration, almost no such studies have included a participatory method to collect and make the views and perspectives of the citizens available to policy makers as part of their participation in shaping the political future of a country in transition.

Finally, the collapse of the old regime over the territory and the transition towards independence, present a window of opportunities for democratic governance reform including local governance. East Timor faces a pressing challenge of under-development and poverty that afflict the overwhelming majority of the population. The state, as well as the people, has a central role to play in dealing with these problems. The ability of the state to act is largely determined by its capacity to restructure and transform itself as an effective service provider which can meaningfully address the development challenges facing the country. Transformation stems from the need to address the profound inequalities inherited from the past, the need to meet the social and economic demands and the challenge of national and international opportunities presented by the present climate of change.

Based on the above conclusions, the aims of this study were to: (a) evaluate models of public management and local governance in different countries (b) identify the critical components of an effective and efficient system of local governance appropriate to the needs of the people of East Timor; (c) examine and debate the options for future local governance structures, roles and functions; and (d) determine the appropriate governance structures and processes for effective service delivery that could inform other developing countries.

As mentioned before, decentralisation and the empowerment of the sub-national levels of government are key building blocks to breaking down the centralistic approach of central governments to the regions particularly in countries in transition. This is intended to develop a more balanced relationship and distribution of power and influence between levels

of government. In some countries there is a close dialogue of equality between local and central governments, whereas in others, local government organizations have considerable difficulty in accessing central government decision makers. The post-modern construction of local governance places more emphasis on the role of citizens in the development of their countries including participating in the decision making process so as to make the public sector more accountable and responsive to the needs of the population.

Based on the general aims of this study, the following are the research questions which form the basis of this study. They are:

Firstly, does East Timor need a system of local government? This included investigation of whether or not the existing inherited structure of government is still relevant to East Timor, and whether financially the new country could afford it.

Secondly, what critical components of the system of local governance are appropriate for East Timor? This examined the options available for restructuring local governance of the new country, including which of the options would better serve the people, and what kind of local-central government relationships would be appropriate for East Timor.

Thirdly, what options for East Timor are there for establishing the role and functions of local government and how would local authorities be elected or appointed? This included how to position the traditional leadership of East Timor "the *Liurais*" in the political and administrative structural arrangements of local governance.

Fourthly, what are the options of service delivery mechanisms which would best serve the people of East Timor? This also investigated what services local authorities would be responsible for, and how would the system be implemented?

Fifth, to what extent are the lessons from East Timor relevant to other developing countries?

4.3 Theoretical Framework (Research Model)

A theoretical framework, as Sekaran (2000) described, is the foundation on which the entire research project is based. Its development is based on the literature survey after identifying the variables relevant to the problem situation. There are a variety of meanings and roles to explain the terms theoretical framework and model (see, for example, Punch, 1998; Dooley, 1995). Some researchers argued that a discussion of the role of models and theoretical framework in research was complicated because the concepts were sometimes used interchangeably (Dooley, 1995). While some see a model as a representation of relationships between and among concepts, others describe models as simulations (Sekaran, 2000).

In the context of decentralization, democratic local governance, in a general sense, is concerned with the set of structural arrangements, promoting an alignment of the management of the local government with the interests of the citizen and its stakeholders. However, in a number of developing countries, this could also be found within the context of centralization-decentralisation. To help configure the main characteristics of an appropriate local governance system for East Timor as an independent country, one has to take into account the political, social, economic and ethnic circumstances including the changing socio-political and geographic factors of a state and recognising the economic and structural constraints which dictate the development of an effective and democratic local government system.

From the literature review, the provision of service delivery to local people could be done in two ways. The first is through a decentralized system of service delivery, where decision-making is in the hands of the people exercised through a Council with elected representatives, and a local administrative unit to provide the service delivery and responsible to the Council. This model is called political system of local government. Secondly through a deconcentrated delivery of services where the central government sets

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up administrative units to provide the services but responsible to the central government. This system is called administrative system. Most democratic countries favor the decentralized system applying decentralized delivery of services especially for those services, which have the most direct impact for the population. The government, here is just one of the three main interacting actors in the process of governance acting as moderator/facilitator, aside from the civil society through their active participation including in the process of decision making, and the involvement of the private sector. In transitional or emerging countries, due to the lack of resources and skilled personnel, a deconcentrated system of service delivery (administrative system) is a common practice. Generally, the government in these situations, is the main actor while others may have a very marginal role.

There are a number of broad principles that an administrative system as such, must embrace including:

- There must be the resources available before a service system is established because from the outset of service delivery, there should be emphasis on achieving the highest possible quality of service provision.

- It is essential that elected or appointed local authorities determine the needs and problems faced by the communities and their citizens. In the provision of local services, they should be closely integrated with the national service delivery system.

- Service delivery at the local level has to be coordinated and integrated with other agencies such as churches and social welfare organisations, business, and industry

- Members of National Parliament, especially those representing citizens from each local authority system, must work closely with local authorities to ensure that the services and assistance that are needed locally from Government Departments and agencies are provided. Close integration of national and local services must be achieved.

- Citizens must communicate and work closely with elected and /or appointed local authority members to identify the priority services that need to be provided and report on their efficiency, effectiveness and quality.

- National Governments rarely have sufficient resources to give funding to the local authority to meet all local needs. Citizens and the local authority system must explore ways to raise local revenue, devise voluntary ways or seek NGO, business and industry assistance to carry out some of the additional work or services needed.

Local government is the system where the members who make up the local authority are elected by the public (in some emerging democracies they are appointed by the government) to carry out their specific roles. They have an important role to determine the needs of the community and convey those needs to government, and to business, industry and other groups. The local authority also has to pass information from a wide variety of sources to the community. This system, which is known as a political system of local government, embraces some basic principles including:

- It is preferable to have people elected to local authorities than appointed by governments as this is more open, free of bias or possible corruption, and is democratic.

- Citizens (and especially women) with the skills and knowledge and commitment should be encouraged to consider standing for positions. In some countries there are some specifications on gender balance for candidates.

- All citizens who are able to vote should elect their local authority representatives. The voting system must allow voters privacy in personal confidential voting without threat, bias, corruption or interference in the voting/election processes.

- Elected representatives and the organisation of local authorities must ensure that citizens have reasonable open access to their representatives to discuss community issues needs and problems.

- Where local authorities are appointed this should be done in an open fair way to avoid corruption, collusion and nepotism.

Based on these prepositions, in the current study, the theoretical framework aims to provide a schematic diagram of variables related to the discussions and the problem situation so that

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the research purposes can be achieved and research questions can be answered by using appropriate methods of analysis.

The model proposed in this research is based on an appropriate balance of deconcentration and decentralisation for an effective and efficient functioning of local government. Because of a lack of resources and skilled personnel, it may not be possible in the first five to ten years, after the independence of East Timor, to put in place the intended decentralised government structure. During that initial period, there may have to be a greater reliance on a deconcentrated public service delivery, which is organised from deconcentrated offices of the national departments in a few regional centres. As the level of resources and the availability of skilled personnel increases, a gradual transfer of authority from the deconcentrated offices of the central government to elected local authorities should take place. At the lowest level, which is the community level, this model proposes the setting up of local government councils for both municipal and rural community levels, with elected officials to represent the interest of the people, voice their needs and organize the participation of the citizens in the development of their own communities.

This study builds and expands the above model, particularly in the following respect. It focuses on four critical issues in relation to the situation of local governance in East Timor namely:

- Institutional design of an effective and democratic local governance structure.
- Deconcentration.
- Decentralisation.
- Mechanisms for effective and efficient service delivery for local people.

A clear distinction is made between the concepts studied as follows:

1) **The institutional design of effective and democratic local governance structure** is the process of redesigning the existing hierarchical, top-down and centralistic

administrative system towards a more simple structure comprising regional administrations providing basic service to the communities and the establishment of elected local governments in rural and urban areas to represent the interest of the communities and to provide more opportunity for participation in decision making at local level. The objective is to develop a system that operates in a more responsive, accountable, participatory, and increasingly in a more democratic manner.

2) **Deconcentration** is the redistribution of decision making and financial authority, including management responsibilities among different levels of the central government (Rondinelli, 1981). It refers to handing over some administrative or managerial responsibility to lower levels (in this case the regional administrations level) within line-ministries or agencies. It is the lowest degree of decentralization because decision making and planning remains at the central level. It normally applies that field staff have some discretion to adjust national plans and directives to local conditions. However, the degree of discretion may vary from one country to another and from one sector to another. In pure-deconcentrated systems, (which represents the administrative system described in section 2.2.1.2 in the literature review), the notion of local government, meaning a relative degree of local decision making and financial authority, does not exist as a discrete entity, because decisions are made at central level. In the case of East Timor, if deconcentration is implemented through regional administrations it can provide services to the people and strengthen the territorial administration of the state. As they are part of the central government, the regional administrators and officers should be empowered by the central government to make certain decisions on behalf of the central government. As a consequence, the regional administrators and officers would be accountable to the central government for the decisions they make.

3) **Decentralisation** involves the setting up of local authorities, which are empowered to take care of certain responsibilities entrusted to them by law. They are provided

with the necessary resources which are allocated to them by the central government for their activities. The local authority, within the limits of the mandate it has received from the central government, makes its own decisions, and is accountable for these to the people who have elected them. The focus of decentralisation here will be at the municipal and local community level. This model advocates the setting up of local government councils for both municipal and rural community levels, with elected officials to represent the interest of the people, voice their needs and organize the participation of the citizens in the development of their own communities. Decentralisation, which is also known as a political system, as described in session 2.2.1.1 in the literature review, gives the local governance system the opportunity to become increasingly democratic, in terms of citizen's participation in the process of decision making at the local level. Through decentralisation or selective devolution of powers local governments can gain authority, skills, resources and make responsive choices with citizen input.

- **The Regionalised System of Service Delivery** is the system that will provide local people with a range of essential services for their vital day to day living needs. Because of the economic and structural constraints and the unique set of circumstances in establishing a post-colonial regime in East Timor, government services are better to be provided by the national government through its regional administrations. This is also concerned with promoting an alignment of the management of the local government with the interest of the citizen and its stakeholders within the context of centralization-decentralisation continuum.

The theoretical framework identified complementary components of administrative and political systems. The study explored how the options of deconcentrated or decentralised systems (Figure 2) could apply in each system and contribute to a desirable framework for democratic local governance structure. The operational variables summarised in Table 7 described the elements of institutional design of local governance structure, deconcentration,

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decentralisation and the regionalised system of service delivery that are the focus of this study. The combined effects of the relationships between these variables describe the resulting community and local government structure.

Figure 2

Proposed Theoretical Model of an Effective and Democratic Local Governance in East Timor
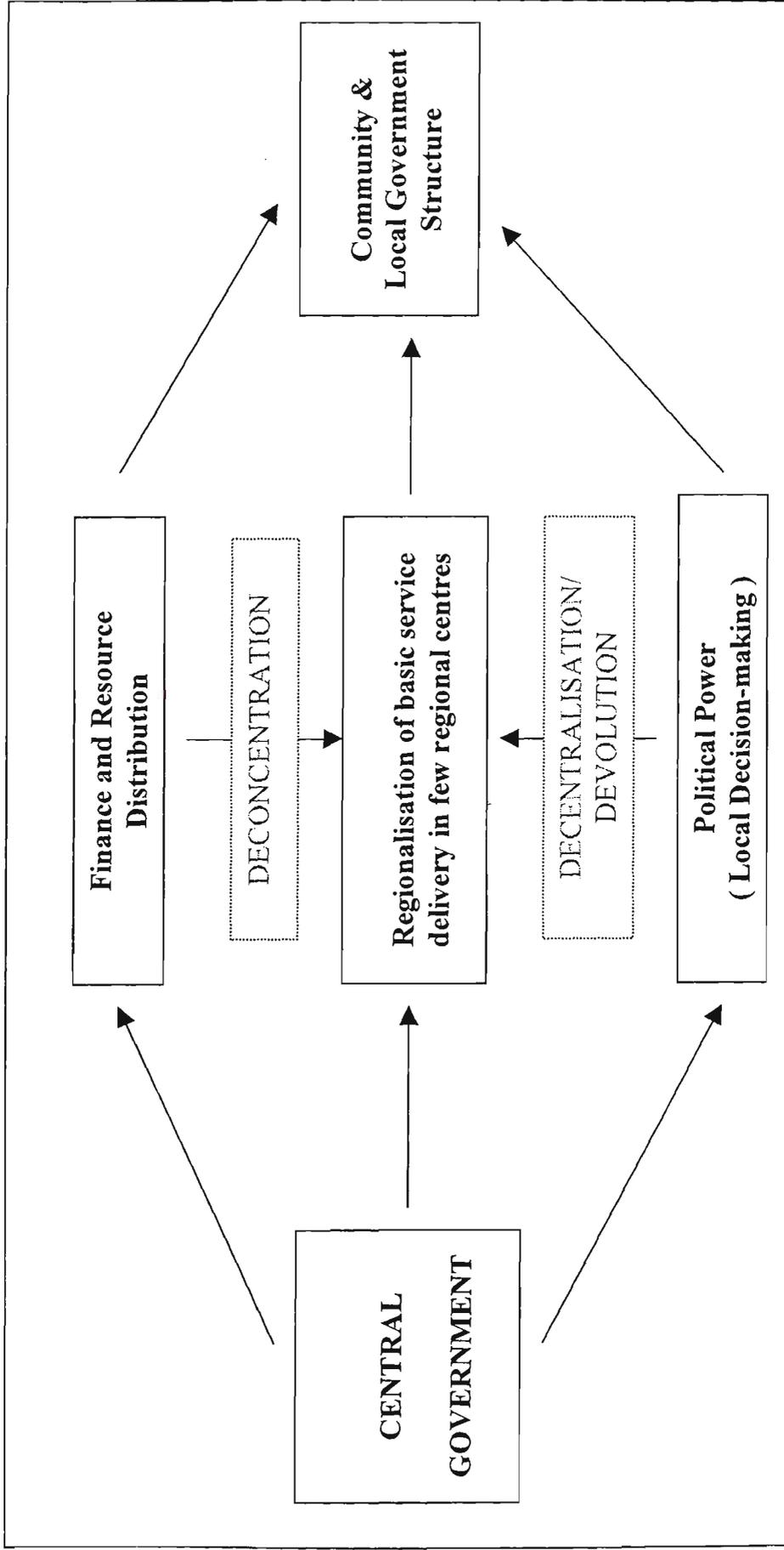
Table 7

Variable Identification and Definition

Variable Identification	Definition
Institutional design of effective and democratic local governance structure	- The redesign of the existing hierarchical and centralistic structure of government by amalgamating the small districts in a regional setting, and the sub-districts becoming community centres in order to make them stronger and more cost-effective. - The regional administrations to provide services to the people in the whole region. - Local government councils to represent the interest of the local communities and voice their needs, including organizing the participation of the citizens in the development of their own communities. - Set up regional municipalities/cities to facilitate the regionalisation process. - Revitalize the role of the traditional leaders as they still influential among the population.
Deconcentration	- Central Government need to set up deconcentrated offices in the administrative regions for services delivery to the communities. - The Central Government Ministries or Departments are to be responsible for policy formulation and coordination at national level while the executive agencies at the regional levels are to be responsible for the implementation of policies throughout the region. - Central Government need to allocate funds and resources to communities and their local governments. - The selection of staff, appraisals, skills, promotions, performance monitoring, contracts/appointments and other related matters to public services are managed centrally. - Regional Coordinating Bodies need to be created at the regional administration level to ensure good coordination between the national and local governments, and better regional development integration.

	▪ The regional Coordinating Bodies should be empowered by the central government to make decisions on behalf of the central government in the region.
Decentralisation	▪ Create Community Councils with elected representatives at local level (sub-district) as local political institution to take care of certain responsibilities entrusted to them by law, and to organize and articulate citizen's concerns in a constructive manner and bring these to bear on the formulation of local policy.
	▪ Elected local authorities provide opportunities for democratic participation of citizens in matters that affect them directly.
	▪ They would make effective representation of the needs for urban, as well as non-urban areas, and facilitate closer interaction between citizens and elected representatives at the National level.
	▪ They should have power to make their own decisions and are accountable primarily for their electorates at the local level.
	▪ They can draw together local citizens, community organizations and businesses into local planning and development.
	▪ National members of Parliament, especially those representing citizens from each local authority system should work closely with local authorities.
Regionalised System of Service Delivery	▪ Essential national departments (health, education, agriculture) will provide service delivery through their executive agencies at regional level for local people at Municipality level as well as in Rural Community areas in the region.
	▪ Local councils are to promote local development, lease with the regional providers for services to their communities.
	▪ Local Councils to be organizing the participation of the citizens and other potential stakeholders in solving the problems of their own communities.
	▪ The provision of these services will be more easily, progressively taken over by local governments when resources, capacity and conditions are suitable.

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4.4 Research Questions

The theoretical model for this study dictates the exploration of research questions as the following:

4.4.1 Institutional design of effective and democratic local governance structure

- Does East Timor need a system of local government?
- Is the existing inherited structure of local government still relevant to the new situation of East Timor as a country?
- What are the advantages and disadvantages of the existing structure of local government?
- Financially can East Timor afford to have a system of local government?
- What can be learnt from the experiences from other similar countries?

4.4.2 The critical components of the system of local governance

- What kind of structure of local government will best serve East Timor?
- What are the options available for restructuring local governance?
- Should we use the existing administrative structure as a model for our future local government system?
- Do we need to keep the existing districts and sub-districts as they are now?
- Do we need to create regional administrations?
- If East Timor is to create a new regional structure, should we create a new regional structure in between the central government and the existing district administrations?
- Which is preferable: amalgamating the contiguous districts into regional settings or adding new regional layer?
- Which of the options will best serve East Timor?

- What kind of local-central government relationship would be appropriate for East Timor?

- How would the principle of decentralization work in East Timor?

- What about deconcentration?

- How could central government channel funds and resources to local government?

4.4.3 The role and functions of local government

- What services should local authorities be responsible for?

- What are the requirements for local authorities to effectively perform their duties and responsibilities?

- Should local government authorities be elected or appointed and how?

- Should they be full time paid elected members or on part time basis?

- Should traditional leaders be incorporated in the structure of local governance?

- If so, how?

4.4.4 System of service delivery

- What are the options of service delivery mechanisms which would best serve the people of East Timor?

- Which is the best administrative organization to coordinate and manage service delivery to the people at the grass root level?

- What are the mechanisms to integrate all development endeavours at national and local levels?

- What should be done at the initial stage where East Timor suffers lack of resources and skilled personnel?

- What organizational/structural options might be available to government that can improve the coordination of development efforts?

- How can deconcentrated and decentralized organizations work together to improve the delivery of services.

- How can urban and non-urban areas work together to improve services and grow?

- How would deconcentrated offices of the essential service delivery departments be coordinated for the provision of services?

- How can development agencies, government and rural communities work together to maximize the value of assistance provided?

4.5 Summary

The importance of studying new conceptual models of governance and public management is elucidated at the beginning based on theoretical grounds and empirical findings from the previous studies particularly in developing countries. Then, after identifying and defining the constructs in the model, a conceptual framework for this study is developed. A number of research questions are discussed and proposed. Finally, the expected theoretical and practical contributions of the study are presented. The next chapter will describe the research design, methodology, and methods of analysis of the data employed in the present study.

CHAPTER FIVE: METHODOLOGY & RESEARCH DESIGN

5.1 Introduction

As mentioned in Chapter one a major purpose of this study was to provide an understanding of the perceptions of the East Timorese regarding the desired local governance model for East Timor in its new context as an independent state. For this purpose, a theoretical framework for this research was developed in the previous Chapter.

This chapter describes the methodology used to collect and analyse the research data that led to answering the research questions. The chapter is organized into six major sections. The first section aims to justify the participatory research methodology employed in this study, while the second section provides information about the design of this research and data collection. These procedures included: a) literature search, b) formation of a Local Governance Think Tank, c) Focus groups, d) workshops and public forums, and e) interviews. This is followed by the description of data indexing and analysis procedures. The last part of this Chapter discusses the ethical issues of this study.

5.2 Justification for the Methodology

Social science research, as Punch (1998) pointed out, is a political process. Like other things people do, social research is a human construction, framed and presented within a particular set of discourses (and some times ideologies) and conducted in a social context with certain

sorts of social arrangements. Both the substantive concepts and the methodology used are ways of describing the social world for particular purposes.

In conducting research in a social or behavioural science area, two traditional approaches frequently used are: Positivist Approach with quantitative methods and Naturalistic (Post-Positivist) Approach with qualitative methods (Bryman, 1988; Heron and Reason, 2001; Locke, Silverman, and Spirduso, 1998). Unlike quantitative research which is based on testing a theory consisting of variables, measured with numbers and analysed using statistical procedures (Creswell, 1994; Punch, 1998), qualitative research is an interpretative approach (Hedrick, 1994) viewed as an empirical strategy for answering questions about how people make sense of their lives, experiences, and their structures of the world (Creswell, 1994). In qualitative research, significant attention is paid to the research assumptions and the subjective views of respondents because the collective thinking and actions of people, as believed by qualitative researchers, have their own meaning which can be made intelligible (Merriam, 1988). The role of researchers, in this approach, is likely to be as a "primary instrument" for data collection and analysis (Creswell, 1994). That is, research data are often mediated through human instruments (researchers) rather than through questionnaires or machines. Hence, researchers in qualitative studies are expected to interact with their respondents through such methods.

Three types of research methods can be distinguished: exploratory, descriptive, and explanatory. The exploratory case study builds theory, and therefore suits situations where the problem to be solved is broad and/or vague and where there is an inadequate theoretical basis. The descriptive approach produces a rich description of a phenomenon in its context. An explanatory case approach is suited to situations where cause-effect explanations are sought (Punch, 1998). In this study, a participatory research approach was used through a partnership between researcher and the people under study.

5.3 Participatory Research

In this study, both researcher and participants are actors in the investigative process, influencing the flow, interpreting the content, and sharing options for action (Sohng, 1995). According to Sohng (1995), this collaborative process of research is empowering people because it (i) brings isolated people together around common problems and needs; (ii) validates their experiences as the foundation for understanding and critical reflection; (iii) presents the knowledge and experiences of the researchers as additional information upon which to critically reflect; (iv) contextualises what have previously felt like individual or personal problems or weaknesses, and (v) links such personal experiences to political realities (Heron, 1996; Sohng, 1995).

As this study was an action-driven research, trying to develop a system of local governance for East Timor, the researcher solicited help from key individual opinion leaders through a Think Tank of Local Governance specifically set up for the study as a collaborating organization. The findings of the Think Tank were tested in a number of focus group research, workshops and public forums and lastly through in-depth interviews. By incorporating into the research process the three key attributes of participatory research: shared ownership, community-based learning and orientation towards community action (Heron, 1996; Maclure and Bassey, 1991), it is expected that the results of this research activity is living knowledge that will generate a new theory or model of local governance suitable to East Timor, which ideally will induce the participants to apply what they have learned.

5.3.1 The Local Governance Think Tank

The study began with the formation of a Local Governance Think Tank established under the auspices of the Cabinet Member for Internal Administration of the East Timor Transitional Administration with financial support from the Asian Development Bank (ADB). As a collaborating organization in this research, the main purpose of the Think Tank was to discuss and explore issues concerning local governance including possible government structures and to seek public opinion on these issues. Preparations for the setting up of the Think Tank started in December 2000, which included identification of potential members and resources needed for the research. As 'statistical representativeness' was not the aim of this study, a purposive sampling was employed in order to encompass diversity and compose a structured rather than random sample, guided by the particular research questions, which were to be addressed. From 12 organisations invited to participate in the Think tank, 11 responded by sending their respective representatives. Only one organization did send its representative to the first meeting but then withdrew afterwards alleging that the Think tank was just another waste of time and resources. The members of the Local Government Think Tank were 16 people drawn from the former CNRT (Timorese National Resistance Council), representatives of key political organizations, professionals, university-based people, local government officials and civil society organizations (including women and youth organizations) a representative from the NGO Forum in East Timor and a representative from the organization of ex-political prisoners. The membership of the Think Tank was constructed in such a way that it would be publicly acceptable and was a fair and equitable representation of interest groups in East Timor.

The inaugural meeting took place at the ADB's office on 16 January 2001 chaired by the then Cabinet Member for Internal Administration Ms. Ana Pessoa. In opening the first discussion forum, the Minister indicated the need to: study and research different democratic governance models; make recommendations on models suited to East Timor; identify the key characteristics of good local governance; and provide timely advice bearing in mind the

transitional timetable for decision making. The main purposes behind the creation of the Think tank was to create a discussion forum to assist decision makers to:

- Identify the critical components of an effective and efficient system of local governance appropriate to the needs of the people of East Timor; and
- Examine and debate the options for future local governance structures.

In this research, the members of the Think Tank were actively involved in terms of framing questions for discussion and raising the level of understanding and awareness of the members about local governance issues. The Asian Development Bank, as the sponsor of the research, provided two international local government experts to assist the Think Tank, along with two special advisors, one from the Ministry of Internal Administration and the other from the CNRT (National Council of Timorese Resistance). Up to June 2001, fifteen sessions were conducted with the members of the Think Tank meeting on every Saturday. The researcher acted as the groups' facilitator/moderator in all sessions with the help of an assistant moderator. The participants discussed their views of topics developed by the researcher with the assistance of relevant Think Tank members.

The Local Governance Think Tank participated in co-generative dialogue and interactive processes for mutual learning with the final aim of exploring a set of issues related to the topics discussed, including people's opinions, wishes and concerns. Hence the use of this method in this study was relevant to: a) establish the overall framework and characteristics of the future local governance of East Timor, including the institutional settings to what it applies and processes, b) identify and describe the major attributes that people want to have in the future, and c) plan the required implementation.

Based upon the participatory process the participants developed ideas on local governance from the current reality and extrapolated to the future desired state of a democratic local governance in East Timor. It was expected that through this interpretative approach, the following issues were to be revealed: a) a range of views about local governance, including the processes by which participants could think about related issues, or arrive at particular

opinions, b) the linkages between the topic and other issues, c) items of topical importance, or issues that were likely to attract and catch participants' interests and attention, and d) the characteristics or attributes of models of local governance that participants use in forming opinions and making choices.

From the outset, the Think Tank realised that East Timor was in a period of great change and political uncertainty, and therefore, it would be important to publicly discuss and identify some local governance models, before the commencement of the work of the first elected Constitutional Assembly and the formation of the new National Government. Data collected from the Think Tank comprised answers to the critical questions identified by the Think Tank, questions that any government or political party would have to discuss before they could consider the issue of the establishment of a system of local government in the territory. The questions were: a) Does East Timor need a system of local governance? This included investigation of whether or not the country could afford it, to what extent the existing structure still relevant to East Timor, and what can be learnt from the experiences of other countries with similar experience of post-colonial situation. b) In terms of local governance institutional design what critical components of the system of sub-national government structure are appropriate for East Timor? This included what options are available. c) What should be the roles and functions of local government and how to position the traditional leadership of East Timor "the *Liurais*" in the political and administrative structural arrangements of local governance? d) What are the options of service delivery mechanisms which best serve the people of East Timor, and how would the system be implemented.

5.3.2 Investigative visit to the Philippines

In late April 2001, 12 people from the Think Tank participated in a two weeks visit to the Philippines to investigate the local government system in that country. The focus of the study tour was to assess the Philippine's experience after ten years of implementing a comprehensive program of democratic, decentralised local government. A Local Government Code was introduced in the Philippines ten years ago in an effort to eliminate the corruption and inefficiency that had become widespread under the rule of Marcos and the martial law which he introduced.

In the Philippines, the group visited the Local Government Academy which is the policy analysis centre and the source of almost all local government policies, and other related entities. They were also involved in discussions with the central, provincial and local government representatives in Manila. The group there undertook field visits. It was later divided into two teams. One visited the Province of Nuevo Viscaya in the North while the other visited Bukidnon in the South, where they gained much knowledge about the critical issues related to the establishment and functioning of a system of local government. Workshops were also held with government officials and academics to better understand how relevant the Philippines' experience was related to future options for Timor Lorosae. Each of the tour participants was a member of one of three task forces of the Think tank who sought answers to a series of questions that had been prepared before. The three groups covered: Good Governance and Public Management, Administrative Structures, and Financing Systems. The findings of the task forces were widely used to promote public discussion on future local government options for East Timor.

5.3.3 Focus Group Research

Focus groups are a powerful research tool that can provide future direction for decision-making (Kruerger, 1998). Focus groups bring people into a environment where they share opinions candidly in their own words, making them ideal for identifying key issues and concerns, people's perceptions, exploring feelings on sensitive issues and characteristics of any thing in question. It is so popular today, especially in business and marketing (Malhotra, 1999), that many research agencies consider it to be a powerful exploratory research tools, provided that it well managed to avoid the domination by a few members. Zikmund (1997), described the focus group interview as an unstructured, free-flowing interview with a small group of people. It is not a rigidly constructed question-and-answer session, but a flexible format that encourages discussion of a number of issues. As a form of qualitative research, focus groups are basically group interviews, in which the response to the researcher's questions could come from anyone in the group and not necessarily just from one participants. This relies on interaction within the group, based on topics that are supplied by the researcher, who typically takes the role of a moderator. The fundamental data that focus groups produce are transcripts of the group discussions.

According to Morgan (1988), focus groups are useful for:

- Orienting oneself to a new field;
- Generating hypothesis based on informants' insights;
- Evaluating different research sites or study populations;
- Developing interview schedules and questionnaires;
- Getting participants' interpretations of results from earlier studies.

Usually the group consists of an interviewer or moderator and no more than a dozen participants who discuss a single or a number of topics. As Zikmund (1997) pointed out, focus groups are often used for concept screening and refinement. The concept may be continually modified, refined, and retested until the stage where the concept is accepted.

As an aim of this study was to develop a model of local governance for East Timor, the findings of the Think Tank were tested with focus group discussions with the hope that key issues and concerns of local governance in East Timor will be identified and at the same time alternative directions for future decision-making proposed.

As the Think Tank sought public opinion on their findings, the researcher held a number of focus groups across East Timor including conducting a number of public meetings as a means of dissemination of ideas and gathering further inputs from the public. Six focus group discussions with 75 people were conducted in total with two sessions held in the main urban centre of Dili, the other three in three main regions in the east, south and west districts of the East Timor, and the last one was in the isolated enclave of Oecussi. In the table 8 below the list of the participants is presented and their groupings based the selection criteria. The aim was to ensure that a substantial cross-section of society were included, from the educated elite in Dili represented by school teachers and University students, to those with only a rudimentary formal education living in remote rural communities. During the focus group discussions a number of participants walked up to three hours in the wet season to take part. Others used public transport to travel significant distances to join the focus groups. This means that the views of the many living in the remote and isolated communities are accounted for and included in this research. Participating in one of the Dili meetings were all District Administrators (DA) and Deputy District Administrator (DDAs) and representatives of the then Ministry of Internal Administration. This was to ensure two things: that the participants in fact are drawn from and representing a variety of organizations, and that the sample was geographically more dispersed.

Table 8 : Characteristics of Focus Groups Participants

Site:	Dili1	Dili2	Baucau	Same	Maliana	Oecussi	Total
Characteristics:							
Total Participants	12	12	12	12	12	12	72
Demographics							
Female	5	4	3	4	3	2	21
Male	7	8	9	8	9	10	51
Selection Criteria							
Rural-based Participants	1	3	8	9	8	10	39
Urban-based Participants	11	11	5	3	4	1	33
Older People	2	1	2	3	2	3	13
Politicians / Public Servants (including District Administrators)	5	9	3	3	5	3	28
Women/Youth and NGO Representatives	3	4	3	2	3	3	18
University Graduate	2	9	2	1	1	1	16

The researcher used a semi-structured interview schedule in all focus groups. The members of each focus groups comprised 12 people from varied government officials, district and sub-district administrators, including villages and traditional leaders and community organizations. The selection process was done through the help of the district administrators and community leaders. Each focus group session ran about two to three hours and was audio-taped. The researcher acted as the facilitator for the groups and led the discussions. The need for flexibility to explore responses and to avoid irrelevant topics to the purpose of focus group context led to the choice of a semi-structured format of questions, so as to allow the researcher to retain control, direct and further develop more specific questions. Three focus groups looked specifically at the different models of local governance identified by the Think Tank while the other one specifically addressed the preferred service delivery

mechanisms for rural communities. This asked what should be done, where it should be done, and by whom.

After the focus group sessions were held, the results were summarised in note form. From these notes, the attributes and characteristics of local governance that were suggested in the sessions were categorised into several key attributes. As well, the taped material was analysed in order to establish any interdependencies or inter-relationships that existed between these key attributes. Based on the Think Tank and the focus groups findings, models of democratic local governance in East Timor were developed.

5.3.4 Workshops and Public Meeting

The researcher went further presenting these findings in two workshops and one seminar including a public meeting (public dialogue). At the end the researcher presented all of the findings to the Thematic Group on State Powers and Governance, a Commission of the Constituent Assembly entrusted to draft the Constitution of the new country.

The two workshops were conducted in Dili respectively with 63, and 85 participants where representatives from the Districts also took part. The seminar was held at the National University attended by students and staff including other invitees. The objectives of these forums were for obtaining comments and suggestions from a wide cross section of people including feedbacks from academics.

A four hours public dialogue was organized with 450 attendants mainly representatives from all sub-districts and villages of East Timor in Ermera in September 2001. The public meeting was organized by the World Bank to evaluate its sponsored program of Community Empowerment Project (CEP).

The recommendation received from the above sources fall into two categories – those that can be incorporated in the finalized policy paper and those that need to be considered at the time of implementation of the restructuring process. The paper in its final shape was circulated and formally presented to the 88 members of Constituent Assembly of East Timor which was widely broadcasted through the National TV and Radio UNTAET to the whole country.

Lastly on October, 23rd 2001, the researcher presented the findings of the research to the Thematic Group on State Powers and governance of the Constituent Assembly which was in charge of drafting the Constitution of the new Country.

5.3.5 In-depth interviews

Focus groups typically rely on discussion group interviews in a group context. However, for the participation of the government officials, parliamentarians and other prominent figures personal in-depth-interviews were used as an opportunity for post-focus group verification, and to sound out alternative opinions and thoughts on the topic. Therefore, as mentioned in the introduction to this Chapter, this study also employed a post focus group in-depth interview technique which was conducted in January 2002. It involved 19 politicians including public servants, academics, leaders from the former CNRT, leaders of the Church, community leaders and from the private sector for confirmation and amplification of early findings.

The structure of interviews was flexible and restrictions were minimal as the main interest here was to generate ideas and insights on the topic. The researcher compared and contrasted the findings of the focus groups with those from the interviewees. An interview guide was used to guide the interviews. The guide consisted of three sections: introduction, general

information and key research questions. The introduction section consisted of brief descriptions of the purpose of the study, how data would be used, details of confidentiality, a conservative estimate of how long the interview would take, and a request for permission to use a tape recorder during the interview.

The general information section consisted of questions related to general information about the respondent and his or her involvement in local government issues in the past. As in the case of focus group interviews, the key research questions covered five research points: the institutional design of local government including local government structure, local representatives, relationship between different spheres of government namely local government versus, regional and national governments, the system of service delivery, and the role of the local traditional leaders. In addition to that, a transition statement was used between each research point in order to give respondents a sense of where the interview was headed and make it easier to understand the questions when they were asked. This questionnaire structure was not rigid. Some questions were changed during the interview and additional questions asked where necessary.

5.4 Summary of Research Design and Data Collection

A research design is predominantly a plan for the researcher to follow in that the activities undertaken are organised and followed consistently leading to a focussed collection and analysis of data or from a set of questions to a set of conclusions. Several systematic steps were taken to pursue this study as presented in the model of participatory research in Figure 3.

Figure 3. A Model of Participatory Research on Local Governance

in East Timor.

The Researcher **Literature Review &** **Theory Based Framework**		Individual/Organisation Opinion Leaders **Fragmented Ideas**

Participating in the Local Governance
Think Tank

Co-generative Dialogue for Mutual
Learning

NEW SHARED FRAMEWORK OF
LOCAL GOVERNMENT
Tested Through

Focus Groups	Workshops and Public Meetings	In-depth Interviews

NEW THEORY: A Model of Local
Governance
for East Timor

The steps, as indicated in Figure 3, were:

5.4.7 A Think Tank on Local Governance, with 16 members recruited from a wide range of organizations, was set up to identify and explore issues concerning local governance including to examine ideas on local governance institutions and structures that can be transplanted and also to see how well they worked elsewhere, what adaptations are needed to ensure that they transfer successfully to East Timor. The Think Tank was involved in planning, recruiting, and conducting focus groups discussions, workshops and public meetings. A number of critical questions were used to stimulate discussions. The meetings of the Think Tank lasted two to three hours every Saturday starting from January to June 2002. This included an investigative visit of two weeks to the Philippines sponsored by the Asian Development Bank in its early meetings.

5.4.8 The findings of the Think Tank were tested through six focus groups discussions organized in four different parts of the country involving 75 people. The focus groups were conducted to reflect a cross-section of East Timorese society. The researcher acted as the facilitator to all sessions assisted by an assistant researcher. The need for flexibility to explore responses and avoid irrelevant topics to the purpose of focus group context led to the choice of semi-structured format of questions, so as to allow the researcher retain control, direct and further developing more specific questions.

5.4.3 Two workshops were also conducted for testing the findings of the Think Tank, respectively with 63 and 45 participants, including representatives from the Districts and the National University students and staff with the objectives for obtaining comments and suggestions from a wide cross section of people including feedbacks from academics.

5.4.9   The new shared framework of Local Governance from the Think Tank   was presented and tested in a public dialogue for four hours attended by some 450 attendants mainly representatives from all sub-districts and villages of East Timor in Ermera in September 2001. The public meeting was organized by the World Bank to evaluate its sponsored program of Community Empowerment Project (CEP).

5.4.5   The recommendation received from the above sources fall into two categories – those that can be incorporated in the finalized policy paper and those that need to be considered at the time of implementation of the restructuring process. The paper, (Local authorities, do we need them? Six critical questions, 2001), in its final shape was circulated and formally presented to the 88 members of Constituent Assembly of East Timor which was widely broadcasted through the National TV and Radio UNTAET to the whole country.

5.4.6   In-depth interviews with 19 politicians and experts, which was conducted in January 2002 for confirmation and amplification of early findings.

5.4.7   All data were recorded for the purpose of analysis.

5.4.8   The findings of the study contribute to a new general theory or model desirable in the East Timor context and, as the study is also to stimulate community action, it is expected that these findings also will encourage the participants to apply what they have learned.

5.5 Data Treatment

Documentary material used in this investigation was of two types. Firstly, the material used in preparing the background to the case study presented in the previous Chapters was typically contained in format documents intended for an audience either internal to the source organization or the general public. This included annual reports and news letters as well as books and journal articles related to the topics discussed. Secondly, the materials gathered in support of the interviews and group discussions were typically intended to inform a broad range of local governance issues relevant to the context of East Timor.

Three further data collection methods were employed in this research. They were: data recording, transcripts and observation.

The data stream began with field notes and recordings taken during the focus groups, continued with the oral summary (verification) of key points during the focus group, went into the debriefing with the researcher and the assistant moderator immediately following the focus groups, and also included the tape-recording of both focus groups plus additional interview transcripts.

5.5.1 Data recording

The early interviews were recorded manually because it was believed that this had two advantages over electrically recorded interviews. Firstly, sensitive material may not be forthcoming if the interviewee knew that there was 'hard' evidence of their responses. Secondly, the researcher liked to 'flick back' over the interview to draw points for later discussions. This was considered to be particularly important to take advantage of the recursive element in the in-depth interview style. However, it was subsequently decided that

these advantages were at the expense of details not recorded during rapid discussions. Attempts to slow the discussion were either unsuccessful or else disrupted the conversation. Therefore, the great majority of data were recorded on a small unobtrusive cassette recorder, with the consent of the members of the focus group. With tape-based analysis the researcher listened to the tape, prepared an abridged transcript and consulted field notes, debriefing discussion, and oral summary statements. A brief summary, often with a bulleted format was prepared for each focus group. Hand annotation was made in support of these recordings. The cassette was turned off at the interviewee's request when the material was considered by them to be unduly sensitive. Reluctance to contribute sensitive information was overcome by reassuring the interviewee of confidentiality and their right to preview the findings. An advantage of the conversational style and semi-structured format was that if the interviewee avoided issues early on, they could be re-addressed later when the interviewee had 'warmed'.

Note-Based Analysis and Memory-Based Analysis were also used for recording data. The first involved the moderator in preparing a brief report based on the field notes, debriefing discussion, and oral summary statements offered in the focus group. The advantages of memory-based analysis are in the immediacy and speed with which it can be provided. These sessions are equivalent to a debriefing session between the moderator and assistant moderator following the focus group.

5.5.2 Transcripts

The data from group interviews are the transcripts of the group's interaction and dialogue. In this study transcription was the main data gathering technique. Transcription was also difficult at times when members interrupted each other or when more than one person spoke at the same time. In planning the use of focus groups specific practical issues were also considered such as the advantage of the inclusion of a set of a semi-structured questions. It is becoming increasingly common today to see focus groups used in conjunction with surveys, sometimes to assist in developing questionnaires, and sometimes used after survey to 'flesh out' views and information on topics surveyed. This was also the case in this study in which a subsequent in depth-interview was taken place mainly to 'flesh out' views and information on topics discussed.

Focus groups provide rich, complex and extensive data sets. Careful transcript was taken to retain the richness of the data while ensuring that the great mass of data generated were systematically analysed. Adequate time has been allocated to transcribe each focus group. The researcher then carefully examined all the evidence, including transcripts, field notes, debriefing discussion, and oral summary statements, as well as the audio-recordings.

Care was also taken in scheduling the focus groups. The moderator's notes were sketchy at best. On the other hand, the assistant moderator was able to devote full attention to capturing both what was said and the environmental factors that shed additional light on the discussion. Immediately after the focus group, the moderator team conducted a debriefing conducted by the researcher and the assistant including members of the Think Tank, which also were recorded electronically. The moderator and assistant shared their perceptions of critical points and notable quotes that emerged from the focus group.

5.6 Data Analysis

Two components of the research process complement each other to ensure that the finished product is adequate participative research. The first is the collection of adequate and appropriate data through analytical induction, and the second is creativity in data analysis (Morse and Peggy, 1995).

5.6.1 Analytic Induction

As mentioned before, this study used a participatory research to find a suitable model of local governance for East Timor, and therefore, a Local Governance Think Tank was set up as the collaborating organization where the relevant research issues were discussed. The findings of the Think Tank focus were then tested in a number of focus group discussions, combined with workshops and public forums and lastly interview techniques to suit the research purpose. In probing or exploring issues during the discussions and deliberations of the Think Tank, the focus groups, workshops and public forums and in-depth-interview techniques, qualitative inductive data collection methods also seemed appropriate for this investigation because they allowed both the researcher and the respondents to flag the important issues and direct the research project (Eisenhardt, 1989, Marshall & Rossman, 1989). The two most common techniques associated with theory generation and building are grounded theory and analytic induction (Manning, 1982).

Grounded theory is grounded in and generated inductively from data only. This means that a researcher using grounded theory builds theory, which is grounded in data. The theory is not seen as separate from data, but as mutually informing and testing one another. Analytic induction, on the other hand, is similar in that data are used to build theory, but differs in that the starting point is usually an existing theory, or parts of a theory (Dey, 1999; Strauss, Anselm and Corbin, 1999).

In this investigation, the primary concern was developing a model of local governance taken from the literature review which explained the relationships between the choice of a political system of local government, its institutional design, the decentralisation versus deconcentration approaches and the system of service delivery. Therefore, an analytic induction technique was employed drawn from the paths taken by other countries particularly the post-colonial states contained in the literature review, combined with data collection from the ground to build theory to be relevant to the unique set of circumstances of East Timor in establishing a post-colonial regime. In other words, although the conclusions are grounded in the data, they are also informed by previous theory.

To ensure that results were authentic the following steps of data analysis were used. The first is the sequencing of questions to allow maximum insight. This was a systematic process to allow participants to become familiar with the topic, giving each individual a chance to recollect personal opinions and listen to opinions of others. This was then followed by key questions relating to the core topic of interest and later followed by final summary questions for each participant. The second step was the process of capturing and handling data. Most of the discussions were tape-recorded with additional notes taken by the assistant moderator, in order to help the researcher to reconstruct critical parts of the discussions.

5.6.2 Coding and Analysis

The other step was the coding of data. As the researcher came across an idea or phenomenon, a label was attached. When the idea or phenomenon reappeared, the label was once again attached. This process consisted of codes placed in the margin of the transcripts. Later, the researcher could selectively retrieve and review information pertaining to certain codes, or related actions. This information was then reassembled differently from the original version. This process, which is called axial coding (Barbour and Kitzinger 1999),

allowed the researcher to fracture the data and to reassemble them in new ways. The fourth step was participant verification. This step ensured that the researcher had adequately understood the intent of participants. This step occurred in several ways, including providing opportunity for all participants to summarise their thoughts and feelings, the chance to respond to the assistant moderator's summary of key points while still in the focus group, or a post-focus group verification of the written report. The fifth step was the debriefing between moderator and assistant moderator, which used to occur immediately after the focus group interview. This debriefing captured the first impressions and highlights, and then contrasted the findings with those from earlier focus groups.

The coding scheme was entered on NUD*IST (Richards and Richard, 1997), a software package that enhances the understanding of qualitative data by facilitating the classification of the data and by enabling links between these classifications to be investigated. It also facilitated the search for patterns in the data. The transcripts from the interviews were coded onto NUD*IST. This means that each unit of text in the transcripts was classified and recorded at the relevant nodes in the coding scheme. This process involved interactive reading and re-reading of the transcripts to identify the meaning of each text and to determine how that meaning related to the coding scheme. Each text unit was coded to all relevant nodes. Some units were coded to up to fifteen nodes. The complexity of this classification reflects the tendency of the respondents to link concepts in a way that indicates their interdependence.

The decision to use NUD*IST program for the analysis of the study was based on the quantity of data collected, which made it impossible to store sufficient detail mentally to make linkages and find patterns. The great strength of NUD*IST was that it facilitates the investigation of linkages suggested by reading. A disadvantage of using NUD*IST was that it produces vast amount of output that then must be reduced. The reduction of the outputs was undertaken with great care to prevent the introduction of bias and emphasise the major themes and important arguments. The linkages and patterns were either indicated by the theory (such as links between institutional design of the local government and the political

system) or by the data (such as the link between the decentralisation or deconcentration of government and the provision of service delivery). The links and patterns emanating from the data were identified by repeatedly reading the transcripts and the output from the classification. The search for patterns, themes and categories required judgement about what was significant and what was not. When a relationship between concepts had been tentatively inferred, the data in the original transcripts were reconsidered to understand the context and so accept the plausibility of the interference, or reject it.

5.7 Ethical Considerations

There were two main ethical considerations in this investigation. The first related to the reliability of the data being collected and how objectively it was analysed, and the second concerned privacy and confidentiality mattes.

Confidentiality was a concern because some respondents disclosed materials that they considered to be sensitive. It was therefore essential to protect the identification of the respondents, particularly in cases where it would be possible to identify the respondent by their comments, as is often the case with dimensional sampling. Frank disclosures were encouraged by the promise that any relevant written material would be available for review before publication. The power of veto on these issues remained with the interviewee. In other cases, interviewees offered response on the understanding that they would not be published nor used in the thesis. They were offered in order to provide an insight into the internal politics of the organization. These materials have been kept and the materials for this thesis approved by participants of this research. One of the main ethical consideration with respect to focus group investigation, relates to how actively or passively the researcher may have influenced the data being collected, as this was an interactive process, and the appropriateness of data analysis procedure used. In short, it was argued that the data

collection and analysis techniques adopted in this investigation were set up following several systematic steps in the focus group discussions to ensure that the results are authentic and that the findings could be reproduced by another researcher using the same case and procedures.

The second ethical issue of privacy and confidentiality was important to this research because the data being collected were obtained from: a) focus group interactive discussions and b) personal in-depth interviews.

Unlike interviewees, focus groups participants cannot be given an absolute guarantee that confidences shared in the group will be respected; the temptation to 'gossip' may be strong in participants who are part of the same social network. Some even voiced opinions that were upsetting to other participants. Potential conflicts were avoided through attempting to set ground rules prior to the group, and through debriefing and supplying literature after the group. Sometimes during the course of the session the moderator had to intervene if necessary to avoid misunderstandings over non comfortable remarks from some members of the group, and creating a good relationship not just among the participants but establishing the 'researcher-researched' relationship.

As to in-depth interviews, individual names were not mentioned in this thesis. The positions each interviewee held in their respective organizations are included, but they are reported in such a way as to protect the anonymity of the connection between the person and the organization. Each of these conditions was explained to each interviewee in a prescribed consent form (a requirement of the Victoria University Human Research Ethics Committee as attached in Appendix), which was signed by each of the interviewees prior to the interviews being conducted. Each interviewee was also asked prior to each interview for permission to audio-tape the interview. Of the 19, four of them declined to be audiotaped.

Access to the audio-tapes and interview transcripts is limited to the researcher and his supervisor. Proper physical security of the consent forms, audio-tapes, typed transcripts and

written responses were adhered to. The researcher also provided the interviewee with copies of the typed transcripts, if so requested.

5.8 Summary

This chapter has detailed the method that was chosen for the investigation of this topic. The co-operative inquiry through the formation of the Think Tank on Local Governance and the exploratory focus group method were chosen as the most suited to the nature of the issues to be investigated, and to the purpose of the study. The issues to be investigated were by nature explorative, interactive and contextually important. There are three key elements of the selected method, it is co-operative inquiry with a group of co-researchers who in the same time were co-subjects of the study conducted in a interactive way for mutual learning, followed by focus group research and in-depth interviews to test the new shared framework of the inquiry. No other method would have produced the desired amount of description of the nature and process of the content of the study. The techniques for data collection through a combination of co-operative inquiry action research, focus group and in-depth interviews and analysis were chosen in order to capture the maximum amount and variety of relevant data, and to analyse it rigorously, by comparing and contrasting the results with established theory in local governance to produce trustworthy and compelling findings that would add the understanding of the context of the study. These findings are summarised in the next three chapters.

CHAPTER SIX: RESEARCH RESULTS

6.1 Introduction

The previous chapters provided information on the purpose of the research, relevant literature, the context of the study, theoretical framework, and the methodology used in this investigation. This chapter presents the patterns of research results provided by the analysis of the discussions of the local government Think Tank discussion group, the focus groups, the public forums, and in-depth interviews with respondents undertaken during the fieldwork.

As mentioned in the previous chapter, the findings of the Local Government Think Tank discussion group were presented to, and debated by six focus groups and two public forums. They were also presented to and scrutinized by 19 in-depth interview respondents comprised of politicians, academicians and senior public servants. This chapter presents the main themes of the results of deliberations by the Think Tank, as modified by the opinions from focus groups, public forums and in-depth interviews on these themes. At the end of each section, a summary box of decision tree for the discussions has been developed pointing out the key points in dot form. These include the decision taken and its key reasons, and the characteristics of those supporting and those with reservations to the decisions. The conclusion summarizes the commonalities between the various sources of data.

The chapter is divided into three major sections. The first section reports the findings from the Philippines's study trip conducted by the Local Government Think Tank. The following sections report the major themes discussed by the Think Tank and the views of Focus Groups, the participants of public forums and respondents of the in-depth interviews on the findings of the Think Tank. A summary is presented in the last part of the chapter.

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6.2 Findings From the Philippines' Study Trip

At the beginning of its work, The Think Tank conducted a study trip to the Philippines to see how the country's local government functioned. The main purpose was to broaden the participants knowledge on local governance, as most of the Think Tank members had limited exposure and experiences to Portugal and Indonesian models of governance before these two systems underwent reforms. The focus of the study tour was an assessment of the Philippine's experience after ten years of implementing a comprehensive program of democratic, decentralised local government, and learn at first hand the strengths and weaknesses of local government in the areas of governance and public management, administrative structures and financial systems, and to better understand how relevant the Philippines experience was to future options for East Timor. The trip participants were informed that a Local Government Code was introduced in the Philippines in 1991 in an effort to eliminate the corruption and inefficiency that had become widespread under the rule of Marcos and the martial law, which he introduced. In addition, an Anti-Graft Corruption Practices Act was enacted in support of the government efforts to fight graft and corruption, and Commissions were also set up primarily responsible to ensuring honest, clean and graft-free governance.

The participants were first briefed on the Philippines political and administrative systems, including local governance units (LGUs) consisting of provinces, cities, municipalities and barangays (villages). The barangay serves as the primary planning and implementing unit of government policies, plans and programs, projects, and activities in the community, and as a forum wherein the collective views of the people maybe expressed, crystallized and considered, and where disputes may amicably settled. On the other hand, the province, composed of a cluster of municipalities, or municipalities or component cities, and as a political and corporate unit of government, serves as a dynamic mechanism for

developmental process and effective governance of local government units within its territorial jurisdiction. It requires a contiguous territory of at least two thousand (2,000) square kilometers, and a population of non less than two hundred fifty thousand (25,000) inhabitants.

Unlike the weak system of Indonesian local administration with which most of the trip participants were familiar, the LGUs in the Philippines were given certain powers and functions based on the Local Government Code of 1991. The structural setup of local governments can be characterized as a strong chief executive council form of local government. The mayor of a city or municipality, or the governor of a province, as the local chief executive performs a dominant role in local government administration. Equally important are the roles of the local legislative councils (or sanggunians) in the formulation of policies and ordinances that are necessary in local governance. The Local Chief Executives are elected for a term of three years just like the members of the local councils, whose numbers are dependent on the population of the cities, municipalities and provinces.

It was noted by the Think Tank members that the powers of the Philippines Local Government, which include police power, and taxing power, are transferred from national to local governments. These powers are primarily intended to allow local government units to efficiently and effectively perform the functions and responsibilities devolved to them in providing the basic public services and facilities within their localities. Central government, however, has to exercise the power of general supervision over local government units to ensure that these devolved functions and responsibilities are attained accordingly. Functions and responsibilities of local government units are those that are necessary, appropriate, or incidental to effectively and efficiently provide the basic services and facilities devolved to them. They may include among others, agricultural extension and on-site research services, community-based forestry projects and management of community forests, field health services and public works and infrastructure projects out of local funds, school building

program, social welfare services, tourism facilities and domestic tourism promotion and development, telecommunication services, and investment support services.

One important finding was that the people's participation in the process of decision-making, the Philippines' law allows the participation of the people in local governance through: (a) consultations with the private sector, NOGs and the civil society prior to implementation of any program or project in a locality; (b) the institution of a system of recall, initiative and referendum; and (c) the mandatory public hearings in cases of reclassification of agricultural lands, permanent or temporary closure of roads, imposition of taxes, transfer of sites of public utilities, and contracting of loans and other forms of indebtedness. People's aspirations, needs and collective views are expressed and crystallized at the barangay (village) level. These aspirations, needs and views of the people are the basic factors in development planning of the barangay. Barangays Development Plans are integrated in the City or Municipal Development Plans, and Component City and Municipal development Plans are incorporated in the Provincial development Plans. On the other hand, national government plans and programs are macro in scope. These national plans and programs are being implemented by the Executive Departments. Local Government Units (LGUs) are enjoyed to support the programs and projects of the national government. LGUs may decide on their priority programs and projects based on the demands and needs of their people and also in accordance with the national priority plans and programs. This approach is used with the end in view of meeting the needs of their constituents while contributing towards overall national development.

One of the important lessons learnt by the members of the Think Tank was that government employment opportunities are open to all qualified Filipino citizens. Notices of vacancies are to be posted in at least three conspicuous places in the LGU for a minimum period of 15 days. The Local Government Code also provides for the establishment of Personnel Selection Board (PSB) in every province, city or municipality which are responsible for the judicious and objective selection of personnel for employment. The selection of local

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personnel is being done locally. Local personel are encouraged to participate in training and other capacity building activities being offered by concerned government agencies or private sector, whether within the country or abroad. The PSB, which is headed by local chief executive and its members are to be determined by resolution of the sanggunian (the legislative council), is also responsible for the promotion of local government personnel. A representative of the Civil Service Commission and the personnel officer of the LGU serve as ex-officio members of the board.

Another lesson learned was that private sectors and NGOs are active partners of the government. They participate in local governance through representation to the Local Special Bodies, i.e., Local Development Council, Local Pre-qualification, Bids and Awards Committee, Local School Board, Local Peace and Order Council, and the People's Law Enforcement Board. They are also encouraged to enter into joint ventures with local governments. NGOs and private sector also are encouraged to help LGUs in the implementation of local government programs, projects and activities with respect to the delivery of certain basic services, capability building, and livelihood projects, as well as, to develop local enterprises with the view to improve productivity and income, diversity agriculture, spur rural industrialization, promote ecological balance, and enhance the economic and social well-being of the people. Cooperatives also have preferential right to franchise, i.e., to operate and maintain or lease public utilities owned or operated by LGUs, and to establish, construct, operate and maintain ferries, wharves, public markets or slaughterhouses.

Overall, Think Tank members believed that the Philippine's experience in the last decade showed a success of decentralization where the devolution of powers to local government units has brought political stability, increased public service performance, equity to the regions, and macro-economic stability to the country. The findings of the study trip stimulated discussions of the Think Tank and to promote public discussion on future local government options.

6.3 The Major Themes. Results of the Discussions

Based on the past experiences, and lessons learned during the Philippines' study trip, the Local Government Think Tank began its discussions by asking members to nominate local governance issues that they felt were important. The discussions began by encouraging participants to express their views of concerns and aspirations for local government in East Timor, through open-ended discussions held in the supportive climate maintained by the facilitator. The issues that emerged were often interdependent. Nevertheless, based on a common set of questions formulated by the researcher and the Think Tank members as co-researchers, the identified focal points of discussions included: a) whether or not East Timor needs a local government system, which included discussions as to whether the country could financially support it; b) the institutional and structural design of local government and the role of the existing traditional leaders; c) the functions and responsibilities of local public officials and whether they should be appointed or elected; and d) the provision of service delivery to local communities which included the role of the private sector, NGOs and the civil society; and e) how to position the traditional leadership of East Timor – the *Liurais* – in the political and administrative arrangement of local governance.

From the discussions eight themes were identified. Most of the themes that form the structure of this chapter represented issues that were brought out in most Think Tank discussion sessions. The eight themes were:

A. Local Government or National Government only.

B. The known structure or a new regional structural arrangement.

C. A Regional Structure in Between the Central government and districts administrations or amalgamation of existing districts in regional settings.

D. Decentralisation or Deconcentration

E. Elected or Appointed Local Officials.

F. Narrow Functions or Broad Set of Functions for Local Government.

G. Involvement of Traditional Leaders Ex-officio or as Part of the Democratic Process.

H. Centralized or Localized Service Delivery.

A. Local Government or National Government only.

A.1. Think Tank Discussions

The first question posed to the Think Tank members was whether East Timor needed a system of local government or just national government only. Following the presentation of an external expert on local government invited to the first meeting, on the advantages and disadvantages of having a local government system, participants were invited to react to it. The main conclusion regarding this theme was that most participants agreed on the importance of East Timor to take full advantage of the experiences of other countries, as most of the country's national leadership had only limited exposure to two models: Portuguese (under Caetano), Indonesian (under Soeharto). Although there are few politicians in the government who are familiar with Mozambique Frelimo's post-Marxism regime, in the two cases this experience was mostly before these two systems themselves underwent reforms. From the outset, the Think Tank members realized that East Timor was in a period of great change and political uncertainty, but that it would be important to publicly discuss and identify some local governance models drawing on the experiences of other similar countries. It was widely believed that comparative government systems exposure was much needed to find new ideas for both central and local government architecture in East Timor. One participant stated as follows:

Recent developments in international comparative experience and best practice in the fields of decentralization, deconcentration, and consolidation of pluralist democracy

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and the rule of law, as have been observed during the Philippines' study tour, are all elements that should be brought to bear on the constitutional and administrative development processes required to build a new state in East Timor.

Another Think Tank member commented *"As an independent country we need to change the current administrative structure as this was set up by the colonizers and no longer corresponds to the new situation".* A Think Tank member representing an NGO commented as follows:

... the events of September 1999, post the UN sponsored referendum where the majority of the people rejected the autonomy proposal within Indonesia, have brought a total destruction of all systems of government and administration. Apart from the negative side of this destruction, this is a good opportunity to introduce change. What is needed now is determining the role, structure, dynamics and future of the new state, including the configuration of basic pillars of governance and separation of powers.

East Timor does need to create an effective management and technical capacity in governance able to sustain social and economic development beyond independence. The United Nations Transitional Administration in East Timor (UNTAET) had as one of its first tasks the establishment of basic foundations of the government administration. To do so, a process of participatory institutional development is necessary, if the country was to be sustainable in the long run. "It is important to foster national ownership over the tenure, direction, and management of the governance process. Without this, there can be no sustainability" said an academic, member of the Think Tank. The group members also considered it was vital that, in the drafting of the Country's new Constitution, provision be made for a system of Local Authorities / Local government.

The existence of a local authority structure offers better guarantees for accountability and transparency. This closely ties in with the principle of subsidiarity, that tasks and duties are best handled by the lowest level of administration which is still capable do deal with this adequately and effectively. *"The country needs a government that works better and efficiently with no rooms for corruption, to provide the basic services to the people"* said one

participant. In order to properly function, the institutional arrangements of the state need to be simplified and not very complicated so that the people can easily have access to it, and also to be ultimately responsible to the people through their representatives. Local people understand better local needs and problems and how to solve them, and desire more self-determination in terms of governance, decision-making and participation. This needs to be properly structured and organized, and to be successful has to be achieved through a consultative process involving the people from the very beginning so as to avoid counter-productive reactions.

One of the arguments supporting the creation of a local government system in East Timor was that the National Government alone will not have enough capacity to run the whole country just by itself and cannot always provide finance and support to solve local needs and problems so local people must be prepared to share in raising finance and working to improve the local environment. *"National Government and Members of Parliament will have their work and time divided between both national and local matters. If they have to divide their time between dealing with both national interests and local issues, the latter may not receive the attention they deserve"* said a 43 year old woman and a key figure in women's organization based in Dili. *"Many local authority and local government systems around the world do not have elected members paid by the government. They are voluntary participants. This could be the case in East Timor"* said another member.

As local authorities are the closest level of government to the people, the delivery of basic essential services would be cheaper if it principally occurs at the local level by a local authority. If Local authorities are properly designed, they may be able to deliver local services more cheaply, and mobilize local resources more effectively than the central government. This will require strengthening of local level resources and infrastructure by both the local community as well as the government.

Confronted with the question of financial support for local needs, and that an administrative and service delivery system of local authorities to provide local services may not be developed for some time until more resources are available, one participant argued that in the absence of a decentralized local authority, the national Government must provide these service to the people. However, as he stressed, in the long run this should be handed by a decentralized local authority. In the interim, the national government may be able to provide a small budget to pay attendance fees of local politicians at meetings and to allow for minutes, record keeping and writing reports, he concluded.

The members of the Think Tank also noted that governance, in the context of East Timor, entails nation building with all the myriad obligations and responsibilities that implies. Neither under the colonial rule of Portugal, nor under the incorporation into the Indonesian State, did East Timor build any indigenous capacity in administration, planning or management. The centralized nature of the two previous administrations, particularly the latter, did not facilitate the development of planning and management skills at the provincial level. Budget allocation, agricultural and industrial policies, for example, were directly decided and managed by Jakarta. The majority of skilled and higher-level professional jobs in the government administration, education and health sectors and infrastructure were filled by non-East Timorese. During the two regimes, all decision making processes were dominated by foreign regimes leaving to the East Timorese low level positions not associated with decision making. As commented by a Think tank member:

> *The structure of the administration under Indonesian rule reflected a system of deconcentration i.e., decision making power was delegated to provincial level civil servants, who remained accountable to central or provincial authorities or to the Jakarta-appointed Governor of East Timor, not to democratically elected or local structures. There was no history of open and democratic political activity in East Timor.*

During the discussions, there were some objections to developing a system of local government in East Timor. The reasons varied widely from not having a need for such a

structure, to the failure of the previous structures put in place under Indonesian influence. The arguments against it included that the country was too small to have a local government system, and that financially it would be a burden to the one of the poorest country in the world. Another reason offered against the idea of a local government system was that East Timor at the moment has nationally elected Members of Parliament to look after the needs of local people so there is no need for local authorities. One of the notable circumstances that influenced this view, as expressed by one of the members of the Think Tank, was the fact that East Timor was left with nearly total destruction post the UN-sponsored referendum of 1999. As he said:

The transition to independence, as the consequence of the 1999 popular consultation, has been traumatic and costly in human and economic terms including the devastation of government institutions, infrastructure and public records and basic services. Therefore, the primary attention of the government should be primarily towards the basic needs of the people as to effectively use the money that comes from the initial aid from the international community committed to East Timor in the first three years. Therefore, we should not be thinking of any structural arrangement that may become a burden for the country in the future at this time. The country is too small to have a local government system and in fact it cannot afford financially to have a system of local government with paid officials. It is too costly to operate under conditions of resource scarcity, as East Timor is likely to face.

In regard to the question of finance as to whether East Timor can financially afford to have a local government system in the early years it will have a very small budget and may not be able to support a local government or local authority system, one of the members reminded the group:

East Timor is a poor underdeveloped country with very few resources, including financial resources, and very dependent, at least for the next years, on international aid, and that donors usually pay special attention to the policies that have the possibility to increase the budget deficit which, at the end of the day, will be paid by them.

The other issue pointed out was that in many cases, elected members in local authorities overseas are paid, and East Timor would not have the money to meet these costs as well as paying for 88 nationally elected Members of Parliament.

Aside from these minor comments, there was remarkably little challenging of the idea of having a local government system. Exploring further the point that the country does not have enough financial resources to pay elected officials nationally and locally, a substantial number of the participants argued that the financial issue is more a technical problem which involves distribution and allocation of resources. As they argued, the existence of local government would ensure citizen' participation in policy initiation and formulation, and the monitoring and evaluation of decision-making and implementation. In addition, this will also prevent over-centralisation in the national government hands which in many developing and emerging countries this generally leads to politically unwanted consequences. For this to happen they needed to develop appropriate strategies and mechanisms to continuously engage with citizens, business and community groups. For this, as commented by one participant, the inherited structure need to be reshaped and make simpler to also save money.

The majority of Think Tank members showed skepticism towards the old structure which basically was very centralized on the national government. One strong reason revealed to be against the inherited structure was that the old system had too many layers of bureaucracy fostering inefficient decision making and a top-down organisational culture with little community participation. As one of the participants pointed out an example:

> Under Indonesian occupation there was a highly hierarchical bureaucracy with too many layers of administration. The government requested people to make project proposals at village level. For that a forum was created at this level to discuss and formulate the proposals. Once done, it goes up to a similar forum at sub-district administration level. It was then reformulated before presenting to the District Project Coordination Forum at the district administration level. After reconciling with all district projects, it goes to the provincial administration where the same procedure

happens again. From that, it proceed to the national level where decision making rests. When it reaches this level the project has taken a new shape as compared to the original proposal. Having agreed the budget for the project, it goes back to the village through all of these layers resulting in loss of time and also, in many cases, opportunities for graft of that money which supposedly was fully to be used for the project.

Having too many layers of bureaucracy along with exceptionally low pay levels of public servants, encouraged the establishment of legal and illegal fringe benefits. In fact, the highly hierarchical Indonesian system of bureaucracy had also created a culture of wait for orders and lack of quality of services at all levels as added by another member. Another participant noted on the other hand that this had also marginalised the traditional local decision-making structures replacing them with these favouring their occupation.

A.2 Opinions from Focus Groups, Public Forums and In-depth Interviews

The focus groups were presented with the findings of the Think Tank through power-point presentations and a written document prepared by the researcher. The latter were distributed a few days prior to the focus group interviews. The focus groups were asked to critically examine the document and suggest alternatives if possible. Confronted with the findings of the Think Tank, one focus groups member commented:

I have read the findings of the Local Governance Think Tank presented in the discussion paper, and I think is has a lot to offer for fruitful discussions on the shape of our local government. In my view, the sort of critical themes examined by the Think Tank is precisely the ones that any government or political party would have to discuss before they could consider the issue of establishment of a system of local government in East Timor.

While the majority of questions raised by the focus groups members were about seeking clarifications, the general tone of the focus groups was that they agreed in principle with the

idea of having a local government system in East Timor to avoid the centralistic and top-down approach of the past. One participant further commented:

> *...as East Timor is in a period of great change and political uncertainty, this is the right time to dismantle and change the old system which was influenced by the centralistic nature of bureaucracy with a top-down decision making system. However, the challenge for the East Timorese is to open up discussions of the needs of East Timor, and to have an appropriate system of democratic local governance and decision making without necessarily linking it with other national models of local government such as in Indonesia or Portugal or elsewhere.*

The focus group participants came to the conclusion that a strong and broad-based popularly accepted local government structure is required to ensure that communities participate and are properly consulted and able to bring their needs to the attention of those able to assist. As one of them pointed out:

> *....it is imperative to have proper consultative and delivery structures in place to maximise the impact of rural development efforts and enhance the quality of the efforts being made by the development agencies such as: Government, donors, NGOs and community based organizations.*

In terms of how the system would be implemented, the focus groups considered at length the issue of recognition of Local Government in the National Constitution of East Timor. They concluded that:

- There was a need for the new Constitution to include a definite position and role for local authorities in East Timor. As the Constitution codifies the formal rules of the game by which a decentralized system is supposed to function, it should be used to enshrine the broad principles on which decentralisation is to operate, including the rights and responsibilities of all levels of government; the description and role of key institutions at central, regional and local levels; and, the basis on which detailed rules may be established.

- There was a desire by citizens for greater public involvement in local decision making and practice to make it more democratic, bottom-up, localised, and decentralised.

- The *Political Constitution* and the *Social Constitution* needed to be integrated reflecting the richness of local values as well as the country's cultural diversity.

Table 9 below summarises the percentage of total discussion of focus groups devoted to theme one.

From the interviews, two different opinions emerged in regard to the existing inherited structure of local government. Some respondents argued that the existing structure is still relevant and functional. Therefore, there is no need to change. This group of respondents were mostly former local government officials under Indonesian administration and those who belong to the old generation. The other group of respondents had a more moderate attitude towards changes and called for a careful reshaping and implementation process. This group included mainly academics, some politicians, including some community leaders and the private sector respondents.

The argument presented by those resisting changes are as can be seen below:

We need to preserve it ... because of the past historical background over the last 460 years which has created the structure. You can't go out and invent the wheel, otherwise it will create some possible animosity and rivalry including pre-cautions among those ethnic groups. At this stage I would see no need in making any change upon the number of districts, sub-districts or the structure as a whole.

Apart from this sort of comment, there were more views favouring eventual changes, which came from many respondents including some community leaders. Asked about whether the

country should keep the inherited structure, just to avoid potential conflicts or carefully reshape it in such a way as to reflect the national interest of a democratic country, almost all agreed for change. As one of them quoted as follows:

> *As the current structure was created to serve the interest of our colonial masters, I would go for the second option, taking into account that the reshaping process should follow the evolution process of our nation. Because after all the Portuguese were the ones who structured it in the past and then of course the Indonesian came and restructure it in such a way as to meet their own interests. Now we have our own identity, we are now becoming independent soon, and I am sure that in reshaping the inherited structure, we will take into account based on our capacity, based on our geographical distribution, including local ethnicity, and doing in such a manner so that later on who ever sits in the government, they do not have to think nation wide but they may think regional wide. That means that they give more power and duties to the Municipalities, or to the regional government. Given my limited knowledge on local government, I believe that you have to introduce something gradually rather than in a radical approach. Otherwise it may or may not even last.*

Overall, after assessing the advantages and disadvantages of having or not having a local government structure, the focus groups, participants of the two public forums and interviewees agreed that a local government structure would better serve the national interest as can be seen in Table 10 on Decision Tree 1 which shows their preference for a local government system to be implemented in East Timor.

Table 9: Percentage of total discussion of focus groups devoted to Theme one.

	Local Government			National Government only		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	9	2	1	2	10	1
Dili 2	9	3	-	4	9	-
Baucau	10	2	-	2	10	1
Same	9	2	1	2	9	1
Maliana	10	1	1	1	10	1
Oekusi	11	1	-	1	10	-
T o t a l	58	11	3	10	58	4
Percentage	81%	15%	0.4%	14%	81%	0.5%

*) NC - No Comment.

Table 10:

Decision Tree 1 - Local Government or National Government Only

Local Government	National Government Only
Advantages ▪ Differentiation ▪ Creative competition ▪ Bringing government closer to people ▪ elected local officials to look after local needs ▪ citizen involvement in decision making ▪ local information ▪ more effective local representation	**Advantages** ▪ Coordination ▪ More equal distribution of resources ▪ National Government have powers to decide quickly ▪ National Expertise available ▪ No destructive competition
Disadvantages ▪ Too costly ▪ The country is too small ▪ Lack of local capacity	**Disadvantages** ▪ Can lead to over-centralisation ▪ top-down approach ▪ locals may not get the full range of services they need.

Consensus: Preference for a local government system

Key characteristics of those supporting the decision: academics, rural communities leaders, young politicians, youth and women organizations and NGOs.

Key characteristics of those with reservations: District Administrators, public servants, some politicians, the older generation, and those who in the past worked for the previous administrations.

B. The Known Structure or a New Regional Structure.

B.1 Think Tank Discussions

As consideration of the restructuring of local government administration and tasks proceeded, the Think Tank started to identify a number of options for restructuring the system of local government, two models were considered as mentioned in literature review section 2.3.3. The first Model was mainly derived from the colonial legacy of state organization based on the existing Districts and Sub-Districts. The main component of this Model was that power would be concentrated at the National level which would provide services back to the 13 existing Districts. There would need to be a duplication of thirteen sets of administrative units including:

- 13 Local Parliaments
- 13 District Law Courts and Legal Officials
- 13 Government Administrative Secretariats with representatives of essential Government Departments
- 13 District Administrators and support staff
- 65 Sub-District Administrators and support staff
- 440+ Village Administrations.

One of the advantages of this model, as discussed by the Think Tank members, was that it is familiar to the community and has worked in the past especially under the Indonesian system. Under the Portuguese administration it operated down to the Sub-District level. However, in the two cases, the Model did not have to work in association with a direct

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national government only a Portuguese, and later Indonesian, Provincial Government under a Governor.

Through debates and arguments in the discussions, it was revealed that the disadvantages of this system outweighed the advantages of the model as presented below:

- The number of Districts, thirteen (13), each of which would have its own local authority political and administrative organisation/ council as described above, was seen to be too many, too costly and too unwieldy.

- Since the Districts would relate to their own elected Member/s of Parliament it would be difficult to prioritize and coordinate their needs and priority especially in terms of National support.

- It was more likely that under this model, the National Government would be the provider of all local services. Given that resources were low it was possible that many Districts especially in outlying situations might not get the full range of services they need.

Within the context of the disadvantages of the first model, an alternative model was presented and discussed. The latter, presented by some members of the Think Tank in a series of meetings, was based on a Regional Local Authority System and Community Governments.

Although it still based on the traditional Districts, this Model brings the existing Districts together into three Regional Groupings. Dili was treated as a single special Capital City Municipality (and therefore its status would be upgraded to a city/Municipality) and Oecussi was an enclave with a special status. The Regional groupings would hold deconcentrated

offices from the national government. Within each Region, South, East and West, a city was identified as the nucleus of a new Local Government Municipality.

Apart from Dili, it was proposed that the three current district capitals namely: Baucau (in the East), Maliana (in the West) and Same (in the South) effectively operate as Regional Municipalities serving a regional role to facilitate the regionalisation process. The other less urbanised centres (capital districts other than these three) could have a Municipal working team setting, which will be responsible for the development of these towns towards upgrading the town's status to becoming municipalities in the future. With this idea, in time, many of these non-urban centers may grow into new municipalities.

The proposal required a special administrative regional coordinating body to be established in these Regional Municipalities, which although small in size, would bring together representatives from National Members of Parliament, elected leaders of the local authorities, a senior regional public servant, leaders from women's organizations and NGOs, and citizens. This composition would broaden the action and communication base and provide close links between local authorities and elected parliamentarians of the National Parliament. This proposed board would be a new structure linking the national and the local level, and providing regional integration between the current neighbouring districts.

In each of the Regions, areas outside the boundaries of the City Regional Municipality would form Non-urban Community Councils with elected members representing their respective villages. The rural areas in the regions - the current sub-districts (some of the sub-districts may need to be reorganised into a group of, at least, 4 geographically neighbouring villages), will be the basis of local community authorities (Community Government Councils) where each village would elect two or three representatives (this should also include women) to seat as members of the local authority or Community Government Councils.

Another feature of this Model was that it assists local service delivery from National Departments as well as from Municipalities and Non-Urban or Rural Community areas. In this way developing urban areas can be strengthened and non–urban areas can work together to improve services and grow. A comment from one of the participants favouring the idea was as follows:

I think there is a necessity to sufficiently empower the non-urban community councils to ensure that they can make life in the as yet non-urbanised parts of East Timor sufficiently attractive. Otherwise, there is a risk that development in these areas will stagnate, and that people will move out of the rural areas into the capital city at a very high rate, which is happening now. The rural-urban migration may perhaps be an inevitable development, but if this happens at a great speed, it will create extra-problems for both the rural areas which will be losing a lot of the people who can help to make a difference in how they develop as well as the cities which face rapidly increasing demands for services from a population which often is un- or underdeveloped. The proposed creation of a larger regional non-urban community council, which serves a greater area and population than the districts, appears to be a positive development.

The advantages of this model, as discussed by the participants included:

a) the model allows for a more effective representation of the needs for urban/city as well as non-urban and rural areas and involvement in decision making and participation.

b) The establishment of the Coordinating Board at regional level ensures strong coordination between Nation and Local Authorities and, from the perspective of the central government, it is non threatening since the membership of this body is appointed. As a consequence, government departmental coordination in the Region with local authorities can occur more effectively.

c) Because it involves deconcentration, the main purpose of this regional level would be to achieve some economies of scale in the public service and to make coordination between government agencies easier and more effective.

d) It is administratively cost effective and draws together local citizens, community organisations and businesses into local planning and development. Here senior National Members of Parliament can play an important local role with their Local Authority counterparts.

e) Service delivery at the local level can be more easily, progressively taken over from National Government Departments when resources, capacity and conditions are suitable. The tasks which traditionally were performed at the district level, and which have a public service delivery aspect to them are brought as close as possible to the people.

f) It will upgrade the traditional sub-districts as they will be become the "point of contact" for services and that means that the village people will not travel too far for access.

The disadvantages noted by some members of the Think Tank were that it stills leaves the National Government with strong powers in local areas, and that the Model has not previously been used in East Timor (even though it has worked in a number of overseas locations). As a consequence it may bring difficulties at least in the first years of its implementation.

B.2 Opinions from Focus Groups, Public Forums and In-depth Interviews

The focus groups were presented with the two models of local government discussed by the Think Tank: one based on the existing system of district and sub-districts, and the other was the alternative model option based on regional groupings of existing administrative districts and community governments. To make the second model option visible, and help to strengthen its case compared to model option one, several maps illustrating the alternative model were included in the documents.

As everyone was familiar with the former model which is still operating, almost all of the discussions were focused on the second model option which opted for a national administrative regions made up of contiguous districts. Although many agreed that there should be initiatives for reshaping the structure, there was no single consensus about how the districts should be grouped in the regional groupings.

In two focus groups sessions running separately in the western and southern parts of the country, one crucial point of debate was in regard to the choice of the principal city for their regional administration. This was not the case for the eastern side of the country, since, as a matter of fact, there was a city which even in the Indonesian times, was considered as regional coordination center for these eastern districts. As a consequence, common grounds and consensus were easily found and built among the participants.

The other issue, which according to the focus groups members was not clear was the question of how many municipalities will there be in the second model option. As one participants pointed out:

> *... will all the current district capitals be municipalities? If that is the case, higher status should be given to cities where the regional administrations are to be based. I think it is important to make sure that the more urbanized centers (like Lospalos, Viqueque, Liquica, Aileu, etc) can have a proper set up to let them operate effectively as small municipalities. This is important as they will no longer be a collection of sub-districts and there should be a unified city management which is at least partially accountable towards the local population.*

One of the criticisms of model option 2 was that there was no clear indication as to what would happen with the sub-districts and villages i.e. whether they would continue as they are or were to be abolished, or amalgamated into bigger units. While the sub-district administration could be abolished and reshaped to reflect the political change and vision, the critic advocated that villages should not be touched. He argued that, despite the fact of a centuries long colonial administration and the time under Indonesian control, the real

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administrative order and political power was always based on the structures of villages and ruling families which are still reflected in the existing 'sucos' and 'knuas' (villages). As he reminded:

These traditional structures that are widely respected and recognized by the population should not be neglected or even be abolished solely for practical or financial reasons. Structures accepted by the common people are an important factor for a stable society and a stable state. The fact that the individual citizen is in some way or to a certain degree part of the government, and the fact that he or she can identify him/herself with this government due to this participation in the administration of the country, cannot be estimated high enough. It is definitely much easier to identify oneself with a village or a region where somebody lives everyday than with a state, especially when this state is just newly founded. Such identification is - among other factors – a precondition for a peaceful and lasting progress and internal stabilization of a country.

Another critical comment made by another focus group participant on the two models can be seen as follows:

The discussion paper seems to focus on the question of "Central Dili-based government versus local government". What I do not see sufficiently covered is the issue or choice of "Deconcentrated offices of the Central Government versus Local Government Offices". Meaning, emphasizing the deconcentration versus decentralization debate. I think that many members of the Constituent Assembly may consider deconcentration as an acceptable form for governance in the regions, even though it is not governance by a local authority in the sense of being accountable to the local population.

One issue which gained the attention of the focus group members was the Regional Coordinating Board proposed for regional administrations, the new structure intended to help link national and local levels and promote better regional development and integration between the current districts. As mentioned by one participant:

Some of the stipulations of the Regional Coordinating Board are still a bit unclear. The Board Chairmen could they be from outside the regional city? If all the current district capitals become municipals, are all the mayors of these municipalities

members of the Board? I think it would also be better if some of the members are not simply central government appointed, but if they get elected or nominated by their constituents, and then endorsed by the national government as members of the Board.

Despite all of these comments and critics, the majority of focus group members agreed that this was the right time to introduce a local government system and change the existing structure which was seen as no longer relevant to the new situation. However, almost all participants agreed that it had to be widely discussed, and involve all potential stakeholders and people at the grass roots level in order to avoid potential problems before any legislation is to be approved on the matter. Once approved, its introduction has also to be gradually implemented.

Table 11 shows the percentage of total discussion of focus groups devoted to theme two where 84 percent of the participants agreed to go for a new regional structure.

After assessing the advantages and disadvantages of using the known structure or having a regional structure, overall, the focus groups, participants of the two public forums and interviewees agreed that regional structure would better serve the local people of East Timor as presented in Table 12.

Table 11 : Percentage of total discussion of focus groups devoted to Theme two.

	The Known Structure			A New Regional Structure		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	2	8	2	8	2	2
Dili 2	1	9	2	9	1	2
Baucau	2	10	-	10	2	-
Same	2	10	-	10	2	-
Maliana	1	10	1	10	1	1
Oekusi		12	-	12	-	-
T o t a l	8	59	5	59	8	5
Percentage	11%	82%	0.7%	82%	11%	0.7%

*) NC - No Comment.

Table 12 - Decision Tree 2:

The Known Structure or A New Regional Structure

Known Structure	New regional Structure
Advantages • Known by the people • National Government still has strong powers	**Advantages** • More cost-effective • A more focused service delivery • Facilitate the grow of more centres • Traditional sub-districts serving as community centres and points of contact for services through elected community representatives
Disadvantages • Too many administrative layers • Fragmented administrative structure •	**Disadvantages** • new to the people • may bring difficulties in reorganising the administration

Consensus: A New Regional Structure

Key characteristics of those supporting the decision: academics, rural communities leaders, young politicians, youth and women organizations and NGOs.

Key characteristics of those with reservations: District Administrators, public servants, some politicians, the older generation, and those who in the past worked for the previous administrations.

C. New Regional Layer in Between or Amalgamation of Existing Districts

C.1 The Think Tank Discussions

Two differing views, as to the numbers of regions, were apparent: one through amalgamation of districts, and the other adding up a regional structure upon the existing number of districts. On the question of how regional government and local governments could be set up, one respondent proposed to add another structure in between the central government and the districts, covering and coordinating a number of districts. But the districts would still be administered by the district administrators. Regionalisation, in this case, was viewed as enabling the existing districts to better take advantage of their specific characteristics. However many of the interviewees did not agree to the idea as they see this as adding more problems to an under-resourced country such as East Timor. As one of them commented:

> *If any structure that existed in the past could be revitalised, then in the end it should be reducing structures not adding more. Having said that, you have to look at the geographical representation. This geographical representation consideration matters a lot, so that later on when it comes to the budget it won't cause any major problems because the people who are going to be decentralised those who are sitting in the government eventually they will have to think about how do they deliver the service. If the districts which they are going to group into a certain region were close together therefore it would minimise the cost of the management in delivering services and would be more efficient.*

On the question of how many regional administrations could be set up given the geographical and ethno-linguistic factors of East Timor, one respondent commented:

> *I think there is a more careful discussion about the regionalisation. But more or less looking at the geography and ethno-linguistic including the language which people are speaking in these different regions, I think maybe we are talking about three or*

four regional governments, that means central government and in addition to that three or four regional governments including Oecussi as a separate entity. So we are talking about eastern, maybe central and western of East Timor, and a special region for Oecussi. But I have to admit that we need more careful talk on this as opposed to what people are talking beside the social conditions. We need also to look at the resources in terms of people and especially the financing side of it. So, we have to be more careful, but assuming that we have all the transportation networks good, and communications with the sub-districts and villages are no longer a problem, I do not think we should have three or four, maybe we just have two or maybe less.

In terms of the basis for setting up the administrative regions for sustainability in the long run, some respondents pointed to the division of resources between the levels of government and their capacity for managing and to financing. On this one participant said:

It depends how to model it, and how strong people in the districts or the local governments (what ever name) are. But if the constitution says that there is going to be decentralisation, and that there going to be administrative regions, or local governments, then there should be followed by a number of other issues, like what kind of taxes to be collected by the local governments and how much percentage of that taxation will the local governments contribute to the central government. What kind of investment areas should the local governments be having versus what the central government have. What kind of administrative structure that they need to have, the standard would be, I don not know, you guys know better than me, perhaps like economy, health, education and all of that. The other part that I know, people are talking about giving the primary school to the local government, they should run it, whatever they do, they finance it, they find people to work in it and etc. That is one example. Then primary health care services, when there are resources, there should be a transfer from the central to local government to run it in the districts or sub-districts or maybe.

As to local government, many participants agreed that whatever administrative structure was to be adopted, the existing sub-districts should be seen as the lowest level of local government, and therefore they should be more empowered. As pointed out by one of the participants:

I would think that with the strategy of keeping the sub-districts in place, we would have

avoided further risks. In order to keep good harmony between different ethnic groups, one should respect the rights of the locals to choose their own head of sub-districts. That is another strategy for avoiding all kinds of conflict and increasing the satisfaction on the part of the locals. Otherwise it would perhaps provoke inter ethnic jealousy. So if we keep the sub-districts as they are, that's already stable in itself and allow the people to choose their own leaders, that way we would be able to avoid any risks of one ethnic group becoming more specially treated than others. So I think the core of the matter is to allow the people to choose their own leader at the level of sub-districts, and consequently they would accept any policies taken by that leader who after all was elected simply because they convinced the people that he would represent the sub-district better than anybody else.

Even though most of the participants agreed on the idea, one participant opposed it arguing that the lowest level of government should be based on the existing villages, as the case under the Indonesian administration. Apart from this comment, most participants accepted that the lowest level of government should be based on the existing sub-districts, as in the long run, once resources were available, increasing part of the government activities would need to be carried out at this level. They believe that this would lead to more efficient government, as citizens get more demanding and want more accessibility to government.

C.2 Opinions from Focus Groups, Public Forums and In-depth Interviews

Interestingly, few focus group members from the western part of the country, defended the idea of setting up a new regional structure in between the central or national government and the existing district administrations. One participant believed that, for the sake of coordination, there should be another administrative structure below the central government headed by a governor administering a number of the existing districts. As he said:

I would see that the districts preferably remain the same number, as well as the sub-districts. We may have, an arrangement of conjunction of certain districts to make up a regional government, which would be up to three in the main island, and including a special administrative region for the enclave Oecusi. The new thing to introduce is to

arrange a certain number of districts to become members of provincial administrative governments.

When confronted with the question about whether the new proposed structure would politically and financially be a burden for such a small country like East Timor with less than a million population, the focus group participant who was a former official in Indonesian administration, and now working as a public servant in the new administration said:

I think in terms of management there should be delegation of power. Meaning, the governor of the province would be playing the role of a coordinator of the districts involved, and then at the lower level the administrator of the district will be doing the same in relation to the sub-districts – the role of the coordinator. Who should be playing direct authority over the people are the heads of the sub-districts or the sub-district administrators? One particular advantage is that they should be members of that community, they should be identified as people having sufficient knowledge of the live of the people of that area, that can represent the people, and they are chosen by the people of that sub-district. The administrator could be a political appointee, because he only plays the role of a coordinator of the sub-district. But it is also essential that he come from that sub-district or must be some one from the district. In order to have the advantage of good communication with the heads of the sub-districts, assuming that he has a good grasp of the situation of the entire district and be able to coordinate ...... attending to the specifications and the particularities of the sub-districts. The main point is that the head of the sub-district should be elected by the people of that sub-district, to avoid reluctance with the leadership. Meaning the people once having elected a representative they will be prepared to accomplish the programs of the accepted leader who is theirs.

From focus groups discussions, it was revealed that although the proportion of these agreed to amalgamate the neighbouring districts in regional settings was still higher than the other group, not all members shared the idea, as shown in Table 13.

In the discussions of the public forums, following the presentation, it was noted that the majority of the participants favoured the idea of actualising and reshaping the local

government system. While they did not agree with adding another regional layer in between the national government and the current district administrations, most of them favoured the idea of amalgamating the districts in regional settings. The general tone of statements made by the participants showed that they agreed with the idea of amalgamation. Most of the questions raised in the meeting were mainly for clarifications on the second model of local government structure explored by the Local Governance Think Tank.

The villages and sub-district representatives in the public meeting were generally in favour of upgrading the existing sub-districts (normally comprised of five to eight neighbouring villages), to become the basis of local community authorities (community councils) elected to represent the people in respective villages. It was suggested that each village would elect two or three representatives to sit as members of the local authority. This, as many proposed, should include women. One local chief suggested in the meeting that it was important to give room to the traditional leadership to apply for these positions as they have influence among the people. But, as he further reminded, to be a member of the local authority the traditional leader has to go through an election process. They agreed that the members of the local community authority councils should be directly elected by the people in their respective villages to represent the villages and the interest of the people in the councils. However, there should also be provision for the some specific NGOs such as the Catholic Church, youth and women's organisations, to be as observers in the council meetings.

An observation was made by a recently university graduated sub-district administrator calling for the setting up a National or Regional Association of Local Authorities for mutual cooperation and assistance, including scope for developing partnership with similar organizations overseas. He said that the cities and non-urban councils should form national or regional associations that left room for them to develop partnerships with international cities or local governments for mutual cooperation and development.

Apart from this public meeting, another forum was held on October 23rd 2001, where the

researcher presented the results of the research to the members of the Thematic Group for Government Powers and Local Governance of the Constituent Assembly. The session which was broadcast live by the national TV and radio station, was attended and participated in by more than half of the Assembly members. The following day, it was published by the two national newspapers based in Dili.

In question time, the members of the Assembly showed their support to the findings of the Think Tank. They mainly asked for clarification of some of the points of the presentation. Most of the speakers showed their appreciation of the work, while others argued that this would be a good reference point for them when they started to discuss issues related to local governance and its relationship with the national government.

Overall, the results of the discussions of this question indicated that the participants agreed to amalgamate the existing Districts into few regional administrations which will be providing services to their respective communities. Apart from setting up few regional administrations for regional service delivery, the participants also wanted to create municipalities for urban areas and community councils for rural areas to represent them and liase with regional service providers as indicated in Table 14.

The findings of the research is now reflected in the East Timor first Constitution prepared by the Constituent Assembly. Article 67 of the Constitution calls for the setting up of new regional administrations made up of contiguous districts, and that the enclave Oecussi (which is geographically is surrounded by Indonesian half island of Timor), and Atauro, (the small island 500 miles from Dili) would have special economic and politic arrangements. On local power, the Constitution has made provision that local authorities will be setup and empowered to take care of certain responsibilities entrusted to it by law (as provided in article 68 of the constitution) and that decentralization will be implemented along with the principle of administrative decentralization.

Table 13: Percentage of total discussion of focus groups devoted to
Theme three.

	Adding new regional structure in between Central and District administrations			Amalgamating the existing Districts based on Regional settings		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	4	6	2	6	4	2
Dili 2	5	7	-	7	5	-
Baucau	4	7	1	7	4	1
Same	3	7	2	7	3	2
Maliana	3	8	1	8	3	1
Oekusi	-	12	-	12	-	-
T o t a l	19	47	6	47	19	6
Percentage	27%	65%	0.8%	65%	27%	0.8%

*) NC - No Comment.

Table 14 - Decision Tree 3:

Adding New Regional Structure or Amalgamating the Existing Districts Based on Regional Settings

Adding New Regional Structure	Amalgamating the Districts
Advantages ■ Facilitate coordination of the existing districts	**Advantages** ■ Can lead to a more cohesive administrative structure ■ Will pool all the limited regional resources together
Disadvantages ■ add more bureaucracy ■ not enough resources	**Disadvantages** ■ new system / not known by the people yet ■ need time to implement

Consensus: Amalgamating the existing Districts into few regional administrations and creating municipalities/local community councils

Key characteristics of those supporting the decision: academics, rural communities leaders and participants, young politicians, youth and women organizations and NGOs.

Key characteristics of those with reservations: District Administrators, public servants, some politicians, the older generation, and those who in the past worked for the previous administrations.

D. Decentralisation or Deconcentration.

D.1 The Think Tank Discussions

As discussed by the Think Tank members, decentralisation was seen as an important mechanism to ensure East Timorese participation in the governance process. The previous regime in East Timor was highly centralised, with the Governor reporting directly to central government and not accountable to the people. The current structure of local level administration in East Timor under the transitional administration of the United Nations and the first Constitutional Government of East Timor essentially replicated that of the Indonesian system. Decentralising government from the central level to regions, towns and villages, enables people to participate more directly in governance process. It can help empower people previously excluded from decision-making and can ensure that central government reflects the priorities and needs of the people in its planning processes. Local level structures also facilitate the participation of women in political life, as there are often obstacles for women in their access to central government structures.

One of the arguments put forward was that a decentralised local authority system would offer better guarantees of accountability and transparency. If the local executive has to defend its actions and decisions vis-à-vis a locally elected body, they may not as easily get away with doing a bad job at governing the region as they may if they are only responsible to an agency at the central level. If decisions are made locally, scrutiny of the decisions, and therefore transparency, may also be bigger than if decisions are only made centrally in Dili. This closely ties with the principle of subsidiarity, that tasks and duties are best handled by the lowest level of administration which is still capable to deal with them adequately and

effectively. In other words, to the extent you can decentralise, do so. One comment on this issue is shown below:

> *There will be enough for the national government to deal with nationwide and that it should delegate to local authorities to deal with local matters. Given the scarcity of resources at national level, National Government may not be able to provide finance and support to solve local needs and problems so local people must be prepared to share in raising finance and working to improve local environment.*

The Think Tank members were aware that the concept of decentralisation was frequently associated with large states. Enormous areas of lands seem by some sort of inner logic, to compel internal splitting so as to enhance effectiveness in political administrative management. In these countries, the assumption being made was that it is difficult for one single central government to administer the whole country. Therefore decentralisation of governance, as the members of Think Tank had seen in the Philippines, was appropriate for a large geographical area spread out over many islands. The members realized that to associate decentralisation with small mini-states populated with only a few hundred thousands people often seems absurd. Some members regarded the idea of decentralisation as rather an argument for participation in government than as an argument for local government itself. As put forward by a member of the group:

> *I think, even if we don't have local government as such, but only a deconcentration of the central government in the region, local people can still be urged to help raise finances and to work for improving local environment. The issue here is that, a decentralised administration, split up to not less than four levels, is expensive and beside requires the financial means to support a much bigger number of skilled and trained civil servants than a centralised administration. Therefore, in my view, setting up deconcentrated offices in the regions is best suited to deliver basic essential services to the people. Furthermore, a country of the size and with the relatively small number of residents as East Timor could easily be administered in a centralized manner, which would be with no doubt the most efficient and cost-effective way.*

Another comment came from an academic (also a member of the Think Tank) who reminded the group to carefully look at the issue from a future perspective. His comments were as follows:

> *I am not sure that decentralisation works out to be cheaper than deconcentration; it may often be the opposite. There is of course no universally valid answer to this question. It depends on the type of tasks handled by the local unit, how many people are to be served, how big the local government is in average population and average geographical surface area, what organization is set up for the services to be delivered, ie. will it be a slim structure with only a few officials, or a bloated structure where most of the public servants have little to do, as has happened in the past, etc. However, one has also to take into account that if local government with its authorities in East Timor are properly designed, they may be able to deliver local services more cheaply, and mobilize local resources more effectively than the central government.*

An advantage with deconcentration, as stressed by another Think Tank member, who was a public servant, was that is supports standardization of services and resources in the whole country. For instance, as she pointed out, the curriculum may be planned at central level, and the budget per school decided at central level so that resources are allocated on the basis on the number of students. This may promote more equal quality of schools nationwide. However, a disadvantage, as described by another participant who was a primary school principal in Indonesian times, can be that deconcentration does not allow much flexibility in the local administration, hence it is difficult to adjust to special needs or change in needs.

In spite of the discussions above mentioned, the Think Tank favored decentralized delivery of services above deconcentrated delivery of services, especially for those services which have the most direct impact for local population. This was because, as they see it, the accountability for public service delivery should be towards the people who are most affected by the delivery of the public service. However, they all agreed that, for lack of resources and capacity, it might not be possible in the first five to ten years time after independence to put in place the intended decentralized government structure. During that initial period, there may have to be a greater reliance on the central government. However,

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instead of all being run by the central government alone, the members of the Think Tank proposed deconcentrated public service delivery organized from deconcentrated offices of the national departments in few regional centers. As the level of resources and the availability of skilled personnel increases, a gradual transfer of authority from these deconcentrated offices of the central government to elected local authorities should take place.

In the discussions, the principle of subsidiarity was also widely accepted as the best guarantor for peaceful and lasting progress, and international stabilization, of a country such as East Timor. Almost all fourteen participants members of the Think Tank present in that particular meeting supported the idea. The main conclusion of the discussion was that, since the financial possibilities of East Timor will certainly remain limited for the next years and also the reservoir of experienced and skilled civil servants was small due to the recent history, solutions need to be found which will take the real facts and realistic possibilities in account.

D.2 Opinions from Focus Groups, Public Forums and In-depth Interviews

In regard to decentralisation, two focus groups looked at ways of enhancing decision-making at local level. They proposed a system of service delivery at regional level of providing services to the communities but with enhanced decision-making and monitoring by local communities. It was proposed that communities elect their representatives in the community councils to make decisions and monitoring on behalf of their constituent communities, and linking with the structures of public service formulation and provision at regional levels. This, as the Think Tank members pointed out, is to enhance the power of the people directly affected – the users of the services concerned. The central principle applied here would be that each decision as to what services the people need at the

community levels should be taken by these community councils as the lowest rung on the hierarchical ladder. This would in effect serve to empower local communities. The Think Tank members noted that the initial experience with the projects of the World Bank's Community Empowerment Project (CEP) suggested that significant benefits in terms of governance and cost-efficiency of service delivery could be expected. As a member of the World Bank team for Community Empowerment Project in East Timor noted :

> *Governance is improved by making the service-providing personnel, such as teachers and nurses, respond to their immediate employer, the local community council, rather than to a distant ministry. The local community could decide how many teachers or nurses to employ and how much to pay them, with the central ministry providing quality control in the form of training and accreditation of personnel, the setting of core syllabus requirements and the provision of text-books, for example. Cost-efficiency is enhanced by local communities having a direct stake in getting as much value as possible out of their resource pot, selecting cheaper inputs and complementing purchased inputs with their own materials or labour inputs.*

Some participants proposed transferring block grants to local communities each year together with the responsibility for deciding on the level and composition of basic services they will purchase in each budget year. It was proposed that local communities would decide on what primary health care, basic education, road maintenance, agricultural extension services, etc, they will purchase, and from whom. The service personnel will be centrally-accredited but locally hired (and fired if they don't perform); the wages paid to staff could also be a matter for local negotiation. It was agreed that in any circumstance where local delivery of services was being considered, the closest liaison must be maintained with the local population to allow a degree of flexibility and to provide feedback to the National Government. However, as shown in Table 15, some participants were sceptical that such a proposal would be accepted by the government.

In terms of decentralising the provision of service delivery, officials from three main departments namely: education, health and agriculture, including some beneficiaries of these services were interviewed. They all agreed that the central government should

deconcentrate certain basic services by setting up their agencies in the administrative regions to better serve the people in these regions, instead of all been served by the central government. These services can be, among others, basic education, basic health care, agriculture and water supply and sanitation.

The education service at this stage is still very centralized as resources are limited in terms of human, financial and materials. One of the officials of this ministry pointed out as following:

> *Decentralisation of the education system demands harmonization of a complex set of functions, each for primary, secondary, and non-formal education. We are now still debating issues of how far to decentralise decision-making of these sub-sectors and to whom, whether to regional governments which are still to be set up, or to the existing districts. There are a number of experiments worldwide, ranging from devolution of limited functions to intermediate governments and local governments, to community-based management and financing of schools. The current practice is that specific functions such as curriculum design and all appointment of teachers is all done centrally, leaving coordination and monitoring to officials at the district levels. However in the future, these should be devolved as far as possible to regional and local governments while retaining the policy and standard settings by the central government. By doing so, and through local participation in school management, accountability and responsiveness could be improved including also fostering resource mobilization.*

One of the teachers in one of the focus groups commented that the administration of the present education system was very centralized with little modifications of curriculum and syllabus and overall still characterized by an Indonesian system of education. So far no initiative has been taken to properly design curricula relevant to the new situation. This is further complicated by the introduction of Portuguese as a language of instruction to the students, as the majority of the teachers do not even speak the language, he stressed. A number of Portuguese teachers deployed to all districts and sub-districts are starting to introduce Portuguese to primary school students. However, as one person involved in education noted, it may take some time five to ten years, perhaps to see the results.

In terms of health services, a plan has been devised to decentralise health care services to the regional and local levels to improve service quality and coverage. As noted by one of the health officials:

> *Decentralisation creates major challenges for health service provision. As we prepare to move along these lines, and before we transfer planning, and management authority to districts levels, we want to make sure that the districts have enough qualified health managers to adequately serve the people. At the moment these are the critical factors. Therefore management training capacity are needed for the existing district health managers to upgrade their capacities for their new roles. The role of the central ministry staff would eventually change from line management to policy formulation, technical advise and program monitoring. But this might take some time to make it happen at least in three to five years time.*

A question was raised as to how the ministry envisaged implementing it, given that administratively, East Timor is fragmented into many small districts, sub-districts and villages. The health department official noted that given the scarcity of resources, the ministry is likely to regionalize the coordination of service provision from a few regional centers. However, he suggested that the service provision itself should be provided to the people from the existing health centres which are located in the sub-districts, and health posts in the villages.

In the interviews it was revealed that the most progressive ministry in terms of regionalisation and providing services to the people in the remote areas was the Ministry of Agriculture and Fishery (MAF). As one of the executive officers of this ministry said:

> *The biggest challenge for the government now is create alternative centres so that people can go to these centres for service provision instead of all coming to Dili. At the ministry [Agriculture and Fishery] level a decision has been made to create regional centres for effective service delivery, and the idea has now been forwarded to the Council of Ministers. This is an endeavour to decentralise and distribute resources to other regions so that people will find alternative places for services to Dili, as the density of the city is becoming more and more complex. These regional centres will also help create conditions to implement national policies in rural areas.*

Asked how the regionalisation is going to be done, he replied:

> *Unlike Mozambique where all the decisions are taken centrally, East Timor was privileged with the resistance structure before with 4 regions, on the other hand, there are also structures created by the World Bank- sponsored Community Empowerment Project (CEP) for decision making involving community members at the grass root level. We should make use all of these for development purposes.*

Respondents from political parties, bureaucrats, and academics all agreed to the concept of decentralisation in its political, administrative and financial dimensions. However, the political will and commitment on the part of the government to promote decentralization in the true sense of the term remains to be seen. As pointed out by one respondent:

> *The attitude of the people in the government still seems to be to rule, rather than to be responsive to popular needs and aspirations. Accountability, transparency and rule of law are words that we hear in many times but hardly translated into practice. Ministers and parliamentarians fear that they will have to vacate political space if democratic decentralisation is achieved in the genuine sense.*

The nation's socio-cultural structure which is also hierarchical and authoritarian was another point made by another respondent. Decentralisation, as he said, *"in the form of empowerment of people and their participation in development and governance calls for a transformation in socio-cultural power structure, attitudes and values, which is something we are still lacking"* he added.

A number of respondents agreed that the decentralisation debate has to give proper attention to the question of transition and articulate the profound difference between short-term and long-term changes. The reform process will not work if it was not adequately equipped to meet future changes as well as satisfying present priorities. One of the respondents made the following comment:

> *....a major criterion of reform is the need to develop local government systems that are*

capable of "flexible, rapid, and adaptable responses". This presupposes a critical re-evaluation of the administrative reform approaches of the past. For the future it is most important to design systems that are capable of change!

As to the essential services to be provided to the people at the local levels, almost all respondents pointed to agriculture, education, health, communications and housing. As one mentioned:

... I think agriculture would be one, education, health, communications I'm not sure and possibly transport and housing. But I think transportation could be managed at the central level. If we go to the specifics, I think for the education level, maybe giving the primary school to the local government, leaving higher school levels to the central Government. In terms of health is also the same leaving the primary health care to local agencies to do that instead of all run by the central government. I think the key here is given that the national government also has very limited people, they may delegate a new and whole set of four or five areas to the local government to be in charge of and then maybe the national government just subsidize with some proportional findings.

In this context, since the financial possibilities of East Timor will be limited for the next years, almost all respondents agreed to explore the involvement of the private sector in the provision of basic services to the communities. As an academic pointed out:

As we are going to adopt a free market with selective intervention in our economic system, you have to include the participation or the role of the private sector. That means that the government only intervenes in certain strategic areas where matters concern the life of the people. But in other sectors, for example in investments or in terms of delivering basic services I think the government should exercise only some regulatory framework and giving more chance gradually to invite potential sectors joining with the East Timorese national entrepreneurs and they can invest in areas where the government think that they should be invested.

The further question raised here was in what areas can the non-government sector play a role in the provision of services to the people without duplicating what is been provided by the state. A respondent commented:

... the whole question here is about what roles that other actors can play and which

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areas the government has to have hands on. If the government does not the capacity to run on its own it has to delegate to others sectors outside the government. Maybe education is one of them, apart from other sectors such as health, agriculture, transport and perhaps housing. A couple of the Church institutions are very good in providing education and health services. Even in other parts of the world, the Catholic primary and secondary schools are even much better than the state run schools. So why don't we let the private sector participate in these processes of education? That also includes health. But the government still has to set up certain standards expelling out some qualities of the services as to ensure that the work is properly done and the people served accordingly.

In a situation where the state finds it hard to act alone given the financial and resource constraints, the involvement of the private sector is crucial, as most of respondents concluded.

Generally, as shown in Table 16, the participants agreed that a combination of decentralisation and deconcentration through regionalisation of basic services, and the setting up of community government councils at local level to voice the needs of the communities would be best for the interest of the new nation.

Table 15: Percentage of total discussion of focus groups devoted to Theme four.

	Deconcentration			Decentralisation		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	5	5	2	5	5	2
Dili 2	6	4	2	4	6	2
Baucau	4	7	1	7	4	1
Same	3	7	2	7	3	2
Maliana	2	8	2	8	2	2
Oekusi	6	6	2	6	6	2
T o t a l	26	37	11	37	26	11
Percentage	**35%**	**50%**	**15%**	**50%**	**35%**	**15%**

*) NC - No Comment.

Table 16 - Decision Tree 4:

Decentralisation or Deconcentration

Decentralisation	Deconcentration
Advantages - powers transferred to local levels - government is more accessible more responsive to people's demands - local government knows better people's needs	**Advantages** - preserve national cohesion - national policies implemented in all regions (standardized) - decision making is quick
Disadvantages - conflict of interest btw levels of gov. - there may not be enough resources increasing differences among regions	**Disadvantages** - Too centralistic - not democratic - all decisions are in national government's hands

Consensus: A combination of both through regionalisation of basic services, and the setting up of community government councils at local level to give voice to the needs of the people.

Key characteristics of those supporting the decision: academics, rural communities leaders and participants, young politicians, youth and women organizations and NGOs.

Key characteristics of those with reservations: some politicians.

E. Elected or Appointed Local Officials

E.1 The Think Tank Discussions

On the issue of whether Local Authorities should be elected or appointed, the Local Government Think Tank discussion group generally considered that they should be elected. Local authorities, being the level of government closest to the people, are politically well situated to provide a way for ordinary citizens to have a say in how their communities are or should be governed. As elaborated by one participant as follows:

> *We have had experience under the Indonesian regime where appointed officials do not always represent local views and can generate problems. Therefore in the future they need to be directly elected by the people. Look at what happen in other countries. Local authorities there provide opportunities for democratic participation of citizens in matters that affect them directly. They facilitate closer interaction between citizens and government than the relationship between National Members of Parliament and their constituents- even when the population is small in size.*

In regard to the issue of timing, there was a consensus in the discussions that conducting elections can be an expensive activity, although in many countries locally conducted elections are carried out quite efficiently and at a low cost. In East Timor, if local elections were synchronized with national elections it would reduce cost. However this will be particularly difficult to implement if the government is a coalition government, which can use the option of an early election as a way to solve a political crises, (even though the electoral system may specify that national parliament elections have to occur in a certain period of time, say once in four or five years time). Another reason for not having national elections together with local elections was presented by one participant below:

> *...I think it is better not to have national elections together with local elections because, by having both together the issues of the national election campaign will most likely overshadow local elections issues. This might not be good at all because there might be*

not enough time to really focus on local issues. Therefore, it might be better to separate the timing of local elections from national elections.

Supporting the idea, the members of Think Tank suggested that the Constituent Assembly has to make a decision concerning the terms of office for local elections. In terms of electoral costing, some members proposed to have the term of office for local elections for six, seven or even eight years of office, but not less than four years as one way of reducing the cost of the local elections.

E.2. Opinions from Focus Groups, Public Forums and In-depth Interviews

On the issue of whether local authorities should be elected or appointed, almost all focus groups members unanimously voted for having them elected instead of just appointed. More than 90 percent of the participants wanted to have elected representatives as illustrated in Tables 17 and 18. Some suggested that women should be encouraged to stand for such positions. To promote gender equality it was suggested that a certain percentage (many supported a figure of 30%) of representatives should be women. As one of them reminded: "We should not place all the men at the top of the list, and the women on the bottom as has always been the case". As to the timing, they all agreed to separate the timing of local elections and national elections.

Another suggestion made during the meetings, was that following the ratification of the Constitution, in one or a maximum of two years time after independence, simultaneous elections could be held for the election of local authorities once electoral rolls have been drawn up and Regions already formed. They could be held at a convenient date for a first truncated term, and they can start to take office once results of the elections were known.

In regard to this specific theme, almost all participants agreed to have local elected officials as shown in Table 18.

Table 17: Percentage of total discussion of focus groups devoted to Theme five.

	Elected Local Officials			Appointed Local Officials		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	11	2	-	2	11	-
Dili 2	9	3	-	3	9	-
Baucau	12	-	-	-	12	-
Same	12	-	-	-	12	-
Maliana	12	-	-	-	12	-
Oekusi	12	-	-	-	12	-
T o t a l	68	5	-	5	68	-
Percentage	94%	0.6%	-	0.6%	94%	-

*) NC - No Comment.

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Table 18 - Decision Tree 5:

Elected or Appointed Local Officials

Elected Officials	Appointed Officials
Advantages - more democratic - more legitimate - represent better people's aspirations - more accountable to their constituents	**Advantages** - quicker process - recruitment based on standards
Disadvantages - too expensive - takes time - may have qualifications	**Disadvantages** - not democratic - people may not accept them - accountability is upwards
Consensus: Elected Local Officials	
Key characteristics of those supporting the decision: Almost all participants.	
Key characteristics of those with reservations: Some politicians, including some members from the older generation.	

F. Narrow Functions or Broad Set of Functions

F. 1 The Think Tank Discussions

As to the question of what do the local authorities do, the Think tank members proposed a range of activities and services that could be performed by a local authority system. These included:

- Undertaking construction and maintenance of local infrastructure and works to meet local needs.

- Providing pre-school and other primary education facilities, including public halls in association and cooperation with the National Ministry of Education.

- Providing local community health services and facilities in cooperation with Government health services and hospitals.

- Providing water supply and sewerage treatment services.

- Coordinating and providing local transport infrastructure and services.

- Constructing and managing local market sites.

- Providing garbage and other waste disposal services.

- Conducting and supporting local cultural, heritage and traditional activities;

- Developing sporting, parks and other recreational facilities and activities in association with local groups.

- Working with Government and the private sector to strengthen existing business and industry and to establish new business and industry.

- Undertaking to levy, manage and collect local taxes and charges to support the operation and development of the local community.

- Agreeing locally to motivate, develop, manage, implement and maintain other new initiates and activities deemed to be community needs.

F.2 Opinions from Focus Groups, Public Forums and In-depth Interviews

The focus groups, public forums and the interviewees largely agreed on these roles and functions of local government as identified by the Think Tank. As shown in Tables 19 and 20, the participants of this study preferred a broad set of functions of local government. However, a number of interviewees noted that these will be determined by the: a) availability of resources, b) capacity to undertake and manage the work and c) capability to maintain and retain the highest quality of output.

Table 19 : Percentage of total discussion of focus groups devoted to Theme six.

	Narrow Functions			Broad Set of Functions		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	5	7	-	7	5	-
Dili 2	4	8	-	8	4	-
Baucau	2	10	-	10	2	-
Same	2	10	-	10	2	-
Maliana	2	11	-	11	2	-
Oekusi	-	12	-	12	-	-
T o t a l	15	57	-	57	15	-
Percentage	20%	80%	-	80%	20%	-

*) NC - No Comment.

Table 20 - Decision Tree 6:

Narrow Functions or Broad Functions of Local Government

Narrow Functions	Broad set of functions
Advantages - better managed - still leave to the central government the remaining tasks	**Advantages** - serve better the people - can take initiatives at local level - the services are closer to people - can invite other sectors to involve
Disadvantages - still leave to central government more powers - function as local administration	**Disadvantages** resources - Local government may not have resources - Can lead to corruption
Consensus: Broad set of functions	
Key characteristics of those supporting the decision: Almost all participants.	
Key characteristics of those with reservations: Non	

G. Involvement of Traditional Leaders ex-officio or as part of the democratic process.

H.1 The Think Tank Discussions

The Think Tank members noted that under the Portuguese rule, the traditional structures of East Timorese society were weakened, although they are still used for collecting taxes for the colonizers. Under Indonesian occupation they were effectively abolished and replaced by those loyal to the Indonesian government. As a consequence, they were not accepted by the people. These traditional structures, albeit somewhat damaged and distorted, in many cases they remained a powerful force, and, as one participant pointed out, they were one of the factors enabling the East Timorese people to maintain a sustained campaign of resistance to foreign rules. The members favoured an approach to the traditional leaders to still be influential within their communities. However, for formal power they still need to go through democratic process.

H.2 Opinions from Focus Groups, Public Forums and In-depth Interviews

One of the most controversial issues as far as institutional building of local government is concerned is in regard to traditional authorities, whether or not they should be part of the local government structure. A prominent politician in one of the focus group sessions commented as follow:

> *I think this is pretty tricky. Some people are talking about the Council of Liurais [traditional chiefs]. But then where you want to put them, at the national level, district level or sub-district level or outside of the government. If the Liurais are treated as one entity of the Council of Liurais and then how do we treat other organizations like the Catholic Church? How would our relationship be with them? Because, the Catholic Church, NGOs, the NGO Forum, all of them will demand representation. And then what are we going to do with it?*

An interesting view was whether to integrate the traditional authority with the formal structure and whether the Liurais should be positioned at the national level or be down at the district and villages levels. An academic said:

> *I would think that we can adopt a combination of the existing structure with the traditional one. You may as well reshape using the modern structure in place but take into account that those guys also could become some sort of village council or whatever you call it. But my view is that they have to sit in somewhere even just advising the local governments so that they give advise frequently to the ongoing government. This is good in the sense that we recognise the existence, their role, because if any event coming up, problems for example, before you to the formal structure, you basically go for local customs first and when the problems are solved there, you do not need to go to formal structure. It is a very good of defending and preserving it because of its richness. If you take out completely without recognising it, we will be judged by the history. The next generation will be pointing their fingers at us.*

So the decision of either to go for a formal integration or just maintain the traditional structure leaving it outside the government, is still a big debate. However, all agreed that the involvement of traditional leaders in the context of local governance should be done as part of the democratic process as indicated in Tables 21 and 22.

Table 21: Percentage of total discussion of focus groups devoted to Theme seven.

	Involvement of *Liurais* as ex-officio			Involvement of *Liurais* as part of democratic process		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	3	8	1	8	3	1
Dili 2	2	10	-	10	2	-
Baucau	2	10	-	10	2	-
Same	2	10	-	10	2	-
Maliana	1	11	-	11	1	-
Oekusi	1	11	-	11	1	-
T o t a l	11	60	1	60	11	1
Percentage	16%	83%	0.1%	83%	16%	0.1%

*) NC - No Comment.

Table 22 - Decision Tree 7:

Involvement of Traditional Leaders ex-officio or as part of the democratic process.

Ex-officio	Part of Democratic Process
Advantages - They are known by their communities - They are still influential	**Advantages** - More legitimate - Can play better role in representing the people
Disadvantages - Not democratic - Seen as informal leader - Many do not have qualifications	**Disadvantages** - They might not be elected
Consensus: Involvement of Traditional Leaders as part of democratic process.	
Key characteristics of those supporting the decision: The majority of the participants	
Key characteristics of those with reservations: some politicians, and a few participants from the older generation.	

H. Centralised or Localised System of Service Delivery

G.1 The Think Tank Discussions

The Think Tank considered that the list of activities, mentioned above, was possible, but in some areas it would take a long time for some of these services to be established. It was agreed that in any circumstances where local delivery of services was being considered, the closest liaison must be maintained with the local population to allow a degree of flexibility to meet local needs and to provide feed back to the National Government.

In this context, below is a comment made by one of the participants:

> *In terms of the service delivery, it is necessary an administrative organisation at local level to coordinate and manage service delivery providing to local people a range of essential services for their vital day to day living needs. However, because of national and local circumstances, in terms of the availability of resources and facilities, it might need to phase in the local service delivery system over a period of time. In the interim these services have to be provided by the national government.*

In this regard, an academic participant in the group urged to the National Government to embark with empowerment programs for local authorities. As he said:

> *I think National Government has the responsibility to empower the locals so that sooner or later they can be responsible for themselves. Because, if one has to wait until local levels have enough resources to pay for the delivery of local services, it might never happen, or the kind of services to be delivered may be very minimal. In most countries, local authorities can only operate because there is a large scale transfer of resources from the central level to the local level. Part of this can actually be seen as a compensation for a centralized tax structure, where the central government is collecting taxes, which could have been collected by the local government. So I guess this should be the option for the National Government for*

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empowering the locals so that in the long run, the delivery of basic essential services would principally occur at the local level by a local authority.

Although deconcentration was accepted for an interim period, the general tone of the position of the participants on the issue was that a decentralized local authority was preferable over a deconcentrated unit; and, in the long run the responsibility of providing services to local people should be handled by a decentralized local authority service delivery system.

G.2 Opinions from Focus Groups, Public Forums and In-depth Interviews

One of these focus groups, mainly concentrated its discussion on barriers to effective service delivery to local people. They looked at the current situation focusing on the barriers encountered on the field in terms of service delivery and identified the main ones. These included coordination, communication from government to the people, access to information, and perceptions of their roles. As one of them commented:

> *The biggest problem, as has always been, is the issue of coordination between the different service providers either from the government departments or institutions or from non-government organizations (NGOs) with local governments and community leaders. Many of them are providing the same services to the same recipients leaving others with no access to these kinds of services. There is also poor communication among government departments and between government agencies with the communities. The worst thing is the communication between international NGOs and the population.*

As the discussion revealed, many people in the villages, particularly the poor, still do not have access to information as the flow of information between district administration and communities is still very limited. People still do not understand their roles and

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responsibilities in terms of decision making process. Their participation is still very limited just to implementing projects supplied by the government or outside organizations.

In order to try to define how development agencies, government and communities coordination could be improved, the discussion groups attempted to define a structure for the government and for the communities based on the existing situation in East Timor in 2001. Entry points for development agencies were identified and the roles of the main three players namely: development agencies, government and communities, could then be linked to ensure efficient delivery of services and aid to communities in a cost effective manner. One participants, who turned out to be an employee of an international NGO working in the field, commented:

> *East Timor is confronting with the reality that many local authorities are too small in size and are not adequately equipped with qualified person and technology to execute their activities to an acceptable standard. As a consequence service provision are not adequately met. In this context the idea of regrouping the traditional administrative districts into regional centres becomes more relevant, as to provide a more coordinated and effective local service delivery from development agencies as well as from government departments including urban and rural community areas.*

Overall, the participants agreed to have a regionalized service delivery system where central government departments concerned with service delivery would set up their agencies at the regional level providing services to the communities. This is illustrated in Tables 23 and 24.

Table 23: Percentage of total discussion of focus groups devoted to Theme eight.

	Centralised System of Service Delivery			Regionalised Service Delivery System		
	Agree	Disagree	NC*	Agree	Disagree	NC
Dili 1	3	8	1	8	3	1
Dili 2	4	8	-	8	4	-
Baucau	-	12	-	12	-	-
Same	-	12	-	12	-	-
Maliana	-	12	-	12	-	-
Oekusi	-	12	-	12	-	-
T o t a l	7	64	1	64	7	1
Percentage	10%	89%	0.1 %	89%	10%	0.1%

*) NC - No Comment.

Table 24 – Decision Tree 8:

Centralised or Localised System of Service Delivery

Centralised	Localised
Advantages - Standard of services nationwide - national policies implemented in all regions equally - preserve national cohesion	**Advantages** - Closer to the people - more responsive to people's demands - local government know better people's needs
Disadvantages - Too centralistic - not democratic - all decisions are in national government's hands	**Disadvantages** - conflict of interest btw regions - there may not be enough resources - increasing differences btw regions
Consensus: A Regionalized Service Delivery System	
Key characteristics of those supporting the decision: academics, rural communities leaders and participants, young politicians, youth and women organizations and NGOs.	
Key characteristics of those with reservations: District Administrators, public servants, some politicians, and those who in the past worked for the previous administrations.	

6.4   The theoretical implications of the findings

Having presented eight themes developed from the results of this research a fundamental question that this section is trying to answer is: What implications do the eight themes have for the model of local governance to be applied in East Timor?

The findings support the post-modern construction of local government structure developed in chapter two of this thesis. In particular, the findings support the argument that the role of citizens in the development of their country and society is as important as strengthening the administrative capacity of the state. Successful transformations in emerging countries such as East Timor will be better secured through community participation. Policies that are imposed from outside may be grudgingly accepted on a superficial basis, but will rarely be implemented as intended. Participation is necessary if the development of local governance is to be adapted to the circumstances of the country.

As demonstrated through the findings of this research, there are four main points that could be considered. Firstly, the findings of this study suggested that not all post-colonial nations apply (or desire to apply) the system imposed by their immediate colonial masters to their new situation, and that the inherited hierarchical and centralistic structure of government was no longer relevant to the situations of emerging countries. Therefore this needs to be reorganised, including its size and functions according to each country needs and situation. This, as the data shows, should involve the establishment of democratic structures of local governance and the right of citizens to participate in the process of decision making at local level including to determine the right administrative structure which would serve them best. This implies that, to be democratic, the country's towns and villages should be democratically run by their citizens themselves. This study found that for new institutions to be sustainable require public consultation and broad consensus, not just shared ideas but a

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shared way of life. Institutions are seen as emergent phenomena that sustain themselves and evolve over long periods through processes that transcend the consciousness of any individual. New institutions do not take hold unless they are congruent with the underlying culture, and institutional change projects face a culture that has long been reinforced by the existing institutions.

Secondly, the study found that institutional design of an effective and democratic local government in developing countries such as East Timor could emerge within the context of centralisation-decentralisation continuum, by strengthening regional and local structures. In this regard, functions delegated by the central government could be assumed by deconcentrated bodies of the state administration, or assigned to local government units (autonomous bodies) for effective provision of service delivery. In East Timor, this implies setting up a few regional administrations, with deconcentrated basic public services to provide essential service such as education, health, housing, water and sanitation to the communities in the region. With respect to the communities at the lower level, the data showed that decentralisation can be implemented particularly in the sense of setting up community government councils elected by the people to, politically, represent them. The importance of reorganising the towns (sub-districts) and villages they comprise into community governments with their elected representative bodies to represent their communities will engage the civil society into the governance process for the betterment of the country's public sector management.

Thirdly, the study revealed that government control through appointed officials which for decades was regarded as the most appropriate development approach to integrate and unify nations which were emerging from long periods of direct and indirect colonial rule was no longer relevant and consequently rejected. The data supported the idea of having local bodies with elected representatives as more important and becoming relevant to the present situation to represent the interest of the people. This included changing and revitalising the

role of the traditional leadership and incorporating them into the system of local governance through democratic means, as many of them are still influential in their communities.

Lastly the study supports the idea of a partnership and networking model for service provision to the communities. It shows that regional administrations and local government will be strengthened if state functions are delegated to a well-establish and democratic government structure at regional and local levels. These in turn, will strengthen and complement state structures country-wide. The interplay of these functions with the local authority's own role will promote the streamlining of an administration, transparency and citizen participation.

6.5 Conclusion

The purpose of this chapter has been to present the main findings of the consultation process in order to answer the research questions. The data identified a wide range of views which could be summarized as following:

- The participants of this study generally showed a desire to have a local government system in East Timor.

- In terms of the institutional design of local government, the consensus of opinion was that there is a need for change towards a more effective structure to serve the national interest. A model of structural design calling for regionalisation was widely supported by the respondents.

- However, two slightly different perspectives basically were apparent concerning what form regionalisation should take. One advocated the setting up another regional layer in between the central and district governments leaving the existing districts and sub-districts as they are now. The alternative model option proposed an amalgamation of a number of districts by setting up a regional city serving each region. In the latter model option, the existing district capitals which are not regional cities, could eventually become municipalities once the resources are available, but the sub-districts would be upgraded to become the basis for local authorities where each village will elect their own representatives to become members of community councils sitting at the sub-district levels.

- The common ground that all parties agreed on, was that any structure to be implemented in East Timor should take into account of the existing sub-districts and villages as these two are places where the communities identified themselves. This was also brought up as an issue for traditional authorities. The consensus reached was that in any model the traditional authorities should be taken into account, but that their participation should be through democratic processes.

- On the issue of service delivery, the respondents favored a combination of deconcentration and decentralization of administration. At the initial stage where the country is lacking resources and skilled personnel, a deconcentration approach should be in place where the central departments would set up their agencies in a few regional centers serving the whole region. The administrative regions will coordinate development efforts particularly from the development agencies, government and rural communities, facilitating their working together to maximize the value of assistance provided to the communities.

- Financially the second model option was seen more viable to the new country where resources are very limited. Empowering communities to promote their own local

development at the micro level would be a likely solution as the current and probable future budget available for the government of East Timor will be limited and staff short at all levels.

- The role of the non-government sector should be encouraged and that of government might be just to supply services that the private sector cannot and will not supply but which are deemed by the communities as being essential to promote reasonable standards of living. Therefore, strengthen local institutions in order to enable them to make needed development choices, plan, mobilize local resources and implement small community projects that benefit their immediate community in a transparent and gender sensitive manner is a prerequisite. Here the role of the government is to set up policies and design the standards and monitoring mechanisms. Government implementing agencies and local communities should coordinate activities at the local scale, so that all activities undertaken by the communities conform with the national master plan. This would ensure no more duplications and efficient bottom up and top down planning and implementation.

CHAPTER SEVEN: DISCUSSION

7.1 Introduction

The patterns of research results found in this study were presented in chapter six. This chapter aims to discuss those findings by comparing the results with the previous studies, which were reviewed in the literature review, and provide some reasons or assumptions to explain the nature of the findings.

The purpose of this chapter is to discuss the results of the research presented in chapter six. The chapter is organized into five major sections, each section tries to answer one of the four research questions presented in chapter one. These questions are: first, does East Timor need a system of local government?; second, what are the critical components of the system of local government appropriate for East Timor?; third, what would be the role of local government and how to position of traditional leaders in the political and administrative structure of local governance?; and fourth, what are the options for service delivery mechanisms which best serve the people of East Timor?; The last additional part will be a summary of the discussions.

Before discussing the research results, it is worth making a general comment on the conduct of the sessions from the Think Tank meetings, the focus groups, and the public forums. As noted in the previous chapter, the 16 members of the Think Tank showed great commitment to participation in the study. This was evidenced throughout all the 15 two hour meetings conducted every Saturday, starting from January to June 2001. As well, the 75 participants of the six focus groups, and the participants of public forums to inform and to contrast the

findings of the Think Tank showed great interest in participating in the debate. Because the participants came with different experiences and viewpoints, the debate in the teams was intense, sometimes so much so that all the topics could not be covered. However, despite this intensity, the participants took care to maintain an objective tone in the deliberations; disagreements were handled with respect for each other's viewpoints. In general, the participants indicated at the end of each session that they enjoyed participating in the debate and that they have learnt something new; they found the experience to be creative, stimulating and valuable. Based on their comments after the sessions, many participants said they learnt from this participatory inquiry and that they are more disposed to contribute now than before to the local governance debate in their respective communities and regions.

7.2 Does East Timor need a system of local government? (Answer to Research Question 1)

The majority of the participants in all sessions of the Think Tank, the focus groups, the public meetings and the in-depth interviews strongly supported the idea of creating a new local government system in East Timor. Some minor comments were initially made in support of the existing structure. However, the majority view, after some debate was that the existing administrative structure was too centralistic and was no longer relevant for East Timor as an independent country.

An assumption made in designing the research project was that a "status quo" scenario with a highly centralized government would be roundly criticized and largely dismissed by the participants as ineffective. The results of the research made clear that there was strong agreement on the fact that a more decentralized structure of government has many advantages over the current, overly centralized government.

As discussed in the literature review, most third world countries on attaining independence from colonial rule, chose to retain the centralized colonial institutions (with little change) described as overbearing bureaucracy and emasculated local governments (Larmour, 1998). The major problem with this sort of structure, in terms of good governance, is the lack of accountability of public officials and institutions. Accountability was more inward looking and upward to the political leadership but not to the public. Accountability and social control are required both inside the political and administrative system and in the interface between local community and the local government. Transparency of decisions for the allocation of funds, involvement of local civil society-based organisations (like professional organizations, interest groups, advocacy groups, and user groups) in the process of formulating and preparing local policies, accountability of elected representatives towards their constituency and an active constituency demanding such accountability from elected representatives are key ingredients for a local democratic system. Corruption thrives in surroundings where accountability is not open to public scrutiny and at the same time inefficiency and ineffectiveness can flourish. With this hierarchically centralized structure, decisions can be fast-tracked through the bureaucratic maze by the application of 'unofficial' payments. Lack of concern with measurement of performance allows the dysfunctions to remain, even intensify (Turner, 1999) as has been the case during Indonesian administration.

The findings of this study revealed that, consistent with the struggle for independence, most of the participants in the research showed a great desire for a new and more democratic structure of local government for East Timor. These findings are also in line with the recent preoccupation of many nation-states, particularly in Eastern Europe after the collapse of the Soviet Union, seeking to revise existing territorial structures of public administration and political representation to account for demographic and other social changes (Verheijen and Coombes, 1998). The fact that East Timor gained its independence in the beginning of the new millennium appeared to be also the appropriate time to introduce change and the beginning of a new era of governance.

The central idea of this theme may be illustrated by considering the problem commonly expressed in East Timor that citizens often face a maze of bureaucracy which makes it difficult for them to find out to which office they need to go for specific information or with specific problems. In the countryside this can mean travelling from village, to sub-district, district and to the central government in Dili to deal with different governmental departments. These problems characterize states such as Indonesia with extensive poverty and poorly institutionalised state structures. Therefore, as concluded by the study participants, there is a new opportunity to improve government structures due to the new country situation of East Timor.

7.3   What are the critical components of a system of local Governance appropriate for East Timor? (Answer to Research Question 2)

Although two proposals were considered, the main debate was focused on the alternative proposal which was related to the setting up regional administrations for coordinating development efforts in the regions and to establishing municipal (in the urban areas) and community government councils in the rural existing sub-districts.

As was found during the study, the changing context of East Timor from a colonized territory to an independent country has also changed people's expectations. Advocates of a new local government system, based on the amalgamation of the existing districts into a small number of regional administrations, believed that this was necessary to break the likely centralistic grip, a legacy of colonial administration. A consistent and pragmatic adjustment of the governance structure was to produce a more balanced distribution of power and influence between the levels of government. They saw the development of a

more democratic political system with appropriate distribution of power between central and local levels are essential elements in order for the elected politicians to be accountable to their respective electorates. This group argued that amalgamating the existing contiguous districts into a few administrative regions would reduce the influence of a centralised bureaucracy by providing a more coherent government structure. The minor resistance encountered during the discussions to this proposal for regional government was overshadowed by the general finding that the old structure was no longer relevant and that a new structure of local government was needed. Although specific elements of the regionalisation proposal produced significant discussions, the need for an administrative organization to coordinate and manage service delivery at the regional level was seen as a positive step. This does not mean that regionalisation of services and the setting up of local governments were viewed as a cure for all the problems of the country or as a benefit without drawbacks. However, the benefits, if the regionalisation was carefully implemented and local governments properly set up, were viewed as greatly outweighing the costs.

Although it was believed that regionalisation of services would lead to a more responsive, and efficient administration by moving the services closer to the people, this was largely accepted as a matter of faith. As evidenced by the diversity of ways in which the participants believed those benefits would be realised, there was no certainty that regionalisation would prove beneficial. Much depends on the implementation of the administrative decentralisation as mandated by the Constitution including administrative restructuring processes as the consequence of this mandate. More importantly is likely to be the desire of the central government to share powers with local authorities and also the local capacity to implement it.

While there was no clear sign of how administrative decentralisation and local power as mandated by the Constitution will be implemented, it was the consensus of the people consulted that creating regional administrations through amalgamating the contiguous districts could work. The arguments presented for or against regionalisation were not as important to the participants as the need for clarity in the way in which the regional

administration would be implemented. The participants could see the benefits of creating such a regional administration. However, regionalisation might also have drawbacks. One of the most important possible drawbacks, as discussed in the literature review, was that regionalisation can create a new political middle class and will thus create a potential for conflict between elected bodies on different levels. During the Think Tank deliberations, some participants commented that ambitious local officials will see regionalisation as a chance to advance their own political careers. Another possible drawback highlighted some types of regionalisation, such as the one proposed to be in between the central government and the existing district administrations, will not lead to efficiency, and even added bureaucracy. This is so especially if it is followed by vague distribution of responsibilities over national, regional and local government or administration.

7.3.1 Regional administration

Previous research on decentralisation in developing countries has shown that effective regional administrations coupled with a workable local government institutional arrangement, and the active and informed participation by civil society, are essential for democratic governance and development in the whole country (World Bank 2000). Regionalisation also, in many cases, preserves the community identity, traditions, cultures and priorities (Goss, 2001).

The Constitution of East Timor, which was approved after this research took place, made provision for regional administration in East Timor. This means that the existing 13 districts will be reorganised and amalgamated into a few regional administrations. A study conducted by UNDP (1999) for a United Nations mission in East Timor endorsed the idea and also suggested one UN adviser for each region in the first years of independence. Regional arrangements are viewed by both East Timorese and non-East Timorese involved in this study as an innovative approach to local government in the new country. Although the

regionalisation model reflected a western tradition of reliance on local initiative in local government organization, it could be transferred and adapted to developing countries' circumstances.

The Think Tank and the focus groups identified many of the advantages of regionalisation. The patterns of responses revealed that latent social and ethnic conflicts which frequently happened in Dili (the Capital city) between groups such as "Firaku" (designated for those originally coming from the eastern side of the country), and "Kaladi" (for those from the western side), could also be minimised by creating alternative centres of decentralised power outside Dili and to enable them to develop their own regions, instead of all congregating in or swelling Dili. On the other hand the creation of other regional centres outside Dili can help develop other regions through improved management of the public service and citizen participation in these regions.

However, the success of regionalisation does not just depend purely on managerial policies of decentralisation. It also needs to take into account the political dimensions of local development: local context, local realities and local social actors. This implies not only vertical transfer of responsibilities and resources from central to regional and local governments, the conventional concept of democratic or devolutionary decentralisation (Rondinelli, 1981). It also implies the development of horizontal networks between regional and local governments and non-state actors: the private sector, civil society, and international organizations or NGOs. Such networks facilitate regional and local government in three ways: First, they help to mobilise additional resources for local level development that have been previously dormant. Secondly, and perhaps most importantly, they enhance the accountability of local level political and management officials as this is a major problem of democratic decentralisation programs in many developing countries (USAID, 2002). Thirdly, as experienced in other countries (Goss, 2001), synergies between these institutions should lead to innovation and higher levels of productivity as disconnected structures are networked into a common framework at the local or regional level.

The critics of this model pointed to the fact that when changing the administrative structure. the impossibility of keeping other political, social, economic variables constant which will be major constraint for the country. On the other hand, as Rondinelli, (1981) pointed out, experiences of other countries showed that although few in-depth and systematic evaluations have been made of the cost and benefits of recent efforts of administrative reform, those assessments indicate that some of the standards of success have been meet in some countries but not in others. In many Third World nations the stated objectives of decentralisation have been achieved in some regions, provinces, or communities, but not in others. Conyers (1984) pointed to other more technical problems such as difficulties in identifying clearly the various objectives of administrative reform, particularly the decentralisation programs, difficulties in identifying criteria for measuring progress in achieving these objectives.

There appears still to have a number of questions raised particularly about the division of authority and responsibilities between the central government, the regional administrations and the local governments or community councils. Given the current situation of East Timor, there have been doubts that the regions will have sufficient technical capacity to manage public services, since it was not known as yet whether civil servants based in Dili will agree to be relocated to the regions in the hinterland. Another difficult question was how much authority for revenue generation and budget management will be devolved to the regions.

Although this regional proposal was viewed by most participants in the consultation process as providing significant opportunities for enhancing local participation in important areas of public life in East Timor, it appears to be confronted with two problems. First, community groups require appropriate representational models and significant training in order to successfully involve local people in meaningful tasks and broaden the base of public participation and support. Second, there is a tendency in the government to maintain control over the civil services for partisan reasons, as evidenced in the appointment of senior staff at the central level during second transitional government under UNTAET and even in the constitutional government of East Timor. Furthermore, from the interviews with some

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politicians, it was found that some senior politicians in the government see deconcentration as another method for the government to extend control down to the lowest level through locally based employees responsible to and paid by the central government. From other country's experiences, these practices can undermine the basic objectives of decentralisation of authority envisioned by good governance (UNDP, 2002).

7.3.2 How to define Municipalities and Rural Community Governments?

The Think Tank suggested a local government structure as the lowest level of government comprising two components: municipalities for urban areas and rural community governments both with more or less the same size as the existing sub-districts. The denomination "Municipality", as they proposed, would be attributed to the current district capitals with some population density (urbanised centres), and rural community governments for rural sub-districts outside municipal areas.

The participants agreed that there should be some objective criteria for the determination of the status of a municipality. Municipal areas shall be declared on the basis of fulfilment of specific criteria such as on the basis of the population density, the revenue generated for local administration, the percentage of employment in non-agricultural activities and the economic importance or such other factors as may be specified by the government. This principle should be enshrined in the future Local Government Act of East Timor. By establishing a set of criteria along these lines, each of the developing urban areas in East Timor will know whether or not it has met the requirements to be recognised as municipality. This could also be seen as a measure to strengthen transparency. In that way it is not predetermined from the start that the existing district capitals (13 altogether) may automatically get the status of municipality, but certain conditions will have to be met. On the other hand, other small towns such as Maubisse, although it is not a district capital, could also obtain the status of municipality as a result of an increase in population density, fiscal

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capacity, and the development of non-agriculture sector. Therefore, the decision whether a town becomes a municipality is, thus, not purely left in the hands of the administration. The danger to avoid is for them having to pay a "commission" to someone in government to be allowed to gain the status of municipality, as happened in many emerging or developing countries.

As the local governments in East Timor are still lacking resources, it may be good to allow for some concurrency of functions, especially for the functions which, normally speaking, are traditional local government functions. This refers to functions being handled by the central government through its deconcentrated agencies in the regions first. As the resources are available at the local level it could be eventually transferred to the municipalities or rural community governments. If the principle of concurrency is put forward, the municipality or the rural community governments would not have to wait for a specific central government approval to start implementing the function; if the local government has the means and the capacity to handle it, they can do so. The only condition should be that, if a service or a task is already handled by either the central government or the local authority, the other cannot set up a parallel body to do the same thing to compete with the first one.

7.4 What would be the role of local government and how to position the traditional leaders in the political and administrative structure of local governance? (Answer to Question 3)

The main point of this theme emerged from the discussions was to recognise the role of the traditional leaders the "Liurais", in the development process. However, the Think Tank

members proposed that they have to go through a democratic process. Focus groups members and participants of the public meetings largely endorsed the idea.

As they pointed out in their discussions that, in East Timor, the traditional leadership *"Liurais"* need to adopt new political structures better suited to their role of community leader. This means that improvements to local democracy should include opportunities to experiment with innovative arrangements for local elections, greater consultation, a new ethical framework, a new duty to promote the economic, social and environmental well-being of the area, a raft of even more powerful controls over performance, and changes in the structure of political decision making.

In the past, particularly under Indonesian administration, many of these "Liurais" were elected for positions at the District level as the people's representative. This means that, they are still influential in their own communities.

One of the concerns was, if as representatives of the people, those who have been elected have to deal with both national and local interests, can they do so in a manner which is providing adequate attention to both the national and the local interests. Although some countries are still adopting accumulation of political mandates at national and local levels, as the case of Belgium (Batley and Stoker, 1991), the question is what is in the best interest of East Timor at this moment. There were pros and cons to the idea. However some discussions pointed to the possibility of having some politicians holding these two functions. The rationale was that it may actually not be bad if the people – or at least some of those – who are elected for the national parliament also have a link with a local region. Not just that they have been elected for e.g. Viqueque, Ermera or Manatuto, but they are also ex-officio a member of the local council. This may help to avoid a dichotomy between the national parliament and the locally elected councils. This also seems to tie in well with the idea that Local National Members of Parliament, especially those representing citizens from each local authority system, must work closely with local authorities to ensure that the services and assistance that are needed locally from government departments and agencies are

adequately provided.

The members of the Think Tank underlined the importance of establishing local democratic governance in East Timor through local councils if the government's vision of local authorities as 'community leaders' could be implemented. It cannot be assumed that past approaches are sufficient for the new role of local authorities. In setting directions for local government in this role, thinking has to break out from the limitations set by existing practices, services and powers. These include: building citizenship, building a sense of place and managing conflict.

7.5 What are the options of service delivery? (Answer to Question 4)

As mentioned before, the participants believed that the central government should establish regional agencies of the central departments providing basic services to the people in the region.

They pointed to five main services such as education, basic health care, housing, sanitation and water supply and agriculture.

Within this framework, these basic services are to be provided to local communities from these regional administrations. In terms of education, one of the possibilities to help mobilise local resources to support schools is setting up parent-student associations to keep parents substantive involvement in their children's schooling. These associations could also help contribute to policy decision as well. In the health service area, there are many factors affecting health including housing, education and transport which are the responsibility of other governmental sectors. Therefore, a greater inter-sectoral collaboration is vital in the interest of better public health. Central within such an approach must be collaboration

between local authorities, as the elected leaders of their communities, and health authorities. A similar administrative development could also be developed for natural resource management, in terms of working with village level committees and inter-village forestry co-management committees to develop more local responsibility and involvement in the management of forestry resources. The concept is that government officials become partners of local organizations rather than being sole managers and implementers of national policies.

To achieve greater regional focus, the Think Tank members proposed to set up a Regional Coordination Board at the regional level with members comprised of representatives from municipal council organizations, rural community council organizations, youth and women organizations including NGOs and the Church. In regional coordination a board is an important innovation to promote cooperation and handle major regional functions. The suggested principles to guide the working of the regional coordinating body would be as follows: a) all relevant non elected officials need to be on the board (eg. local department heads); b) representatives of civil society need to be included such as organizations representing women and youth; c) regional coordination board member need to consult regularly with the communities they represent; d) major decisions on budget expenditure need to be first presented to the regional coordinating body and e) minutes of each meeting should be made available publicly soon after the meeting. Within this philosophy, regional administrations will be as institutions to enable municipalities and local community governments and citizens to work together for mutual benefit.

However, at the local level, (municipal and rural community levels), there should be elected officials as local councils who can represent the interest of their communities and liase with regional departments for basic services. This would be a significant change in local government structure. For the strengthening of rural or small community government within regional administration, there was a recommendation from a focus group member to strengthen the capacity of the council members if the council is to have greater authority. A local government council for rural areas with their elected officials representing their

respective villages, would provide better representation for the community, and should have more discretion in governing their own communities. The creation of local community councils is also a desire for minimal imposition in rural areas without the consent of the population in those areas.

As mentioned in the literature review, the post-modernism concept of local government structure is concerned with the fulfilling of the democratic function of government in allowing all members of a community to have a stake in the organizing and functioning of the structure in the delivery of services for the community of which an individual is a member (Lyotard, 1984). In view of this concept, a local community council structure would be suitable in East Timor for the existing sub-districts covering a number of villages, to provide a high degree participative decision-making and local control. Because basic service delivery such as education and health will be provided from regional administrations, municipalities and rural community governments are left with services where there is a high degree of local benefit and significant discretion as to what local services are to be provided in each local government.

In terms of empowering local communities in East Timor the principle of subsidiarity is helpful. It is linked to the devolution of power – only take decisions at the national level when they cannot be handled adequately at the regional or local level. Linked to this approach is the value of an enabling or facilitating role of government that helps to build or reinforce local capacity rather than imposing central authority unnecessarily. The key challenge for East Timor is to form constructive relationships among government agencies, business and community for good governance.

7.6 Deconcentration and Decentralisation

Another main conclusion drawn in relation to this question was in regard to deconcentration or decentralisation of service delivery. Almost all participants agreed to combine decentralisation and deconcentration as the country is still lacking resources for a decentralised structure.

In many other places, where the scarcity of resources (in human and natural terms) are the biggest problems, a combination of political and administrative decentralisation, with selective devolution of public sector management responsibilities were adopted to cope with the new governance system (World Bank, 2002). Here budgeting and financial management play a critical role. Academic studies, particularly these adopting a contingency theory framework, have identified possible relationships between budgeting principles and organisational structures. Although most of these studies are based on private sector organizations, their findings are informative in a public sector context also.

There are numerous advantages to having some form of decentralized administration. These include more focused service delivery, better program implementation and monitoring and more efficient information exchange and maintenance of order. Local administration can introduce regulations that are appropriate for the area's population and better able to adapt policy and programs to local requirements. In addition, there is more opportunity for participation in planning, thus making government more transparent. One other significant consideration is that having a local presence will increase the visibility of government and hence increase credibility. This will be extremely important for the new government of East Timor during the initial few years.

From the focus group discussions, one strong argument in favour of decentralisation was that it results in more efficient service delivery and decision-making, since the work will be done by people who understand local circumstances and priorities. However, the benefit

derived from a local authority system must be balanced against other factors such as costs. A highly decentralised system would require a larger number of civil servants in each area, something that may not be possible, at least while East Timor continues its nation building. As well, consideration must be given to the ease of coordination and integration between and among the various levels. Given that almost all respondents in this study concluded that some form of local authority structure was necessary, the debate was about the form that the structure will assume. However, as most of participants agreed, for the first few years at least, given its shortage of resources and skilled personnel, East Timor is unlikely to proceed much further than deconcentration, with core departments – education, health, agriculture, housing and water and sanitation – establishing regional offices in these regional centres to provide basic services to local communities.

It was suggested that a centralized system of some kind is still appropriate for East Timor since it seems unlikely that even the more remote regions like Ataúro and Oecussi will achieve some degree of autonomy in the near future. However, this should be followed by a good policy on distribution of funds to all regions. This could take place through a number of ways. First, for regional administrations and community centres there could be a financial equilibrium fund distributed according to such criteria as population, area and accessibility. Second, for those autonomous entities, governmental or non-governmental, that have the capability to implement and co-finance development projects at these levels, there could be a regional development fund.

7.6 The lessons learnt that could inform other developing countries (Answer to question 5)

Many writers have attempted to make international analytical comparisons of the reforms of public policy and public sector management (eg. Kettl, 1998; Pollit, 1997; Rist, 1997).

However, as Boston (2000) pointed out, "lessons drawing" are not that simple and not that often transferable. Kettl (1998, p. 14) said that "... so long as government around the world present different forms, especially in parliamentary structures and federalism, foreign lessons will be instructive but not definitive". Moreover, each emerging country has a unique set of circumstances that needs to be taken into account in establishing a post-colonial regime. Here the traditions of the people and the memories of the colonial past weigh heavily in the deliberations about how to structure local governance. This study has provided some thing of a 'greenfield' site, in that all of the relevant structures as the legacy of the past and the very services themselves are up for reconsideration.

There is extensive research on different structures of local government both in developed and developing countries and one conclusion is that the lowest cost systems are where there is an urban municipality and a number of rural local government councils in an area that both compete and cooperate, and that there is also a regional organization to facilitate cooperation (Bish, 1999). The central departments' role would be to provide resources, set up the standards, supervision and monitoring.

These structures to be successfully implemented would need to be supported by appropriate legislation to ensure accountability, transparency and democratic participation. Learning from the experiences of other countries, it is necessary to give attention to the design of policies and regulatory frameworks. Given that strengthening regional and local administrations and the participation of civil society is an ongoing process, there is clearly a need to define properly both the regulatory frameworks and policy design and the mechanisms to implement those policies.

The usefulness of decentralisation in many countries has been acknowledged, but in many cases that insight has not translated into adequate regulations addressing the political (power distribution), economic (resource distribution), and administrative (redistribution of functions) variables that the process involve. This leads to merely formal or incomplete decentralisation, especially since, in some cases particularly in emerging countries, there

appears to be little political will to undertake a genuine transfer of power, while, in others, there is little confidence in the capacity of local authorities: an approach which fails to tap their considerable ability to contribute to development.

In a number of cases the regulatory frameworks may not necessarily provide an adequate definition of the responsibilities and functions pertaining to each level of government (World Bank 2000). To that extent, it is of the utmost importance to generate mechanisms to facilitate dialogue and cooperation among political leaders, national, regional and locals, and thereby seek to institutionalise monitoring and follow-up mechanisms that permit everyone involved to learn from and utilize these experiences appropriately.

7.7 Summary

The findings of this chapter suggesting that these proposed changes would need local government legislation, where local governments themselves would determine their activities. This is consistent with the approach of leaving local people to organise themselves and make decisions over their activities and be accountable to their own citizens for the consequences. A number of countries now apply a similar philosophy. It also suggests that while not a complete solution for East Timor public sector management and to its associated political problems, decentralisation can create the potential for participative decision–making and control at community or local level. If carefully and thoughtfully implemented, the proposed new structure can enhance good governance and help the people respond better to the challenges facing the new country's public sector management.

From the data, it has become clear that the support for, and the scope of decentralisation envisaged is varied among the participants. But all agreed that decentralisation processes, citizen participation, and strengthening of regional and local powers are to be the key

instrument for boosting governance in the new country, for forging new political leaders, for enhancing the quantity and quality of services for citizens, and for opening-up new opportunities for citizen participation in public policy making. Thus, decentralisation and participation will help not only to address and satisfy citizens' needs but, above all, to raise the quality of democracy in East Timor.

Whatever new structure is put in place, to succeed it should be based on a wide-ranging review. It is a mistake to see structural change as an end in itself. Structures should follow function. The review should encompass the role and working of local authorities sought, the impact of community leadership, best value, and democratic renewal, and the strength and weaknesses of existing structures. New structures should maintain their strengths and overcome the weaknesses. To design a structure without such a review is like asking an architect to design a building without an understanding of what the building is for.

The findings of the research point to a series of challenges that need to be addressed if East Timor is to have a meaningful impact on the process of strengthening regional and municipal or local administrations and citizen participation. This research also found that local people are able to identify the limitations that have been created by the roles into which they have been placed or even imposed in the past, and to see the possibility of breaking through them. Local people invited to take part in this research about the future of local governance learned to stop simply fighting from their corner, and look for ways to balance different needs, to negotiate with others, and to build consent for compromise. They were able to make sensible suggestions about how new roles might be developed, and what safeguards are needed.

CHAPTER EIGHT: CONCLUSIONS, IMPLICATIONS AND FUTURE RESEARCH

8.1. Introduction

This chapter presents the conclusions arising from both the theoretical and empirical components of this thesis. Firstly the overview of the research process is presented in section 8.2. Secondly, the conclusions from the theoretical and empirical components are discussed in section 8.3. This chapter also discusses the implications of those conclusions for relevant theories and practices as presented in section 8.4. The limitations and some areas for future research are presented in the last section of the chapter.

8.2 Overview of the Research Process

As discussed in the rationale for this study in chapter one, a key aspect of the changed environment of public sector management nationally and internationally has been the need to make the public sector more accountable and responsive to citizens. In the case of local government, this has involved dumping many of the old principles upon which it was structured and adopting new structures, techniques, methods of delivery and attitudes. Based on this assumption, this research was conducted to identify a model of local governance appropriate for developing and especially emerging countries such as East Timor. The general aim of this research was to develop a public management best practice model that can be applied to local government with special attention to its application to East Timor.

More specifically the purpose of this study was to: a) examine models of public management and local governance in different countries; b) define some criteria for effective local governance; c) examine and evaluate the roles and functions of local government including the traditional leadership in emerging countries such as East Timor, and d) develop a suitable model of service delivery which could best serve the needs of East Timor.

At the early stage of this research, a broad literature review was conducted to understand the concept of public management in the context of administrative reform, the concept and models of decentralisation, models of local government and the roles and functions of local government in developing countries. On the basis of the literature review, a theoretical framework was developed for the research.

In order to achieve the research purposes, four specific research questions were developed. First, 'Does East Timor need a system of local governance?' Second, 'What are the critical components of the system of local government appropriate to East Timor?' This included the options of political and administrative structure of local governance. Third, 'What options for East Timor are there for establishing the roles and functions of local government and how would they be elected or appointed?' This, in particular, also examine the position the traditional leaders in the political and administrative arrangement of local governance? Fourth, 'What are the options of service delivery mechanisms, which would best serve the people of East Timor?' Lastly, 'To what extent are the lessons from East Timor relevant to other developing countries'.

A participatory research method was employed for this study, with the formation of a Think Tank on Local Governance set up specifically for the research purpose. In the first phase Think Tank played an active role in the investigative process and in the execution of the research project, which followed a number of the following steps (Heron, 1996). Firstly,

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they agreed on the focus of the inquiry on issues pertaining to local governance and together developed a set of questions to be explored during the whole exercise. Then they became co-subjects, engaged themselves in discussions and finding more experiences in terms of deepening their understanding about the topics and issues being discussed. They were involved in the debate about local governance issues, what happened in other countries with post-conflict situations and lastly they propose and debate new insights and ideas in establishing a post-colonial regime, as a result of the experience they learnt during the process.

After 15 meetings, the findings of the Think Tank were tested in six focus group discussions, organised in four different parts of East Timor involving 72 participants. A semi-structured format in focus group interview schedule was used to explore responses from the participants to the findings of the Think Tank whereby more specific questions were further developed in order to gather more responses and information. Two workshops respectively involving 63 and 45 participants were also conducted to test these findings with the participation of academics, district administrators and local representatives with the objective of obtaining comments and suggestions from a wide cross section of people. A four hour public dialogue, facilitated by the World Bank Sponsored Community Empowerment Project (CEP), was conducted involving 450 attendants all delegates and representatives of villages and sub-districts and districts of the whole country. Following the meeting, a policy paper was presented to the 88 members of the Constituent Assembly of East Timor, the body in charge of drafting the new country's constitution. The national radio and TV lively broadcast the presentation to the whole country. The last step was an in-depth interview with 19 politicians and experts for confirmation and amplification of the findings of the research. All data from these sources were recorded. The coding scheme was entered on NUD*IST software package to facilitate the classification of data and to explore links between relevant categories identified by the analytical framework used.

The participatory method used to collect the views of the citizens is, perhaps, unique in the history of all public administrations. It was difficult to describe the extent of the vision that inspired the cooperation of the whole country for the study. The description produced and the conclusions drawn have provided an in-depth understanding of the situation and challenges of local government in East Timor to moving towards an effective and democratic local governance. The study also has indicated implications for developing theories in local governance. While the participatory method employed in this investigation was selected in order to ensure credibility, confirmability and dependability, the degree to which these findings may be generalised or transferred to other situations can only be determined in the light of these circumstances.

8.3 Research Conclusions

The major findings of this research are summarised in eight major themes taking from the four research questions as discussed below.

8.3.1 Research Question # 1: Does East Timor need a system of local government?

The findings of this study suggested that East Timor does need a system of local government. The result reveals that almost all participants of this study said no to the question favouring a new system of local government for East Timor. However, given its circumstances geographically and demographically, the new tiny country need a small but effective and system of local governance, designed in such a way to be affordable and

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relevant to the needs of the people and the new democratic country, as the inherited hierarchical and centralistic structure of government was no longer relevant to the new situation.

While there were minor reservations mainly from some District Administrators, some public servants, and some politicians from the older generation who had worked in past in the previous administrations, the majority of the participants supported the idea. The findings also endorsed a more democratic decentralised structure of government in East Timor as this will have more advantages for the new country as opposed to the old or existing one. Perhaps this was the most striking findings of the study.

Considering the participants, these who did not support the idea probably feared the uncertainty of their future, given their careers in the past. On the other hand, the biggest group, which advocated and supported the creation of a new local government system, were mainly from the group of academics, young politicians and public servants and elements of the general public who are more committed to change and concerned with democratising the government structure including at local level. A similar pattern of results was also found in rural communities [who were always subject to the rules of a distant government] and can see the need and opportunity for changes in the local government system.

The end results of this question supported the decision to move to a new local government system, which included reorganising the administrative structure, roles and range of functions of local government towards a more democratic structure of local government and decentralisation. The findings confirm that not all post-colonial nations apply (or desire to apply) the system imposed by their immediate colonial masters to their new situation, as the literature generally suggested.

8.3.2 Research Question # 2: What are the critical components of the system of local government appropriate for East Timor?

Secondly, the study found that institutional design of an effective and democratic local government in developing countries such as East Timor could emerge within the context of centralisation-decentralisation continuum. This could be done by setting up and strengthening regional and local structures. In this regard, functions delegated by the central government could be assumed by deconcentrated bodies of the state administration, or assigned to local government units (autonomous bodies) for effective provision of service delivery.

The major finding of this question indicated that, in situations such as East Timor, a combination of administrative decentralisation with selective devolution of public sector management responsibilities for more efficient decision-making and service delivery would be appropriate to cope with the new governance system as East Timor still lacks resources for a decentralised structure. This implies setting up a few regional administrations, with deconcentrated basic public services to provide essential service such as education, health, housing, water and sanitation to the communities in the region. With respect to the communities at the lower level, the data showed that decentralisation can be implemented particularly in the sense of setting up community government councils elected by the people to, politically, represent them.

The first part of this question addressed the second theme which was in relation to the issue of whether the local government system should be based on the known structure or a new regional structure should be put in place. Even though there were minor reservations from the part of some participants, most of them agreed to go for a new regional structure as the known administrative structure, derived from the colonial legacy of state organization based

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on districts and sub-districts each with its own local political and administrative authority, was seen as too many and too costly to the newly impoverished country. The key characteristics of those with reservations, were the same group as before who were mainly comprised of those who in past worked with the previous administrations or those who are in power.

The possible reason and assumption explaining the nature of the attitude concerning this theme was that, putting in place a new regional administration would bring a major reorganisation of the districts which means the position of the district administrators, the old politicians and public servants working in the districts could become threatened as the public sector is still the only major sector of workforce in East Timor.

However, the major findings revealed that the idea of regional administrative settings was welcomed by most of the participants and was seen as in line with the recently approved Constitution of East Timor which says:

> "On matters of territorial administration the State shall respect the principle of decentralisation of public administration. The law shall determine and establish the characteristics of the different territorial levels and the administrative competencies of the respective organs" (Constitution of the Democratic Republic of East Timor, Section 5, article 1 and 2).

Developed from the findings of the previous questions and themes which recommended to set up a new but effective system of local government, the findings of this question revealed that, given the countries economic and strutural constraints, amalgamating the existing districts into few regional arrangements, with decentralised basic public services at the regional level to provide essential services to the communities would provide better option for the specific national situation of East Timor in the immediate post-colonial regime. With respect to the communities at the lower than regional level, the participants proposed to be reorganised into community government councils at the sub-district level covering a number of villages with their representative bodies elected to represent their people, thus engaging

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the civil society in the governance process. This will enable the country's public sector management to become more effective and democratic at the grass roots level.

On the issue of decentralisation or deconcentration, the findings of this study indicated that given the scarcity of resources a combination of political administrative decentralisation or deconcentration will be best serve the interest of the country with selective devolution of local decision making to local people to cope with the new governance system at the local levels. Overall results suggested that future local governments should function within the regional framework. This involves the setting up of basic services delivery function in few regional administrations to provide services region wide. At the local level would involve establishing municipal councils at the urban centres and community government councils at rural sub-districts, incorporating a number of villages, to voice the need of the people and help link the people and regional centres of service delivery. The councils in this regard, will be seen as a viable local political mechanism to determine local preferences and hold the local governments accountable to their constituents.

This is in fact in line with the Constitution of East Timor concerning local power which says: *"Local government is constituted by corporate bodies vested with representative organs, with the objective of organising the participation by citizens in solving the problems of their own community and promoting local development without prejudice to the participation by the State"* (Constitution of the Democratic Republic of East Timor, Article 72). Sustainable development and credible improvement in the delivery of services, through deconcentration of responsibility to the regional administrations, will greatly enhance the image and effectiveness of the governments at grass roots level. This, in turn will strengthen the regions and the country as a whole.

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8.3.3 Research Question # 3: What options for East Timor are there for establishing the roles and functions of local government and how would local authorities be elected or appointed?

The major findings of this question indicated that councillors or members of the local community councils should be elected by and represent the people from their respective villages or communities. This should include women. As a consequence, the elected members of the councils as governmental and political representative of the people should have the legitimacy and discretion to, on behalf of their communities, determine local preferences concerned with broad issues of development and coordination including representing their communities by liasing with the service providers whether government or non-government organizations in the region. As the findings show, elected representatives must ensure that citizens have reasonable open access to their representatives to discuss community issues, needs and problems. At the regional level, some focus groups voiced the need to have a combination of both, particularly when referred to the Regional Coordinating Body as proposed by the Think Tank at the regional level.

As to the roles and functions of the local government, the results revealed that the participants preferred a broad set of functions for local councils mainly to liase the communities they represent with regional service providers. This is necessary as basic services provision will still delivered through regional administrations because of local circumstances.

Due to the need for maximising development efforts, enhancing the outreach to and responding to local needs, the role of community government councils with their elected members will mainly be to optimise local resource mobilisation and build on all local capacities and resources. Being involved in the local community, local government officials

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will gain trust and possess the capability to identify needs, and available resources and propose effective solutions and forms of assistance to the government, and other interested non-government organisations.

The study revealed that government control through appointed officials which for decades was regarded as the most appropriate development approach to integrate and unify nations which were emerging from long periods of direct and indirect colonial rule was no longer relevant and consequently rejected. The data supported the idea of having local bodies with elected representatives as more important and relevant to the present situation of representing the interest of the people. This included changing and revitalising the role of the traditional leadership and incorporating them into the system of local governance through democratic means, as many of them are still influential in their communities.

In terms of positioning the traditional leadership of East Timor – the 'liurais' in the political and administrative structural arrangement of local governance, the main findings indicated that it is important to change and revitalise the role of traditional leaders by incorporating them into the system of local governance through democratic means. In this way they can use their influence in their communities to support the new governance structures. The participants agreed that a democratic local government council with elected officials should be put in place to better represent the interests of the people or communities. To take into account the political dimensions of local development including local context, local realities and local social actors, having traditional leaders in these community government councils through democratic means, would provide better representation for the community. This means that while there is a need to acknowledge the roles of the liurais as traditional leaders, in order to become a formal leader to represent the interest of the community in the community government councils, the liurais have to go through general elections. Democratic local governance would imply that the address of decisions at local level should be taken by local people themselves or through their legitimate representatives at local level. Here the traditional leaders, particularly those elected through democratic process,

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would be legitimate representative and would have greater discretion in governing their own communities.

8.3.4. Research Question # 4: What are the options of service delivery mechanisms which would best serve the people of East Timor?

The findings revealed that, given the lack of resources, decentralising public essential services such as education, health, housing, water and sanitation, to regional administrations will make the government to become more effective and efficient in delivering goods and services to the people in their local communities.

The study supports the idea of partnership and networking model for service provision to the communities. It shows that regional administrations and local government will be strengthened if state functions are delegated to a well-establish and democratic government structure at regional and local levels. These in turn, will strengthen and complement state structures country-wide. The interplay of these functions with the local authority's own role will promote the streamlining of an administration, transparency and citizen participation.

The decision taken by the participants was towards a regionalised system of service delivery. The regional administrations would have a range of delivery options and mechanisms including: building on existing capacity, partnerships with community-based organizations and non-governmental organizations (NGOs) etc. The administrations will need to seek an appropriate mix of these service delivery options which should be guided by clear criteria such as coverage, cost, quality and the socio-economic objectives of the regions. Effective regional administration, coupled with a workable local government institutional arrangement with active and informed participation by civil society, are

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building blocks of democracy and are seen as essential for democratic governance and development in East Timor.

8.3.5. Research Question # 5: To what extent are the lessons from East Timor relevant to other developing countries?

This study has revealed that in establishing a post-colonial regime in emerging democracies, all of the relevant government structures as the legacy of the past and the very services themselves are up for reconsideration. In this regard, even tough there are a number of experiences and lessons that can be drawn from the path of other emerging or developing countries undergoing reforms and democratisation process, each country emerging from colonial situation has a unique set of circumstances that needs to be taken into account. The traditions of the people and the memories of the colonial past weigh heavily in the deliberations about these reforms and processes including how to structure local governance.

One conclusion drawn from the different structures of local government both in developed and developing countries was that the lowest cost systems of local governance are where there is an urban municipality and a number of rural local government councils in an area that both compete and cooperate, and that there is also a regional organization to facilitate cooperation. The central departments' role would be to provide resources, set up the standards, supervision and monitoring.

To be successfully implemented these structures would need to be supported by appropriate legislation to ensure accountability, transparency and democratic participation. Therefore it is necessary to give attention to the design of policies and regulatory frameworks including the mechanisms to implement those policies.

8.4 Implications of the Study

In the development context of East Timor, as the country is still in its early process of nation building, a well-functioning central government needs to be established before a decentralisation process can be initiated. This should include adequately resourcing of the regional administrations in terms of human and financial requirements for effective service delivery.

Decentralisation requires devising a basic national legal framework to guide the process, which should include the provision of a national formula for distribution of resources between the tiers of government. A philosophy should be explicit about the meaning of equity, the expectations placed upon richer and poor regions, how special needs would be considered, and how adjustments might be made for economically good or bad times. This framework should also outline information regarding how competencies would be built and/or transferred to regions and local governments, and include coordination mechanisms for the different competencies.

The main challenge for East Timor now is how to ensure that the regional and local governments have the needed competency and resources to perform their tasks and responsibilities properly.

Building local capacity and competencies is the key to the success of any national decentralisation strategy. The central government should collaborate on the development of a major capacity-building initiative including core administrative capacities to assist regional administrations and local governments in developing and implementing plans to improve a better governance and service delivery systems. Given the systematic nature of this capacity, the magnitude of the huge task should be promoted in three different but simultaneous approaches. They are: (a) institutional, (b) focused, and (c) long-term.

An institutional approach means that the main responsibility for building local capacity must be assumed by the central government and mandated by a specific national policy. In the context of East Timor, two issues emerge in this connection. National staff may not have the capacity to build local capacity and this may call for a wider range of actors to be involved in this effort. Donors, NGOs and national associations of local authorities have a potentially important role to play in this respect. Also government staff leading the capacity building effort may lack the appropriate incentives if the cost and financing of an activity which may initially be covered by external financing, is not taken over by the national government in the long run.

A key figure of the new system should be the establishment of a national local government training system able to teach local politicians and administrators how to meet their development challenges. This will include ensuring a systematic program to develop the high level management and new-front-line worker capacities essential to effective service provision at the regional administration and local government levels.

A focused approach means that, despite the systematic nature of the local capacity to be built, a realistic strategy should identify specific entry points and limit itself, initially, to build the local capacity required in connection with these entry points. For example programs can be focused on capacity for local capital programming and therefore develop the local planning, project and financial management capacities.

Developing a good and democratic local governance in emerging countries such as East Timor will require the medium to long-term efforts of all levels of government and politicians, and of many segments of East Timor society. Political leadership and political advocacy supporting good local governance and decentralisation are crucial preconditions. A long-term approach means that the programs should not be established only for short or medium terms, e.g. three to five years. Capacities for local planning and project

implementation are dependent on changes in attitudes and social interaction and negotiation abilities, as much as on acquiring skills. This will make it impossible to substitute intensive training for actual on-the-job experience.

Capacity building strategies are very dependent on their specific context. One critical issue is the nature and stability of the civil service. If the public service is politicised, and local employees are hired and fired at any changes in local political representatives the efforts to build local capacity are obviously greatly frustrated. Equally problematic is the situation where all local civil servants are centrally deployed, giving rise to higher turnover and lower degrees of local loyalty.

Also paradoxically capacity building and the introduction of innovative practices in East Timor with its long tradition of the colonial administration may face the extra challenge of fighting entrenched procedures and outmoded practices.

Since the development budget for the whole country in the first years is fully funded by donors, this raises major issues of donor commitment to support decentralisation objectives, and of reconciling government and the various donor financial monitoring procedures and expectations.

The other challenge is that transformation for developmental local government requires a further process of administrative reorganisation to gear local government units to meet the considerable challenges of social, economic and material development of their communities. Such a process cannot hope to succeed unless political leaders, the central government, community leaders and other stakeholders develop a common vision and work together to achieve it. This is not to say that there will be no conflict between stakeholders over the nature and process of this change. The study found real differences of interest, and conflict is inevitable. However, conflict and difference can act as constructive forces in bringing

positive changes in organisational transformation, provided that there is agreement on the objectives and vision which drive change.

Finally, whatever the local government system that is going to put in place, and whatever decentralisation scheme is to be adopted in East Timor, a system needs to be put in place to evaluate the effects of such a policy. It is virtually certain that implementation will not be perfect. It could happen that although regionalisation may bring the desired consequences, in addition, it may bring some foreseen and unforeseen negative side effects. Mechanisms should be put in place to avoid or mitigate any negative direct effects or side-effects. An evaluation system, keyed to specific objectives, will permit the monitoring of changes, and will permit the new country to adaptively adjust its restructuring plans. If it turns out that the proposed decentralisation and regionalisation indeed result in reaching the defined objectives, further steps should be taken. If, otherwise, some or all objectives are not reached, perhaps alternative forms of decentralisation for some competencies may need to be considered. By taking such an attentive, adaptive approach, East Timor can ensure that administrative decentralisation and regionalisation are accomplished in a more effective manner.

8.5 Research Limitations

The above discussions have shown the significance of the study in understanding the application of models of local government to emerging countries undergoing political changes, with deep economic and cultural cleavages and a fragmented multi-party system such as East Timor. However, since this is one of the first studies investigating the topic in East Timor, the limitations of this research should be recognised and taken into consideration when interpreting the findings.

Methodologically, there are a number of limitations. Possible problems could be found in the sampling process, the limitations of focus groups and of semi-structured interviews, including the possible subjectivity in the data analysis process, and also about the applicability of the findings to other countries given the specific circumstances of each country. The conclusions of the model should be regarded as tentative since the study was mainly a participative research with a limited number of respondents, and did not conduct any experiment or longitudinal studies. The findings of this collaborative inquiry through the Think Tank was only tested through focus groups, workshops and public meetings as there were too few responses from the policy makers to carry out a path analysis and a structural equation analysis. Therefore some other constructs could not be investigated and subsequently are subject to further research.

Furthermore, it would be fair to say that – as yet - this collaborative learning exercise has had less impact in the sense that the benefits of the approach are yet to communicate to leadership development to a wider community, hampered by the past experiences, traditions and the memories of the colonial past which weigh heavily in the deliberations about local governance. Through this exercise, one lesson learnt was that, as sense making and knowledge creation move into the public domain, they can become highly politicised and the potential difficulties of reorganising the structure of local governance in the existing hierarchical organisation and mind setting should not be under-estimated.

8.6 Recommendations for Future Research

This study was conducted to gain a more complete understanding of people's feeling and thinking about how local governance should be developed in East Timor. This discrepancy is certainly subject to further research. Due to the elusive nature of the concept of governance and the complexity in the study of the topic in such an emerging country, and as

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the participative study employed in the study still has some limitations, coupled with constraints of resources in terms of time, money, and people, there appear to be several directions for future study on the issue of local governance in East Timor. Therefore interdisciplinary studies on the issue looking from different perspectives and including studies of the benefits and costs of any institutional arrangements are essential before any direction or policy could be taken.

With respect to the role of local government in democratic settings, this is a huge and extremely important area for future study. The results of this research have shown that different perceptions exist between politicians, civil society and potential stakeholders on local governance. The cause of this difference needs to be investigated in more detail.

More importantly, a detailed study of the current government management practices in East Timor and its consequences, in terms of meeting the people's needs and aspirations, its working culture, from a different perspective, would be significantly beneficial for the policy makers and government, including local governments, to assist in adjusting their functions and formulating innovate policies.

Lastly, comparative research on democratic local governance from different countries would enrich the governance literature and also provide better information to the policy makers on the matter.

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INFORMATION, INFORMED CONSENT FORMS AND INTERVIEW GUIDE

Introduction

A study on Local Governance was conducted by the Researcher through a co-operative inquiry and a number of discussion groups last year in East Timor involving a Local Governance Think Tank as six Focus Groups throughout East Timor.

The findings of the Think Tank and the focus groups suggested that there is a need to reconsider and redesign of the existing local government structure to reflect a better local governance structure providing more opportunity to public involvement in local decision making. In other words, people want a more democratic, bottom-up, localised and decentralised system of governance.

The draft of East Timor Constitution, to be approved by the end of January 2002 and which is currently still being debated by the members of the Constituent Assembly, reflects the findings of this study. This can be found in the Sections of the draft in Table 1:

Table 1

Section 6 on decentralisation
1. On matters of territorial organization, the State shall respect the principle of decentralisation of public administration.
2. The law shall determine and establishes the characteristics of the administrative regions and the other territorial levels, as well as the competencies of their organs.

Section 67 on Administrative Regions
1. The central government should be represented in all regions throughout the country.
2. Oecussi Ambeno and Atauro should deserve special economic and administrative treatment.
3. The Organisation and functioning of the administrative regions shall be defined by law.

Section 68 on Local Government
1. Local authorities are territorial corporate bodies vested with representative organs, with the objective of organising the participation by citizens in solving the problems of their own community and promoting local development without prejudice to the participation by the State.
2. The organization, competence, functioning and composition of the organs of local government shall be defined by law.

The purpose of this interview is to give you the opportunity to influence and assist in determining the suitable local government structures for East Timor.

This exercise is being conducted as part of a higher degree study in Local Governance. Participation in this study is voluntary and you may withdraw at any time. There are no right or wrong answers or things to say, therefore your honesty in answering the questions would be very much valued. All responses will be treated as confidential and the transcripts will not be identified your name.

Thank you for participating in the study.

CONSENT FORM

CERTIFICATION BY SUBJECT

I, ...

of ....

certify that I am legally able to give valid consent and that I am voluntarily giving my consent to participate in the interview for the research project entitled "Developing a Model of Public Management for East Timor. A Framework for Local Governance" being conducted by Mr. Joao Cancio Freitas and Ass. Prof. Anona Armstrong of the School of Management Victoria University, Melbourne Australia.

I certify that the objectives of the interview, together with any risks to me associated with the procedures listed hereunder to be carried out during the interview, have been fully explained to me by:

Mr. JOAO CANCIO FREITAS

and that I freely consent to my participation involving the use of the following procedures.

Procedures:
Participation in an interview which will be recorded on audio-tape.

I certify that I have had the opportunity to have any questions answered and that I understand that I can withdraw from this interview at any time and that this withdrawal will not jeopardise me in any way.

I have been informed that the confidentiality of the information I provided will be safeguarded.

Signed:

....

Witness other than the interviewer.

Signature. ....

Date. ....

FOLLOW-UP INTERVIEW ON LOCAL GOVERNANCE

Before started, I need to get some descriptive information from you:

Could you tell me your
Age:
Occupation:
Any involvement in Local Governance Issues previously:

Questions:

1. How many tiers of government, do you think East Timor should have and why?
2. We have 13 Districts at the moment. How many administrative regions to you think East Timor should have? And how many Municipalities?
3. How should the regional administrative boundaries be devised so as to avoid ethnical or other potential conflicts?
4. What are the political and administrative consequences of amalgamating or merging the existing districts and sub-districts?
5. What is the ideal area size and population density for:
    a) a regional administration
    b) local government
6. In implementing decentralisation, what kinds of responsibilities are to be transferred to local levels? What are they? Roads? Housing? Social Security?
7. What should be the fiscal responsibilities of the central, regional and Local level governments?
8. How should Municipalities be created and how many?
9. What criteria could be used for the setting up of a Municipality?
10. What should be the relationship between a Municipality with its immediate rural area?
11. How should Local authorities be created?
12. How should they be elected?
13. What are their general powers and what do they do?
14. Should elected Councillors hold other positions? (working full time or part time basis)
15. Who do you think Local authorities should be responsible for?
16. Should the provision of Service Delivery be established at local level (Health, Education, and other basic services), and how do you see this working?
17. How could the process of decision making and governance at local level attract more public involvement
18. Should Private sector be involved in the governance process?

Note: The questions could be more developed as the interview goes.

Appendix B

Sources of Data from the Interviews

Type of Data	Definition	Number per interview	Total number of this type of data
Transcripts	Typed interviews of respondents	1	19
Interview comment form	Peer reviewer and researcher summarize major thoughts about each individual interview	2 (1-researcher) (1-reviewer)	38
Data entry	Discussion of thoughts and feelings after each interview	1	19
Case Summary form	A summary of the main thoughts in all of the data sources	1	19
Totals		5 (total sources of data for each interview)	95 (total pieces of data for the study)

Appendix C

Major Codes, Definitions, and Examples

Major Codes / Theme	Definition	Example from the Data	Researcher Thoughts
Local Government or National Government only	Whether East Timor need a local government system or just one national government.	Free node (3, 7, 10, 15, 23, 28, 40, 61, & 87)	
Regional Structure in between or amalgamation of districts based on regional settings	Whether people want to add another administrative layer to the existing structure in between the District administrations and the central government or amalgamate the 13 districts into a few regional settings.	Free node (12, 17, 26, 31, 42, 50, 85, & 113)	
Decentralisation/Devolution or Deconcentration	Whether people want to have administrative officers at local level providing services but responsible to central government or that the central government to devolve some of the public sector management responsibilities to local elected bodies.	Node (4, 9, 16, 19, 21, 35, 44, 63, 86, 110)	
Elected or Appointed Local officials	Whether they wanted to have the local officials elected by their communities or appointed by the central government.	Node 3 (5), 8, 24, 33, 78, 97, 101 & 113)	

Narrow or board set of functions of Local Government	This is the set of functions to be devolved to local government.	Free Node (7, 8, 23, 42 66, 73 & 99)
Involvement of Traditional leaders as Ex-officio or part of democratic process	Whether the involvement of *"Liurais"* (traditional leaders) are to be ex-officio or through democratic means such as local elections.	Free Nodes F (15, 23, 54, 69, 72, 117 & 120)
Centralised or Localised Service Delivery	Whether the service delivery should be provided locally by the local government or by the central government through its regional agents.	Free Node (18, 34, 64, 75, 79, 103)

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9 Janeiro de 2001

Ex.mo Senhor/a

....

....

em Dili

Caro ....

Com referência a minha anterior carta do dia 5 de Dezembro do ano transacto, a respeito da formação do grupo de reflexão sobre a problemática da decentralização administrativa, poder local e orgãos locais (*Thinktank on Local Governance*) do Estado no futuro Timor Leste independente, quero em primeiro lugar aceitar as minhas desculpas pelo adiamento do encontro marcado para o dia 11 de Dezembro.

O adiamento deveu-se além de mais a necessidade de se proceder a consultas previas mais exaustivas.

O encontro está agora agendado para ter lugar no dia 16 de Janeiro 2001 ás 11 da manhã no salão do reuniões no primeiro andar do edifício principal da UNTAET.

Teríamos toda a honra em poder contar com a presença da V.Exa ou não sendo tal de todo possível, com a presença de quem entender por mais conveniente para o representar, neste encontro que acreditamos ser importante.

Queira entretanto aceitar os nossos protestos de mais elevada consideração.

Para mais informações, por favor, contacte João Câncio Freitas no 0438 313 051.

Ana Pessoa
Membro do Gabinete para o Departamento da Administração Interna