

## Pragmatism or preference? Examining Timorese responses to decentralization

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This paper considers the decentralisation of powers to 'liberal-local hybrid' institutions at the village (that is, *suco*) and hamlet (that is, *aldeia*) level in Timor-Leste. It begins with a general introduction to the literature on decentralisation and liberal-local hybridity. It then outlines the process of decentralisation in Timor-Leste and considers the opportunities and challenges it has generated. It concludes that the Timor-Leste case suggests that decentralisation guided by liberal-local hybridity can play a role in building and embedding Timor-Leste and other new and post-conflict states.<sup>2</sup>

### Introduction to the literature

In most states which are considered to be consolidated liberal democracies state institutions generated gradually. In many new and post-conflict states, centralised state institutions are often 'delivered' (Boege, et al. 2009b, 601) via state-building operations before a transition to 'state organisation of political life' has occurred (Warren 2006, 383). As a result, their capacity can be poor and they can have difficulty projecting their power across their territories. Instead, local socio-political practices and institutions often fill the gap at the local level, particularly in rural areas, which means that state institutions are not necessarily 'embedded in the local environment' (Dinnen 2007). This can challenge the legitimacy of centralised state institutions, as they are only one of many 'alternative' sites of legitimate power (Nelson 2006).

There is an emerging academic and practical literature, which argues that state-builders should recognise local political agency and engage with embedded local socio-political practices and institutions when building new and post-conflict states. The literature posits that engagement with local socio-political practices and institutions will result in a 'liberal-local hybrid' peace project, which recognises the hybridity of liberal and local socio-political practices and institutions (Richmond 2009a, 2009b, 2011). That is, it recognises that liberal and local socio-political practices and institutions 'co-exist, overlap, interact, and intertwine' (Boege et al. 2009a, 17). Rather than viewing local practices and institutions as spoilers or hurdles to building a liberal state, this literature focuses on their 'strength and resilience' (Ibid., 13-14). From this perspective it is possible to construct alternative methods of liberal state-building that recognise local political agency and work with embedded local practices and institutions. The decentralisation of powers and functions to the *sucos* and *aldeias* in Timor-Leste may provide ways to operationalise liberal-local hybridity to assist state-building, as it may allow the state to be built upon already-functioning local socio-political practices and institutions.

Decentralisation refers to 'the assignment of powers to governing bodies located at different jurisdictional tiers in governmental systems' (Breton, Cassone and Fracchini 1998, 23). Decentralisation holds that central governments should limit their intervention in the activities of lower tier governments to situations when they are ineffective or need assistance (Barber 2005). This formulation has parallels with the literature on liberal-local hybridity, as it implies that the role of already-functioning, locally-legitimate socio-political practices and institutions should be recognised via decentralisation. However, neither strand of literature calls for blanket decentralisation, which would effectively lead to the collapse of the state. Central governments can also perform an important role in the equitable redistribution of resources, and in inducing cooperative behaviour by citizens in response to challenges and for the provision of public goods.

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Some public goods provision requires a level of technical input, such as medical or engineering expertise, that is unlikely to be generally available at the local level. Consequently, the decentralisation literature argues for a balance in power and functions between tiers of government (DFID 2002). The literature on hybridity similarly recognises that often no clear delineation exists between the central government and local institutions.

### **Decentralisation in Timor-Leste**

The Timor-Leste Constitution requires the central government to engage in decentralisation (*Constitution of the Democratic Republic of Timor-Leste*, sections 5(1) and 71(1)), although this requirement is forward-looking and envisages that decentralisation would not occur immediately at independence. While this might have partly been due to concerns about a lack of resources and capacity, it was contrary to the views expressed by Timorese people during consultations on their future Constitution (UNTAET Constitutional Affairs Branch 2001).

At independence Timor-Leste inherited the decentralised administrative system that had been utilised by Portugal, and later Indonesia, and then by the United Nations transitional administration. Each of its 13 districts and 65 sub-districts is headed by a centrally-appointed administrator. Below the sub-districts are 442 *sucos*, below which are 2,225 *aldeias*. At independence *suco* and *aldeia* heads were largely selected according to local practices, with *sucos* and *aldeias* recognised merely as administrative divisions, rather than as formal institutions. For the first few years after Timor-Leste's independence state power and functions were highly centralized. This meant that the Timor-Leste state was largely absent from the lives of the almost 80% of the population residing in rural areas. Consequently, many Timorese people continued to live according to local socio-political institutions centred on their *suco* and *aldeia*, with a 2002 survey finding that *suco* chiefs were the most respected mediators for personal or property disputes, and the preferred personal source for political information (Asia Foundation, 2002).

In 2004 the government introduced a program of limited decentralization which built on existing local socio-political institutions in the *sucos* and *aldeias* (*Decree Law on Community Authorities* No. 5/2004). *Suco* leaders and *aldeia* leaders were given certain powers and functions over governance, justice and development, and *suco* councils (comprising the *suco* leader, *aldeia* leaders, two women, two young people (one male, one female) and one elder) were created. However, these powers and functions were ill-defined and local leaders were given little funding or support, which undermined the quality of local decision-making and development. This process of decentralisation involved liberal-local hybridity, as the government sought to 'legitimise' local institutions according to liberal principles, by introducing democratic elections for *aldeia* leaders, *suco* leaders and *suco* councils (Wallis 2012). In 2009 decentralisation was enhanced, with *sucos* given increased power over social infrastructure and development projects (*Law on Community Leaderships and Their Election* No. 3/2009).

In 2009 the government adopted a law which provides that the 13 districts and 65 sub-districts will be merged into 13 municipalities (*Law on Administrative and Territorial Division* No. 11/2009). This law built on the Local Development Programme that ran from 2004 until 2006 and the Local Governance Support Programme, which began in 2007 and designed the policy guidelines for the municipalities (MSATM 2008). While elections for the new municipalities were supposed to take place in 2010, they have been deferred until at least 2015, primarily due to a lack of political consensus holding up the passage of the relevant legislation and concern about the progress of local capacity-building. Instead, the government is currently engaged in a program of 'pre-decentralisation', described as 'deconcentration', whereby power and resources are to be decentralized to the district level in preparation for the formation and election of the municipalities.

As the Timor-Leste government began to receive comparatively large oil and gas revenues from 2005 onwards, in 2009 it decentralised more resources to the *suco* and *aldeia* levels. The government also began to decentralise more development projects by introducing the *Pakote Referendum* (Referendum Package) of infrastructure projects in 2009, many of which were in rural areas. In 2010 it then introduced the *Pakote Dezenvolvimentu Desentralizasaun* (Decentralised Development Package), which decentralised

infrastructure projects to the district level. In 2011 the government enhanced the decentralisation of infrastructure projects by introducing the *Programa Dezenvolvimentu Dezentralizadu* (Decentralised Development Programmes), which decentralised development projects to the district and sub-district levels. These decentralised development projects have seen significant resources distributed to rural areas, which has prompted a flurry of new companies to be created throughout Timor-Leste, which has in turn created jobs at the local level. However, the quality of these development projects has differed, primarily due to poor planning and project choice, variable levels of local capacity, at times limited opportunities for local input, and the minimal oversight provided by the central government.

In recognition of the importance of continuing to decentralise resources and to improve opportunities for local planning and oversight, in 2012 the government announced a new *Programa Nasional Dezenvolvimentu Suco* (National Program for Village Development). This program is to be implemented over eight years from 2014 and will see *suco* and *aldeia* leaders directly involved in the planning, construction and management of small infrastructure development projects. This program implicitly involves liberal-local hybridity, as it is expected that *suco* and *aldeia* leaders will utilize local socio-political practices of consultation and consensus in order to garner their communities' perspectives of the development projects they require.

### **Opportunities and challenges generated by decentralization**

As Timor-Leste has implemented a process of decentralisation which utilises liberal-local hybridity at the *suco* and *aldeia* levels, this may generate a number of opportunities for Timor-Leste and lessons for similar new and post-conflict states. Most significantly, decentralisation guided by a model of liberal-local hybridity seems to have helped to bridge the gap between the central government and the local level in Timor-Leste, as it has allowed the central government to 'buil[d] on existing social entities rather than supplanting them' (Meitzner Yoder 2007, 52). Decentralisation to liberal-local hybrid institutions also appears to have played a role in extending democracy to the local level, via the *suco* and *aldeia* elections. It has also provided mechanisms through which representatives of the frequently neglected rural population can exert influence on the central government and access greater resources, as *suco* and *aldeia* leaders report to, and make requests from, sub-district and district administrators, who in turn interact with the central government. Decentralisation also appears to have improved opportunities for women's political participation. Seats are reserved in *suco* councils for women and other disadvantaged social groups, and Timor-Leste has changed its local government law to refer to the gender-neutral *suco* 'leaders', instead of *suco* 'chiefs'.

As decentralisation to hybrid institutions has encouraged local political participation, this has allowed local governments to draw on local knowledge and preferences in order to improve the legitimacy and effectiveness of government. For example, *sucos* and *aldeias* have used customary *tarabandu* agreements to manage 'aspects of behaviour and relationships among people, between people and natural resources, and economic life' (Brown and Gusmao 2009, 67), and with the central government (Meitzner Yoder 2007). From 2014, the government will be implementing the *Programa Nasional Dezenvolvimentu Suco*, which will involve local communities more comprehensively in planning, implementing and monitoring development projects. There is evidence from studies of other cases that involving local communities in their development may contribute to improvements in the delivery of development projects (World Bank 2004; Work undated).

If decentralisation facilitates local political participation in Timor-Leste it may improve the accountability and responsiveness of the central government, by providing routes for people to engage in 'monitoring, evaluation and planning from below' (Manor 1999, 38; Burki, Perry and Dillinger 1999). This benefit may be enhanced in Timor-Leste because decentralisation to the *suco* and *aldeia* levels involves liberal-local hybridity and utilises local methods of oversight and accountability. If enhanced local political participation leads to the distribution of information and improved transparency it may also make the Timorese people more aware and understanding of the central government's policies and more realistic in their expectations of the government. Studies of other cases have found that this can improve satisfaction

with government performance, which can help to establish the legitimacy of state institutions (Crook and Manor 1995, 1998; World Bank 1995).

However, decentralisation can also raise challenges. Most importantly, central governments can undertake decentralisation for disingenuous reasons, as it can act as a substitute for enhanced transparency and democratisation at the central level, and can distract attention from the central government's corruption, patronage and ineffectiveness (Manor 1999). To date it is not apparent that this is the central government's intention in Timor-Leste, although there are growing rumours of corruption and patronage, particularly at the central level. Beyond the decentralised development infrastructure projects the government has implemented since 2009, the government has been relatively ineffective at delivering substantive public services, such as education and healthcare, in rural areas. As is frequently acknowledged by members of Timorese civil society, the central government is able to build schools, but not necessarily to provide the resources for education to be delivered within their walls.

Decentralisation to local-liberal hybrid institutions can also have destabilising consequences. In Timor-Leste many local leaders hold political party affiliations, which add another layer of obligation to their calculations. In some instances this has affected their perceived legitimacy, which has had disruptive consequences, particularly when it has undermined local socio-political practices. For example, the first round of *suco* elections in 2005 and 2006 were highly politicised, which was perceived as 'divisive, with the polarisation of politics at the national level now penetrating to the local level' (Brown 2009, 151). As a result, political parties were prevented from running in the 2009 *suco* elections (although anecdotal evidence suggests that they were still active).

There is concern that decentralisation to liberal-local hybrid institutions might echo the colonial practice of indirect rule, whereby the central government is perceived to be using local socio-political institutions instrumentally in order to extend its dominance over society. However, the increasing assertiveness of local leader towards the central government in Timor-Leste illustrates that local actors are not just passive subjects, and can instrumentalise custom to take back control from the central government. For example, *suco* leaders regularly meet with sub-district and district administrators, as well as members of the central government, to advocate on behalf of their communities. *Tarabandu* agreements have also managed the relationship between the central government and local communities in relation to natural resources and societal behaviour. At the same time, while there are opportunities for consultation, it is often very difficult for *suco* leaders to exert significant influence on central government decision-making, particularly in relation to access to resources or development projects.

In addition, some local socio-political practices can be discriminatory, which can challenge the perceived legitimacy of liberal-local hybrid institutions (Jackson 2006). In Timor-Leste local practices can discriminate against women and young people, since it is generally elder males who have authority in local contexts. While, local practices can also be 'participatory and consultative', as local leaders rely on the support of their community for power (Boege, et al. 2009a, 18), it often remains difficult for women and young people to influence decision-making. For example, many representatives of women and young people on *suco* councils can find it difficult to make themselves heard.

The perceived legitimacy of liberal-local hybrid institutions in Timor-Leste has also been challenged by their performance, as the capacity of *suco* leaders to plan and implement projects has varied. The initial inability of the central government to decentralise significant resources has also affected their capacity. Although the situation has improved since 2009 as more resources have been decentralised, there has been a corresponding increase in instances of alleged corruption at the local level. This suggests that decentralisation should be governed by an unambiguous legal framework that specifies the distribution of power and resources, and provides mechanisms for accountability and oversight (Burki, Perry and Dillinger 1999; Litvack, Ahmad and Bird 1998; Manor 1999), including elections for local leaders and institutions such as the nascent Timor-Leste Anti-Corruption Commission.

## Looking forward: Is decentralisation based on pragmatism or preference?

Based on the case of Timor-Leste, it appears that decentralisation guided by liberal-local hybridity can play a role in building and embedding new and post-conflict states. Although O'Dwyer and Ziblatt (2006) find that 'in economically underdeveloped countries... decentralisation actually is associated with poorer quality of governance', the Timor-Leste case suggests that, while local institutions can have their faults, they are often the 'only mechanisms available to dispense any kind of justice or administration' (Nixon 2006, 91). Consequently, it appears that in other new and post-conflict states the recognition of local socio-political institutions, and a form of power-sharing which mediates the central government through liberal-local hybrid institutions, can assist state-building.

Much of the literature on liberal-local hybridity has assumed that the populations of new and post-conflict states such as Timor-Leste have a preference for the recognition of their local socio-political practices and the decentralisation of powers and functions to liberal-local hybrid institutions (Boege et al. 2009a, 2009b; Richmond 2009a, 2009b, 2011). My ongoing research problematises this assumption by examining the rationale for, and responses to, decentralisation to *sucos* and *aldeias* in Timor-Leste. I consider the extent to which decentralisation to *sucos* and *aldeias* is motivated by the genuine preference of the local population, as compared to a pragmatic decision by the central government (and its international advisers) to utilise often already-functioning and locally-legitimate local socio-political practices in the absence of legitimate or effective central government institutions.

My initial research suggests that, if decentralisation guided by a liberal-local hybrid approach is primarily based on the preference of the Timorese people, this is likely to enhance the legitimacy and effectiveness of decentralised governance in the long-term, as people are more likely to respect the decisions of their *suco* and *aldeia* leaders and to support their governance, justice and development initiatives. However, if decentralisation guided by liberal-local hybridity is utilised primarily for pragmatic reasons it may have long-term implications for the legitimacy and effectiveness of the *suco* and *aldeia*, and the central government which they feed in to. It may see local socio-political practices used instrumentally to enhance the power of the state. Local practices may be co-opted or corrupted in the process, which may undermine their legitimacy. It might also entrench potentially discriminatory local practices, which may prevent them from evolving to reflect changes in Timorese society. This research is ongoing and will be reported at a future Timor-Leste Studies Association conference.

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