



Perspectives and Understanding of the Policy Makers and Local Authorities Towards Decentralization and How It Affects Health Financing and Budget Allocation at Municipality Level in Timor-Leste

Joao S Martins^{1*}, Teresa A Madeira¹, Jose Dionisio Ximenes¹, Natalia Pereira¹, Antonio Ximenes¹, Manuel Fernandes¹ and Vicente de Paulo Correia²

¹Faculty of Medicine and Health Sciences, Universidade Nacional Timor Lorosa'e, Timor-Leste

²Centro Nacional de Investigação Científica, Universidade Nacional Timor Lorosa'e, Timor-Leste

Abstract

Timor-Leste restored its independence on May 20th, 2002 and it has administrative territorial division of 13 districts inherited from the previous Indonesian administration. Significant efforts have been made by the post-independence successive governments to embark on the reform of the administrative territorial divisions. Today, Timor-Leste has 12 municipalities and one special autonomous region of the enclave Oecussi.

This study was undertaken in 4 municipal authorities using qualitative methods and combined with SWOT analysis. The study explores the understanding on decentralization process among policy makers at national level and local authorities at the municipality level along with the challenges in implementing the decentralization process. The study also looks at how the decentralization affects health sector in municipalities.

Keywords: Decentralization; Municipalities; Population; Municipal authority; Health service

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*Correspondence:

Joao S Martins, Faculty of Medicine and Health Sciences, Universidade Nacional Timor Lorosa'e, Timor-Leste, E-mail: joaosmartins@hotmail.com

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Introduction

The population census in 2016 found the total population of Timor-Leste is 1,183,643 (Male 601,112, Female 582,531). Since Independence the country uses the administrative territorial division of 13 districts inherited from the previous Indonesian administration. Significant efforts have been made by the post-independence successive governments to embark on the reform of the administrative territorial divisions. A technical team was set up to study the feasible options of the administrative division and the decentralization. The 5th constitutional government led by Prime Minister Xanana Gusmao has toured the country and promised to start the decentralization before the end of his mandate. Unfortunately, he resigned as PM although still retained in the government as the minister for planning and strategic investment under the current 6th constitutional government. The current government continues the policy of the previous government on the issue of the decentralization. As a result, this year, the 6th constitutional government has begun a new step by handing over administrative power to the local governments designated as municipality. The terminology of "Municipality" has been officially approved by the National Parliament through a Decree Law LEI N.O. 11/2009de October 7th, administrative division of the territory, which defines division of territorial administration. This Decree allows the transference the administrative territory formally known as "District" to become "Municipality". When decentralization is fully implemented, the municipalities are expected to have the power to determine its own affairs including budgeting.

Decentralization involves the transfer of authority, functions and/or resources from the center to the periphery [1]. In health, decentralization implies two things; first to do resource allocation on the basis of needs and secondly to do with how the need-based resource allocation is utilized. According to Bossert et al. [2] decentralization is to do with equity, efficiency, quality of service and financial soundness.

Based on the typology, decentralization has four models: Deconcentration, devolution, delegation and privatization. Deconcentration deals with the shifting of authority to the regional or district offices within the structures of the same administrative structure (e.g. Ministry of Health

and its district offices). Devolution is the transfer of authority to the state, provincial and municipal governments; delegation deals with the transfer of power to semi-autonomous agencies; and privatization is when the ownership is transferred to private entities [3]. In any type of decentralization, nevertheless, the central government still retains significant authority and responsibility in terms of policy making and monitoring roles whereas the local governments obtain control over operational (implementation) matters.

Decentralization has been believed to increase responsiveness to local needs, facilitate the mobilization of resources to underserved areas and improve access of the poor to public good and services [1]. Usually, decentralization is more useful to be implemented in big countries with bigger population size. Timor-Leste is only half island with the size of approximately 15,000 km² and is accessible by road; decentralization might not be a good option. However, the government decided to move to this direction (decentralization). It is not yet known the benefits and the consequences resulting from the chosen option. Experience from the implementation of decentralization in the Philippines, it did not achieve the objectives due to local authorities facing constraints in decision making and inadequate resources [4]. In Indonesia however, the introduction of Regional Health Insurance (Jaminan Kesehatan Daerah - Jamkesda) led to an increase of antenatal care of 0.27 visits between 2004 to 2010. Even so, Jamkesda still has not made a substantial difference in home deliveries and births assisted by the trained professionals [5].

As up to now, health services in Timor-Leste is free of charge and as per country's constitution, the health is citizen's right and state has the duty to provide it. Therefore, the health budget is provided by the state. Despite this, recent study shows that there is some out-of-pocket spending on health though not much. In addition, the municipalities do not have authority to collect revenues locally. Therefore, it is indeed important to assess how decentralization means in Timor-Leste's setting.

Therefore, it is important to assess how the decentralization is put into practice including the ability of municipalities to plan and implement development programs including the ability to use financial spending in improving health services in the municipality. This can be started with a study to explore and examine the perspectives and experience of policy makers and the local municipal authorities about their understanding of decentralization.

Objective

This study aims to assess how policy makers at national level and municipality level understand and view about the decentralization and its potential impacts on health financing and budget allocation at municipality level. It also aims to identify challenges that lay ahead in the relation to the implementation of the decentralization at municipality level.

Methodology

This study was conducted at 4 municipalities (Baucau, Bobonaro, Dili and Ermera) that have been given the transfer of authority from the central government in 2016 from April to June 2017.

This study employed qualitative approach involving interviews and document reviews. Key informants interviews were conducted with policy makers at national and municipality levels. At national level, the interviews targeted officials from the ministry of state administration and ministry of health. At municipality level, the

Table 1: The policy makers interviewed at national and municipality levels.

Key informant interviewees	Study participants
Ministry of state administration	2
Ministry of health	2
President of the municipal authorities	4
Directors of the municipal health	4
Total	12

interviews targeted municipal administrators and heads of health authorities at municipalities (Table 1).

Document reviews were undertaken by targeting legal and policy documents related to decentralization and budget documents available for the fiscal of 2017.

A semi-structured interview questionnaire combined with an open-ended questionnaire was developed by the study team. Key research questions used to guide the interviews are as follows:

- To what extent do the policy makers at national and the local authorities municipal understand about the decentralization.
- To what extent they are committed to the implementation of the decentralization policy.
- To what extent the decentralization really impacts on health financing and budget allocation at municipality level?
- What are the likely challenges that both policy makers at national level and local authorities have faced and will continue to face in relation to the implementation of decentralization?

Data Analysis

Qualitative analysis approached was used to analyze the data from in-depth interviews as well as from the document analysis. It also used thematic analysis alongside with the SWOT analysis framework for this analysis in order to document enabling and inhibiting factors that may affect the implementation of the decentralization as well as to document opportunities and threats associated with the decentralization.

Findings and Discussion

The presentation of the results of this study covers the following the key themes:

- Legal aspects and processes concerning decentralization
- The understanding of the decentralization concept by the authorities at national and municipality level
- Issues in which municipalities can and cannot make decision (municipality authorities)
 - Central government seriousness
 - Readiness of the municipalities
 - Health sector involvement in the decentralization process
 - Competencies in health services and management delegated to the municipalities
- SWOT analysis from municipalities and national
- Budget spending up to the time of the fieldwork
- Challenges in implementing decentralization

- How can decentralization be better implemented?

Legal Aspects and Processes Concerning Decentralization

The articles 5 and 72 of the RDTL's constitution talk about decentralization. The article 5 of the constitution says”

“1. *On matters of territorial organization, the state shall respect the principle of decentralization of public administration.*

2. *The law shall determine and establish the characteristics of the different territorial levels and the administrative competencies of the respective organs”.*

Further in article 72 talks about Local Government and defines it as the following

“1. *Local government is constituted by corporate bodies vested with representative organs, with the objective of organizing 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 articles 5 and 72 of the RDTL clearly emphasize that the state should respect the principle of public administration decentralization and the establishment of the different territorial level and the administrative competencies of local government to be determined by law. This provides ground for the government and national parliament to design the types of decentralization which is suitable to the Timor-Leste's setting.

On the basis of the articles 5 and 72 mentioned above, the first constitutional government began the decentralization agenda. At that time the government assigned the ministry of state administration to undertake a study to assess the different forms of decentralization to identify the appropriate models of decentralization for Timor-Leste. For this reason, the government established a technical team to conduct study tours to several countries such as Portugal, Cape Verde, Indonesia and Australia to study and compare the models of the decentralization with an expectation to obtain an appropriate model of decentralization for Timor-Leste. As a result, this technical team recommended to the government to combine 2 or 3 sub-districts to form a municipality, based on this, it was proposed 33 to 34 municipalities for the country as opposed to 13 existing districts. The decentralization agenda was hampered by the 2006 to 2007 political instability as all attention and resources were diverted to resolving crisis and the internal displacement people.

The IV constitutional government which took office in 2007 continued with the decentralization plan in which the government secured the approval the Law No 11/2009 of October 7th, about territory administrative division by the national parliament in 2009. This Law converts all 13 districts into 13 municipalities and all rights and obligations of the district administration extinguished and transferred automatically to the municipalities. This Law in its article 28 stated that power organ local to be determined through law on local government (Local Power Law) and on municipal electoral law (municipal electoral law). Apart from this, the IV constitutional government conducted wide range consultation where the Prime Minister Xanana Gusmao toured all districts and dialogued with people. This resulted in the development of the Strategic National

Development Plan 2011 to 2030 (PEDN 2011-2030). The PEDN was approved by the national parliament which laid out clearly about decentralization.

“Decentralization policies will also assist the development of the private sector in rural areas. Decentralization aims to promote the institutions of a strong, legitimate and stable state across Timor-Leste, create opportunities for local democratic participation by all citizens and establish more effective, efficient and equitable public service delivery to support the nation's social and economic development. The introduction of a new tier of municipal government is one way to achieve these objectives”.

The pre-deconcentration was reportedly tried in two municipalities of Aileu and Liquica in around 2011-2012. The decentralization was intensively pursued during the V Constitutional Government in which an installment commission (installer commission) was set up by the government at that time to prepare conditions in the effort to implement the decentralization and this stage was termed pre-deconcentration (pre-deconcentration). This was also echoed by one of the PA during the data collection.

In terms of legal framework, the V constitutional government started to establish pre-deconcentration, however, this was like formalizing the commission of establishment to support the municipality, identifying resources in each municipality, but they did not delegate any competence right down to the base. The VI Constitutional Government started in April 2016 conducting workshops and training for officials (KII Municipal Authority).

In order to support the implementation of decentralization, the government issued several decree laws that deal specifically on decentralization. These Laws are Decree-Law no. 3/2016, of March 16th, 2016, on the statute of municipal administrations, municipal authorities and the interministerial technical group for administrative decentralization, Government Decree No. 2/2016 of April 6th: Performance assessment regime for presidents of municipal authorities and municipal administrators, Government Decree No. 3/2016 of 6 April 2016: Remuneration of presidents of municipal authorities and municipal administrators, government decree No. 4/2016 of April 6th: remuneration of technical support members presidents of municipal authorities and municipal administrators, government decree No. 5/2016 of April 6th, 2016: Special procedure for selection of presidents of municipal authorities and municipal administrators resolution no/2018 and amendment to law 3/2018. Despite this advancement on the legal arrangements, there are few drafted decree laws which were passed by the national parliament to the president of the republic for promulgation; unfortunately these decrees laws did not get promulgated. For example, Local Power Law, Municipal Electoral Law and Municipal Financing Law.

The Inter-Organic Inter-ministerial Contract (CII) provides clearly the delegation of competencies from the line Ministries to the ministry of state administration and further the ministry of state administration delegated those competencies to the president of the municipal authorities. The CII is a contractual arrangement between the relevant Ministries with the Ministry of state administration regarding competencies from the technical line ministries to the MSA and PAs.

In Health, the Ministry of health identified 7 domains (broad areas) for the decentralization purpose. This was agreed in the Inter-Organic Inter-ministerial Contract (CII) signed by the Ministry of

Health and the Ministry of state Administration in which it defines the areas to be handed over to the PAs *via* MSA. These areas cover 7 domain areas:

- Defining policies, regulations and control of health services
- Management of the primary health care services
- Management of drugs, pharmaceutical products and medical equipment
- Management of information, monitoring and evaluation of health
- Management of human resources
- Management of public finances of health sector, and
- Management of health infrastructure

Under these 7 domains, it defines the matters that can and cannot be handed over to the MSA. However, it obliges the municipalities to implement national policies and strategies and MoH ensures the participation and collaboration of the municipalities in the policy formation and development. According to one Senior policy implementer at the MoH that for some technical reasons, the MoH took back vehicle maintenance, cleaning service and catering. The 7th constitutional government though the Minister for state administration and the Minister for Health Inter-organic Administrative contract for the delegation of powers in the health domain on September 18th, 2017 to redefine the delegation of competencies in health sector to the Municipalities. This current contract stated that the evaluation of this contract to be undertaken biannually.

At present time, the municipalities were only given administrative power, not the political power. The process was still on preparing conditions at the municipalities, those municipalities that are ready can proceed with the local election to elect city council authorities. Therefore, the current mission of the Municipal President Authority was to prepare conditions and this led one Key Informant Interviewee (KII) jokingly said in biblical terms “we are the John Baptist to prepare the way for the coming of Jesus”.

Sometimes we joked among us administrators; we are just like John the Baptist who prepares the way for Jesus to come. When we carefully look at the legal framework we classify ourselves as John the Baptist because the politicians said that the administrators have power, but the legal framework indicates that we only have command in administrative issues (KII Municipal Authority).

Adding to that situation, another KII also put:

According to the government’s plan, 2018 to 2020, we should have already become city councils, laws governing the election for mayor of city councils are already prepared, whoever wants to become a major will have to go through election, we are just preparing the conditions for us to move to that direction, it is up to the people to elect the Mayor (KII Municipal Authority).

As a realization of this constitutional mandate, as defined in the Decree Law no3/2016, 4 districts fulfilled the criteria to be authority municipal and the remaining 8 remains as Administration Municipal, what makes it different is the size of population ($\geq 90,000$ people) as stated in the article 149 of that Decree-Law.

The Understanding of the Decentralization Concept by the Authorities at National and Municipality Level

The study found that most of the study participants had good understanding of the decentralization. According to the study participants that the decentralization is a constitutional mandate and it has also been reiterated in the PDN 2011 to 2030. Therefore whichever political parties govern this country; they will have a constitutional obligation to implement the decentralization.

Government wanted to start implementing the policy which it created and it was based on the Constitution ... after the government through the Ministry of state administration issued a Decree-Law No2/2016 and Decree Law No3/2016 policy on deconcentration (KII Municipal Authority).

The study recorded that all respondents knew about the decree laws (e.g. Lei No3/2016 de março) which describes about the decentralization and led to the swearing in of the 4 president municipal authority: Dili, Ermera, Baucau and Bobonaro and the other 8 former districts were designated as municipal administrator.

Respondents also knew that administrative deconcentration means a bulk of service that are given down to the municipalities, definitely ministry is the one who makes policy decisions, for example, primary health care, its implementation is delegated to the municipalities, and municipalities need to follow the policies defined by the MoH.

Administrative decentralization means that a bulk administrative services that will come, but of course, who defines the policy on this issue is the ministries (KII Municipal Authority).

The administrative decentralization currently implemented has four main components: Services, budget, facilities and human resources. There are 9 areas of services that are decentralized to municipalities including coordination work with NGOs and civil societies. These 9 areas are composed of state administration, health, education, social solidarity, public works, MCIA, tourism.

According to the Decree-Law No 3/2016 of March 16th which discusses about the structure of the administration of the municipalities, structure of administration of the municipality authorities and also to do with interministerial technical groups. The consequence of this decree law in October in that year the Government gave swearing in ceremony to the 4 presidents of municipal authorities, they are Baucau, Dili, Ermera and Bobonaro, and the rest is with status municipal administrators. Apart from the swearing in, they delegated the power, power in term of administration and not power for policy makings. In the administrative decentralization there are 3 or 4 stuff which are important like decentralizing services, decentralizing budgets, facilities and human resources (KII municipal authority).

They also knew that the decentralization process has begun since the first constitutional government; however, the idea was only circulated inside Ministry of state administration. The 4th constitutional government came and developed the strategic development plan 2011 to 2030 which defines clearly decentralization as an objective that needs to be implemented and achieved.

The discussion on decentralization had started since the first constitutional government. The idea emerged but limited circulation,

only in the state administration ministry...when the VI constitutional came in under PM Xanana Gusmao, he launched the Timor-Leste strategic plan 2011 to 2030, it was written as goals in there saying that till 2015 at least 3 municipalities would have been decentralized (KII Senior Policy Maker at MSA).

A Senior Policy Implementer said that the ultimate aim of this process is to establish local government (local power), it is gradually begun and now it is at the deconcentration stage which is administrative deconcentration as a preparatory phase towards final objective of decentralizing the power to the local government through local election for the city councils (president of the chamber) and counselors, in order to bring government getting closer to the community.

My principle I have to implement policies that are designed by whichever government in regard to the implementation of decentralization because decentralization is a constitutional mandate...the end objective of the decentralization is that we have to establish local power now are we at deconcentration phase and the next phase is to prepare for the final stage of the decentralization which the establishment of local power through municipality election (KII Senior Policy Implementer at MSA).

According to a policy implementer at the MoH, decentralization is a constitutional mandate and health sector the article 57th of the constitutional clearly says about the provision of health services throughout the country to be undertaken in a decentralized manner and it has been reinforced in the Lei Base de Sistema da Saude no 10/2004.

The health sector our understanding is that because it is a constitutional mandate...obviously in health the constitution demands us to do it in other sectors I do not see constitutions speaks about them but in health the article 57 talks about this kind of concepts so what the constitutions says we have to make efforts to implement the health system as said by it in regards to decentralization, the Law on health system No. 10/2004 talks about it (KII Policy Implementer at MoH).

The views of health managers on the decentralization, according health managers at municipalities, they viewed decentralization as an avenue to bring services closer to the communities and making coordination much easier at municipality level as programs from the line ministries are brought under one command of the President Authority of Municipal (here in after President Authority).

Well I think this year as the first year of transition to transfer the services which were previously under the tutelage of the Ministry of health, this year some competences have been delegated to the municipal authorities, my view about political decentralization the objective is to deliver the services closer to the community and we will also look at the impacts in health which will shorten the process of decision making related to financial management on health programs and also the management of resources...now everything goes to the municipal authorities, if there is any program they will seek orientation from the president of the Municipal Authorities including local authorities like head of villages, healed of hamlets, they can easily mobilize things as compared to the past things were pretty difficult to mobilize things (KII Municipal Health).

Others also gave credits to the VI Constitutional Government in materializing the decentralization as an effort to effectively

deliver services closer to the community through the transference of authority (power) administratively and bureaucratically.

The decentralization process, it is the policy of the IV Constitutional Government, its objective is to make closer all services to the communities ... specific for health, to bring services closer to the communities and to deliver much better services to communities in terms of administration (management) and the bureaucracy (KII Municipal Health)

However, others offered a vague response on the concept of the decentralization by simply stating that the orientation was given from above (higher authorities) would be passed on down staff at lower level and communicated back to the higher level in relation to attend the people.

Usually we receive orientation from our superiors, they are the ones in the leadership to know better and to know much deeper about health so that our health staff on how to orient staff right to the base (lowest level) (KII Municipal Health).

Issues in which Municipalities can and cannot make Decision [Municipality Authorities]

This study also explores the competencies (decision making power) delegated to the municipalities to what extent the President Municipal Authority (PA) and Municipal Administrator (AM) can decide and to what extent they cannot decide. This study only focuses on the 4 Authority Municipal.

As described earlier that the Minister of State Administration signed Inter-Organic Inter-ministerial Contract (CII) with the Ministers from the line ministries whose competencies and programs were decentralized including health. The competencies of the municipal authorities have been defined in the CII on matters that they can and cannot do.

One senior policy maker added that President Authority Municipal has been given the flexibility to make some policy decision to a certain extent to allow them to make rapid decisions in meeting the needs of the people in their respective municipalities. Therefore, the PAs not only have the bureaucratic powers but also policy making powers. These are defined in the Interorganic contract agreement detailing about the decision making power delegated to the municipalities and those areas that still require accompaniment from the line ministries at the national level. According to this senior policy maker, the PAs are considered equivalent to a State Secretary (Secretary of State). Whereas the 8 municipalities are equivalent to a Director General. This confirms that PAs and MAs do have powers in making decisions to a certain extent, though there are boundaries on certain issues where they need to consult with or have a prior approval from the national level.

The level of the President of the municipal authorities equal to state secretary. Therefore they not only have the bureaucratic power but them also political power to enable those makes rapid decisions.... In the public administration, the president has the authority and exclusive competences. However there are some issues that they have to consult, some issue they can use their prerogative power to decide (KII Senior Policy Maker at MSA).

This was also confirmed by a senior technical policy implementer that in the CII already contained competencies that the PAs need to

make decisions. Obviously there are restrictions applied, for example, the PAs cannot sign bilateral agreement with foreign governments or foreign bilateral agencies as this falls under the responsibility of the national government.

They (President of the municipal authorities) still do not have competences to sign bilateral cooperation, for example, with Australia we have sister cities for this only Ministries can be authorized to sign this (KII Senior Policy Implementer at MSA).

A senior health policy implementer said that in the Interorganic contract agreement, from the health side there are 7 areas (domain) that were handed over to the municipalities, MoH continued to maintain its control in defining laws, regulations and guideline, and control, and then defines which functions that the municipalities can do.

In the Interorganic administrative contract for the delegation of the competencies in health domain between the Minister of State Administration and the Ministry of Health, there are 7 domains (7 areas of competencies) given to the municipalities and the Ministry of Health still retains the right to define regulations and guidelines for in health. (KII Senior Policy Implementer at MoH).

Data from the field indicated that PAs have competencies on awarding contracts, managing human resources, collecting fees from advertisement, parking service, maintenance service, catering, vehicle repairation etc.

As pointed by one PA, on the issue of Human Resource (HR), PAs have authority to ensure civil servants to carry out their functions, however, their powers are limited to making proposal regarding the HR needs of the municipality and report the HR issues to the public service commission. PAs also have the power to nominate and transfer personnel's within the municipality, however, they need to report the processes to the PSC and the PSC needs to issue a dispatch.

The PAs can authorize payment for the Capital Development for a maximum of US 150,000 (Article 114 of the Decree-Law No3/2016). This was confirmed by the 2 other PAs and one senior policy implementer. However, one PA stated that PAs can authorize up to US \$500,000. This was not indicated in article 114 of the Decree-Law No3/2016.

Budget with an amount as per Decree-Law maximum 150,000 American Dollars the President of Municipal Authority can decide, beyond 150 thousands have to go to the national level (KII Municipal Authority).

In regard to budget, according to Decree-Law 3/2016 the President of Municipal Authority can sign up to \$150 thousands (KII Senior policy implementer at national level).

In Health, operational works such as maintenance have been delegated to the municipal, services with programmatic in nature still remain centralized at the national, therefore all programmatic service still remains with central level, however, the implementation of these programs are all done by the municipalities such as undertaking outreach activities, sweeping or SISCa activities or program of the family health. Minor maintenance to constructions and salary and wages for health staff of the general regime are handed over to the municipalities. Health staff in the special regime remains with the central government; however, daily control and monitor of their performance are with municipalities. Municipalities have the role to

manage internal mobility; they can transfer and deploy staff within their municipalities.

In terms of operational services for example to do with maintenance or services in operational nature all are given to the municipalities, services related to programmatic nature are still centralized (KII Policy Implementer at MoH).

Central Government Seriousness

Commenting on the seriousness of the central government to implement the decentralization policy, most respondents at the municipalities believed that the issue of decentralization as a constitutional mandate, whoever governs the country needs to have seriousness, if current government is not serious enough, the next government should be serious because this has been mandated by the country's constitution.

I think the first it is a constitutional mandate, whether government is serious or not, it is a constitutional mandate, therefore, if this government is not serious, the next government will have to be serious....whichever government comes, the government needs to have seriousness because this is a constitutional mandate (KII Municipal Authority).

I saw they have seriousness because after the provide deconcentration the services, they started with this process, they started to develop laws on local power, this means that they are serious; they are really serious for this stuff (KII Municipal Authority).

Another PA viewed the decentralization as a constitutional mandate which has been stated in the articles 5th and 72nd which talk about local government (power, local); since it is a constitutional mandate government needs to pay attention to it. According to this PA, it is already the time for central government to decentralize things to municipality to allow them to seriously look at their problems and things occur in the municipality. They believed the centralization will not allow municipalities to progress.

I think it is now the time for the central government to decentralize things to the municipalities to enable them develops their plans, figure out the problems on things that occur in the municipalities (KII Municipal Authority).

The decentralization is also based on the National Development Plan (NDP) endorsed by the Parliament. The policy executors have the obligations to implement matters in compliance with the National Development Plan (NDP), including the decentralization agenda.

A senior policy maker noted many ministries still have an interest in it; therefore, they do not want to delegate competencies to municipalities. This official believed that it was not the issue of capacity of the municipalities. It is supposed to be the capacity of the central ministries to have political will. He questioned why Oecussi was given, and why others not.

Because many ministries still have vested interests in there, they do not want to delegate things to the base; this is not due to capacity in the municipalities. It is to do with the capacity of the ministries and their political will to delegate thins down, they are brave enough to do that. Look, how come we gave it to Oecussi, and why with municipalities we cannot do it? (KII Senior Policy Maker at MSA)

A policy implementer at national level acknowledged that the process has been slow but the reaffirmed the government's

commitments to implement decentralization as it is a constitutional mandate. This official observed that the government, from 1st to 7th constitutional governments does have the seriousness to implement the decentralization. However, he highlighted the challenges being the cycle of government is 5 years and political crisis in 2006 to 2007, in which the government was preoccupied with IDP issues.

However, another PA viewed decentralization differently, he saw policy makers/politicians viewed decentralization in more political where they talked about the issue (decentralization) but they are not serious enough because in relation to Decree Law no. 3/2016, there are number of diplomas (policy package) that need to be developed but these have not been done.

Now without looking at the authority, and I as a Timorese I see the issue is not to do with politics they want to show that they talk about the issue but they are not quite serious about it. Not serious because in the Decree-Law no. 3/2016, there are more joint legal diplomas that need to be made, but not yet done (KII Municipal Authority).

Concerns were also raised by one policy implementer at the Ministry of Health; he saw at the political level, the seriousness was not strong enough.

In political level, there is no strong seriousness, the politicians try to see what would be the benefit of decentralization for them (KII Policy Implementer at MoH).

Commenting on the seriousness of the central government to the implementation of the decentralization, one district health manager viewed that the central government shows a strong political commitment towards decentralization agenda, what appears to weaken the implementation was that the sectoral egoism. It appears that sectors taking part in the decentralization each still shows their ego, meaning advancing their sectoral agenda instead of the big picture of the decentralization agenda. This manager highlighted that municipalities continue to need assistance from the central government particularly in the areas of financing and procurement management.

Well I think individually I see it from the angel of political commitment, in the Decree-Law, there are laws needed to reinforce the decentralization but in practice I saw ego, ministerial egoism is still there for example budget and procurement, it is real that the municipalities need assistance from national to help them, we are from finance and procurement, in the municipalities they do not get enough support from the central government on these issues (KII Municipal Health).

However, others were cautious about the decentralization agenda, they were not sure about the seriousness of the central government, this is because they said the center government delegate some issues but still hold firmly some other issues, so this shows that government was not quite serious about decentralization.

Generally I what I see is related to resources. We give example, the State administration already delegate some services but no accompaniment. This shows that we are not at maximum enough to delegate services to the municipalities ... We in the ministry of health we delegate services down to the municipalities but others not, this is the problem (KII Municipal Health).

Another district manager praised the MoH for its seriousness to decentralization agenda; it not only delegated the competencies but

also constantly accompanied the process. The problems regarding in the implementation of decentralization has been with the municipality with long bureaucracy which creates obstacles to the implementation. In addition, some ministries also have not given enough resource to support the implementation of the decentralization.

For me, the Ministry of Health has seriousness to bring services closer to the communities through decentralization process, the MoH has the willingness and seriousness although it is phase by phase, because we have not been well prepared yet... for me as a Director of Health Service in the Municipality xxxxx, as a citizen, we see seriousness in some part and no seriousness in some parts also, if you no seriousness from which ministries... I give example, one big ministry only gave \$6000, and what can we do with it? (KII Municipal Health)

Readiness of the Municipalities

In terms of the readiness of the municipalities regarding decentralization, there are mixed opinions raised about this point. Municipalities' readiness is linked with the capacity. A senior policy maker played down the issue of the capacity and he gave a positive note that people should not underestimate the capacity of those people in the peripheries. Therefore, the capacity issue is not an issue for decentralization.

We should not say no, we should not underestimate of capacity of people in peripheries, those one who are doubt about the capacity of the periphery are colonialists, and it is the language of the colonialists. We need to have knowledge and the political will, if we don't have these, we need to find them (KII Senior Policy Maker MSA).

He gave an example of the SUCOS where they have shown capacities in implementing SUCO projects such as PDIS and PDM "First, we can see it just from village level, national development plan for villages PNDS, they can do it, PDID and PDM, and they do it". He also argued that those having doubts about capacity in the peripheries were only colonialist "The colonialist word that said the periphery levels have no capacity. If you give, they will do it. Therefore, it needs a political will.

However, a senior policy implementer at national level frankly acknowledged about the capacity issue particularly to do with the capacity of the civil servants with adequate academic qualifications. He said that at present situation even to find civil servant with level C to fill the vacancy at the structure of the municipalities are also very difficult to get.

My personal opinion as a director general my view is that we can see that they (the municipalities) can accept but the question for me is the capacity, to me there is still limited capacity in terms of public servants, in terms of quality really limited, the quantity is also limited....we want to get level C in municipalities is very difficult, this is related to human resource in the part of the State Administration and also in the ministries (Senio Policy Implementer MSA).

Health Sector Involvement in the Decentralization Process

Concerning the involvement of health sector during the preparatory of the decentralization process, municipal directors reported that all sectors are party to the decentralization agenda, they were actively involved in the process through meetings and coordination meetings presided by the PA. The involvement of health

sector and most probably all sectors were done through technical, administrative and ceremonial involvements. Some added that usually President of municipal authorities conducted meetings to hear from all related sectors, considering their view points before making final decision on matters related to decentralization.

From the beginning if we want to really see into the pre-deconcentration, they involved us from each sector for us to sit together and analyze the role of each sector, this ministry delegates what before going in to the authority (KII Municipal Health).

To say that technically and administratively, technically before the handing over of power to be an authority or an administrator which has the top authority in the municipality, what kind of processes to be engaged in the deconcentration process or preparation for deconcentration, municipality health represents the ministry of health in the municipality, we need to be involved with these process (KII Municipal Health).

Competencies in Health Services and Management Delegated to the Municipalities

The Interorganic Agreement Interministerial describes about the types of health services and resource management delegated to the municipalities. This section explains about the health managers at municipalities knew about those services delegated to them.

According to Health managers at municipalities, health services and health programs that are decentralized to municipalities comprising of primary health care activities such as the implementation of SISCA programs, Family Health, Health Posts and CHCs. In terms of human resource, the general regime of health staff is given the responsibility of municipalities to take care. The maintenance of multifunction vehicles also becomes the responsibility of the municipalities.

Now the inter-organic contract signed by the Ministry of Health and the Ministry of State Administration defines three important competencies, one is delegating the management of services and primary health care including budget management, human resource management and the management of logistics (KII Municipal Health).

The municipal authority is the one who signs the contracts for the transference of funds from respective ministries including ministry of health to the municipalities and then municipal health would make a request to cash out funds for the utilization. The highest authority for executing funding for program implementation and service delivery is the president authority of the municipalities. The amount varies according to the programs; however, there are limits for municipalities in terms of spending.

Health manager from xxxx, for capital development under PDIM and PMDS, PA municipality can authorize the signing of the up to \$500,000, beyond \$500,000 then it should be approved by the national level.

Capital development, with the deconcentration, construction of a CHC with an amount more than \$500,000 the contract is managed by the central government, but less than \$500,000 then it is managed by the municipality, PDIM and PMDS are the source of funds (KII Municipal Health).

This appears to be contradicting with the current 1st revision of the Decree-Law No3/2016 March 16th which only allows PA and MA to authorize contracts with maximum value up to USD 150,000

(Primeira Alteração Decree-Lei no3/2016).

Health managers in municipalities have the authority do undertake staff transference within their municipalities with approval from the President of Municipal Authority. However, they can approve transference of staff between municipalities or transference from municipalities to central level, for this, only line ministries and from PSC can approve such transference.

Related to technical work, for example decision to nominate A or to replace B is based on the necessity of the municipality, but nominating someone from other municipalities it is the competence of the central government, changing or relocating staff within the municipality then it is done here, no need to consult central government (KII Municipal Health).

SWOT Analysis from Municipalities and National

The respondents were asked what they see as Strengths, Weaknesses, Opportunities and Threats (SWOT) towards decentralization process currently implemented. Table in the Annex 1 contains the views expressed by respondents and those views are presented in narrative way as the following.

Strengths

Officials at national level saw the strengths for the decentralization it is due to high expectation from people, the availability of the human resource both in central and in the municipality level to manage the decentralization, the constitutional mandate and the strong commitments from successive governments to implement the decentralization agenda.

Leaders in the municipalities also saw the country's commitment towards decentralization, the population numbers, natural and human resources are the strengths for them. In addition, they have sufficient intellectuals and local business which can support the viability of the decentralization. Municipalities in the border areas also believe they can also benefit from cross border trading and this is seen as strength for them. Other important strengths are tourism and services (JASA) which can also attract revenue for them.

For health sector, they see the strengths are the availability of well trained human resource, the support of material resources from the central government and better command and coordination for all sectors under the president of municipal authority. In addition, the ministry of health gave them trust to take decisions and deliver services.

Weaknesses

Policy makers at national level acknowledged the weaknesses related to the decentralization, since this is a new program and also the changes of governments, lacking of people with adequate education background and lacking of experience in administration, low economy and lacking of people with adequate capacity, inadequate of internal revenues, lack of infrastructure, and lack of laws and regulations are the weaknesses for decentralization. Also weak governance system and the absence of a national platform for decentralization are regarded as weaknesses.

Authorities in municipalities considered the national stability, well trained human resource of the municipalities likely not wanting to return, incomplete administrative structure, unavailability of natural resources in certain municipalities, lacking of technical

training, and mountainous geographical are seen as weaknesses.

Health officials saw the weaknesses in cultural barriers, geographical barriers, roads, socio-economics, lack of managerial experience, lack of experience in finance and logistical management, heterogeneity of characteristics of people, long bureaucratic process and unreliable internet access.

Opportunity

Our officials both in national and municipalities believed the opportunity related to decentralization is that we have readiness, the national strategic development plan, the oil money, and economic growth, the readiness of the ministerial line to continue to accompany the implementation of the decentralization, continuous training of health workers and the intention to improve continually.

Threats

Threats to decentralization can happen if the change of political situation in which government changes the direction, in another word, government stops the decentralization. Inconsistency of political promises and socio-economic tensions and political instability. Health leaders view that the threats to decentralization can emerge from sectorial ego, lack of trust from the central government, and not having the right man in the right or having the right man in the wrong place, and not having staff replacement policy given many of the current health staffs are getting older.

Budget Spending Up to the time of the Fieldwork

In one of the municipality visited by the research team, the USD 175,000 allocated for goods and service for municipal health office, up to May 2017, they only spent 20.8% of the total budget allocated (spending US \$40,087.23 out of the total allocated budget of US \$175,367.23), this was because of the delays in the funding disbursement from the Central Government (see Annex...).

...Till this month we only spent 20.8% of the allocated Budget for goods and services \$175 thousands, this is because the first trimester was just being disbursed in the last week of April, we have submitted the report and made request for the second trimester but has not been disbursed yet (KII Municipal Health).

The second Municipality which was visited in July, the expenditure for Goods and Service up to July 2017 only reached 31.69% (Spending US \$34,133.25 out of the total allocated budget for goods and services US \$107,697.00).

The third municipality spent 73% (Spending US \$81,869 out of total allocated budget for Goods and Service of US \$116,399) up to October 2017.

The fourth municipality did not provide financial spending with the researchers despite explanations given that this was for research purpose and not for audit.

Challenges in Implementing Decentralization

Overall, challenges in implementing decentralization, at macro level, there was political instability in 2006 to 2007 and much of effort were diverted to resolve the IDP issues and the emergence of new government in 2015 (VI Constitutional Government).

The Government wanted to implement but their time of service was very limited, the first Government 2002 to 2007 after this there

was political crisis in 2007, this took till 2012 almost 3 to 4 years just to solve IDP problems, then from 2012 to 2015, then came the VI Constitutional Government, the good thing is that they continued to carry on the decentralization policy (KII Senior Policy Implementer at MSA).

However, during the tenure of the VI Constitutional Government and through its efforts and commitments allowed the transfer authority from national to the municipalities to happen in 2016.

A senior policy maker pointed out that the challenge has not to do with the capacity, but it is more related to recruitment process of the public service commission. The decree law 3/2016 requires a special promotion (kenaikan pangkat istimewa) for PAs; however, the PSC believed this was contradicted with law of PSC. The natural fact that the Decree Law 3/2016 was approved by the council of ministers and it is promulgated by the President of Republic, therefore, PSC had no choice but to follow what was said in this Decree-Law.

According to the Decree-Law No. 3/2016 it requires recruitment which has to be run by the public service commission. However, the public service commission did not want to do it because they did not agree with this Decree-Law, this is because it gives more competence to the municipalities...this is because people who is chosen as Administrator will need to have special rank promotion, this is what makes the public service commission says it contradicts with law of the public service. Because of this they do not allow the special rank promotion to happen. In reality they do not have the right to say so because the Decree-Law was approved by the council of ministers and promulgated, they should have just implemented it. If the previous government was still in power, this is a serious problem (KII Senior Policy Maker at MSA).

However, other officials still considered the capacity issue was a real problem faced by the municipalities. They feared that the lack of capacity at municipalities may weaken the governance system which will lead to corruptions.

First is capacity, staff capacity according to the system of administration, it is complicated...lack of capacity can weaken governance system; there is a tendency towards corruption (KII Policy Implementer at MoH).

A senior policy implementer also acknowledged about the capacity issue thing, which affected the functioning of the administrative structures, for example, finding officials with level C at municipality was also very difficult to get. Even this official went further to say that he saw some people do not yet understand the concept of decentralization. *The challenges I face as a director general is that some municipal officials and some of the people still do not understand about decentralization, in terms of the theoretical concept of the decentralization. (KII Senior Policy Implementer at MSA).*

The authorities in the municipalities expressed that they faced several challenges in implementing the decentralization agenda. Among them the competition of former guerilla fighter and veterans over the government projects particularly on electricity (electrification), lack of human resource....

The veterans, often some programs come in and there has been decision from national level to implement a project, they come and say no and that they would take the project, this happens with the electricity projects...the other is the central government has not given maximum trust, they want to increase the budget but they worried

about the capacity to execute the programs, that is why we cannot do big things (KII Municipal Health).

Some respondents lamented about the existing bureaucracy which turns out to be the obstacles for all processes.

As I said before, the existing bureaucracy sometimes turns out to be the obstacle to the whole process; it becomes obstacle (KII Municipal Health).

There are things that are still not clear in terms of who decides what, often municipal health directors face difficulties in certain matters where they made effort to know who can offer them solution to the problems, often they felt like a ball being thrown back and forth, facing such situation health directors made no excuse to go the MoH to ask for the advice.

I felt a bit difficult to answer, but the one related to the consultation, now I am reaching 8 months when we count from January to now, to me there is no big difference because I still consult with people more with the Ministry of Health, this is because the municipal authority is new, many things they cannot solve, they cannot solve my preoccupation (KII Municipal Health).

How can Decentralization be Better Implemented?

Respondents were asked about their opinions about what can be done to better implement the decentralization. Their opinions are discussed and analyzed below.

A senior policy maker suggested that the government to respect the principle of continuity. Minister and Vice Minister appointed to this portfolio need to really understand about decentralization and the Strategic Development Plan. They need to respect the principle of continuity and avoid dismantling it.

The first thing I would like to ask this new government to respect the principle of continuity. Secondly, Minister or vice Minister or whoever they are, they need to comprehend better about the Local Power. Thirdly, they need to know better about the Strategic Development Plan At the time when we left the government we handed over quite a few important documents, everything to do with the development process. Then, respect the principle of continuity, do not dismantle things, if this happens, we destroy, because we have invested a lot. If they want to improve, that is Okay, but do not destroy (KII Senior Policy Maker at MSA).

Others provided a more technical advice that the government needs to define policies and relevant laws related to decentralization. Municipalities need to be adequately in terms of quality and quantity, facilities and infrastructure. Finally, the municipality structures and the people need to have good understanding about decentralization.

I think the first is to recommend to prepare laws, secondly equipping the municipalities in terms of human resource both quantity and quality and adequate infrastructure. In short legality of the laws, we need prepare municipalities for this, this is because we will transfer many things, when we have transferred these and if they are not able to handle them, then we will make mistake...if they are not well prepared for decentralization, then we will also transfer corruption to municipalities, many people said this (KII Senior Policy Implementer at MSA).

For an effective decentralization the central government needs

to ensure a balance in terms of resources and programs. Health managers at municipalities viewed that the competencies given to the municipalities were not matched with programs e.g. inadequate HR at the municipalities may hamper the implementation of programs that are decentralized.

Well, I think in health, we need to make balance between programs and resources, now the competencies that have been given to the municipalities to execute the programs and manage them, however, the allocated resources do not correspond with the competencies given (KII Municipal Health).

They also demanded the central government to decentralize all programs as per contract agreement between central government and the municipalities, and they also need to continue to accompany municipalities in the implementation of the decentralization, they should not leave everything entirely to the municipalities. This requires a strong supervision and monitoring mechanisms to be in place.

There is a need for all ministries to give their competencies to the municipalities, they need to give them with responsibility, meaning their competencies that they will delegate, apart from what is written in the contract, it needs to have supervisions, they should not just leave it...

The central government must have good will to hand over things, they need to have seriousness, although it has to go through stage by stage, in this stage by stage should be with seriousness, and those in the municipalities particularly those positions in the municipal structures need to have the right man in the right place, so that we can do the work for the people. Seriousness from the central government and having the right man in the right place are very important.

We need to handover with full heart, this has a link with the ministries, and they need to have seriousness, although it has to go stage by stage. Secondly, those in municipalities, those positions in the municipalities, as I said before, we need to have the right man in the right place; so that we can have good fruition, we have to do the work for our people and our land (KII Municipal Health).

The health managers at municipalities also demanded the central government to give them an official appointment, so that they can carry out their duties legitimately and legally. If no formal appointment, they feel they are illegal. And also their salaries need to be adjusted with the new responsibilities, perhaps consider adjusting the incentives/subsidies related to their additional tasks and responsibilities.

My worry is that, this is the last, the legality is important because this is very risky...the law must be written, the appointment must be in writing, if not, we would be considered as illegal (KII Municipal Health).

Discussion

This study was undertaken at the time when the decentralization in the form of administrative relaxation was implemented around 6 months. The Decree-Law no 3/2016 March 16th defines three phases towards decentralization: Phase 1 administrative deconcentration, phase 2 institutional administrative decentralization and phase 3 decentralization administrative territorial. However, during the interviews with key informants, the terminologies often used in regards to the 3 stages of the decentralization were:

Pre-desconcentração (pre-deconcentration), desconcentração administrativa (administrative deconcentration) and decentralização (decentralization - establishment of the local government) (Decreto Lei no3/2016, de 16 de março). This decentralization process got initiated since the 1st constitutional government until the current 8th constitutional government; this study was conducted at the time of 6th and 7th constitutional governments.

This study revealed that the issue of decentralization is a constitutional mandate and therefore it needs to be implemented by government, apart from this, this issue has been specifically stated in the National Development Plan 2011 to 2030 as a development targets that need to be acted up on. Several legal frameworks have been devised to facilitate the implementation of the decentralization agenda in this country (Law No.11/2009 of October 7th; Decree Law 3/2016 of March 16th), however, there are also required laws and legislations that have not been approved particularly laws relating to the local government and municipality electoral laws. These are important to ensure and guide the implementation of the decentralization. The absence of these required laws and legislations is regarded as lacking of seriousness from the central government in undertaking full decentralization as mandated by the constitution.

Authorities in municipalities believed that decentralization would achieve the most effective in bringing services closer to the community, making government getting closer to the people in meeting their needs and advance country's development in a much quicker way. It also will empower the municipal authorities in making decisions related to development and driving it by themselves in their respective municipalities.

Although the preparation was made intensively from the 4th and 5th constitutional governments, and was implemented during the term of the 6th constitutional government, it seems that many officials and people still do not have good understanding of decentralization. For example, not many respondents fully aware of the actual content of the Interorganic contract Interministerial and the range of competencies given to them. In decentralization system, where contain component of powers (competencies) were decentralized to local governments, however, the central government still retains some of portions of powers particularly on issues related to national interest and functions [2]. The CII can be considered as means for the central government to control the local government and to ensure local governments to achieve what has been defined in the CII.

One interesting observation in the CII, this CII gives companies to PA to authorize certain amount of funds to a maximum of USD 150,000. However, the responses from KII varied from USD 150,000 and USD 500,000, the natural fact is that the CII only permits a PA to authorize amount of funds up to USD 150,000, cannot go beyond that. This likely due to inadequate dissemination and socialization of the decentralization itself.

The challenges of the decentralization have been the election cycle of the sudden transference of power at the central level. The issue of capacity is a debatable issue, some argue that no need to worry about the capacity in peripheral levels but some frankly acknowledge the capacity in the municipality is indeed an issue, for example, finding staff with appropriate level to fill positions in the municipal administrative structures was very difficult resulting in many posts are still vacant. The capacity is more related to the unavailability of the well trained human resources at the municipality level and

lacking of experience in managing the decentralization. This was well noted and consistent with previous studies conducted in countries that implemented decentralization such as in Latin America, Kenya, Sudan and Tanzania (Collins and Green, 1994) and in Mexico (Arredondo and Orozco, 2006).

This study also noted as of May 2017 where the budget implementation should have gone to Quarter 2, however, at the time of field work, the study team found that municipalities only received budget for Quarter 1, and the spending of this Quarter 1 only reached 20.8%. This delay of funding disbursement really affected the implementation of decentralization and the actual functioning of the administration, programs and service delivery. The current implementation of the decentralization does not allow the municipalities to collect their revenues locally and all financial allocations are totally dependent on the national state budget. It is too early to assess the shape and the flow of health financing in relation to decentralization. However, in Kenya, Sudan, Tanzania and Latin America., inadequate financial resources also have been documented as an obstruction to decentralization [1].

This study noted that majority of the respondents believed that political instability; the change of directions, unstable government, socio-economic tensions can pose serious threats to decentralization agenda. However, some see the current available human resource and strong political commitments as the strengths for the decentralization.

It is clearly noted the current political drama after the 2017 General Election and the 2018 early Election affect the functioning government including governance in the municipalities and the ongoing decentralization agenda.

For health, deconcentration is not a new concept since the primary health care based on the Alam Ata Deceleration in 1978 is essentially setting the basis for decentralization in health sector. Therefore, as Collins and Greens et al. [1] called decentralization as a prerequisite for PHC principles because it constitutes a shift in the focus of power from the center to the peripheral points the nearer community and so facilitates community participation. This seems to be in line with the current Timorese Government's priority on Saúde na Família taking the health services to the doorstep of households.

The current decentralization in Timor-Leste is to bring services closer to the community and increase community participation in country's development. Arredondo and Orozco et al. [6] in a study on the effects of health decentralization in Mexico found that decentralization increased greater participation of municipal and state government in health expenditure, increased financial participation of households and greater community participation. However, they also noted confusions over new mechanisms for coordination between national and local governments, absence of accountability system, and lack of human resources and technical skills to implement, monitor and evaluate changes in financing.

In Turkey, decentralization provided opportunity for easy adoption of standards, innovation, taking account of local and regional differences, improve accountability and transparency practice [7]. It is expected that decentralization in Timor-Leste can also facilitate our municipalities to be more flexible in settings standards and creating innovations and improving greater accountability and transparency.

Government's commitment to empowering municipalities through continuing support for the decentralization agenda, however,

Timor-Leste is a long way from reaching a proper decentralization process. Even in countries that have long decentralized their governance system still face many difficulties in implementing it [3,8-13], some even have gone back to centralization as in the case of Fiji.

Conclusion

Timor-Leste has embarked on the decentralization agenda since the 1st constitutional government until the present 8th constitutional government. The Constitution of the Democratic Republic of Timor-Leste obliges the country to implement decentralization. The articles 5 and 72 of the RDTL clearly emphasize that the state should respect the principle of public administration decentralization and the establishment of the different territorial level and the administrative competencies of Local Government to be determined by Law. This provides ground for the government to design the decentralization.

Several legal frameworks have also been developed to allow the implementation of the decentralization agenda in this country and in 2016 the transfer of authority from central government to the municipal government took place. The Law No11/2009 of October 7th about territory administrative division by the National Parliament in 2009. This Law converts all 13 districts into 13 municipalities and all rights and obligations of the district administration extinguished and transferred automatically to the municipalities. The Timor-Leste National Development Strategic Plan 2011 to 2030 reinforced government's intention to embark on the decentralization process. The Decree-Law no. 3/2016 of March 16th concerning the statute of municipal administration and municipal authorities on administrative decentralization and the Decree-Law No 2/2016 of April 6th concerning evaluation of the performance of the presidents of municipal authorities and municipal administrators provided more support for the implementation of the decentralization.

Several constraints in relation to decentralization have also been documented such as lacks of understanding on the concept and the intent of the decentralization, inadequacy of human resources, ambiguity of central government to decentralize power to the municipalities, lack of experience in finance and management. Sadly, the decentralization was severely uncertainty political situation occurring since 2017 until the present date.

Recommendations

To ensure the continuing implementation of the decentralization in Timor-Leste, based on the findings of this study, the following recommendations are suggested:

- Continue socialization of the decentralization based on the Decree-Law No 3/2016, March 16th to ensure that all segments involved in and affected by the decentralization to have full understanding about decentralization itself.
- Respect the continuity principle meaning the government members appointed to the Ministry of States Administration needs to respect the principle of continuity and should work incrementally to improve the implementation of the decentralization, they should exercise cautions in the intention to make radical changes to the current ongoing process.
- The current political deadlock needs to have solution as quickly as possible since it not only affects the country at national state institutions but also the current decentralization agenda.

- Ministry of Health and the Municipalities need to ensure the implementation of decentralization based on signed Inter-Organic Inter-ministerial Contract. Municipalities need to be well resourced to enable them carrying their duties and responsibilities.
- Municipalities need to be provided with adequate infrastructure, human and financial resources as agreed in the Inter-Organic Inter-ministerial Contract.
- The capacity of the human resource at the municipality level needs to receive serious attention from the central government and proper preparation for human resource in the municipalities needs to be seriously undertaken.
- Management training particularly on the financing, logistics and procurement should be conducted to the staff of the municipalities and health municipalities to ensure that they understand the rules and procedures of procurement. This can be a serious obstacle to the implementation of the decentralization.

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