

Good Governance in Administrative Decentralization in Dili Municipality, Timor-Leste

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ABSTRACT

This study aims to analyze the actualization of good governance principles within the context of administrative decentralization in the Dili Municipality, Timor-Leste. As the national capital and the barometer for national decentralization, Dili faces complex challenges in the transition from centralism to autonomy. This research employs a descriptive qualitative method with a case study approach. Data collection was conducted through in-depth interviews with the Municipal Administrator, ministry officials, community leaders, and NGOs, reinforced by observation and documentation studies. Data analysis utilized the interactive model by Miles, Huberman, and Saldana. The research findings indicate that the implementation of good governance has experienced a fundamental systemic failure. The principle of accountability is distorted by total fiscal dependence (99%) on the central government, creating strong vertical accountability but weak social accountability. Transparency is ceremonial without the provision of substantive data. Public participation is trapped at the level of tokenism, and the rule of law is weakened by a culture of neo-patrimonialism. The novelty of this research lies in the identification of an "administrative trap" where decentralization procedures are operational but fail to produce substantive autonomy due to the absence of fiscal and political decentralization

INTRODUCTION

The global shift in public administration paradigms from the rigid Weberian bureaucracy model toward New Public Governance demands a government that is more participatory, transparent, and accountable (Osborne, 2010). In the context of a post-conflict nation like Timor-Leste, decentralization is not merely an instrument of administrative efficiency, but also a vital strategy for state-building and national reconciliation. Since the restoration of independence in 2002, Timor-Leste has attempted to transform the colonial administrative legacy which was highly centralistic. This effort was consolidated through Law No. 11/2009 on Administrative Territorial Division, which serves as the foundation for transforming districts into autonomous municipalities. However, this transition faces severe challenges in altering a bureaucratic culture long accustomed to centralized (top-down) command patterns.

The Dili Municipality, as the national capital with the densest population and the center of economic activity, serves as the central locus in this decentralization experiment. The success or failure of governance in Dili provides a ripple effect for other municipalities in Timor-Leste. Empirical phenomena on the ground indicate a significant gap between the ideals of decentralization policy and the reality of its implementation (implementation gap). Although administrative authority has been delegated gradually, Dili still grapples with chronic public service issues. Unmanaged waste accumulation, clean water crises in densely populated settlements, and urban planning chaos have become daily sights that trigger public dissatisfaction (The Asia Foundation, 2019). Increasing community complaints on social media and public forums indicate that the promise of decentralization to bring services closer to the people has not been fully realized.

Structurally, the main obstacle faced is the unclear transition between deconcentration and full devolution. Although Law No. 11/2009 mandates the formation of autonomous municipalities, administrative reality shows that the central government still maintains strict control over strategic resources, including budget and staffing. This "half-hearted" phenomenon in the delegation of authority causes hesitancy within the local bureaucracy to take initiative, as every strategic decision still requires hierarchical approval from relevant ministries at the national level, which is often time-consuming and inefficient.

Sociological challenges in the form of legacy bureaucratic culture and neo-patrimonialism practices further complicate governance. Informal power relations based on kinship networks and political connections often intervene in formal government procedures, undermining the principle of impartiality in public service. In an ecosystem like this, citizen access to state services is no longer based on equal citizenship rights, but on proximity to sources of power, which fundamentally contradicts the spirit of good governance and inclusive democracy.

The fundamental issue identified is the weak institutionalization of good governance principles within the municipal bureaucracy. Mardiasmo (2009)

defines good governance through four main pillars: Accountability, Transparency, Democracy (Participation), and the Rule of Law.

In Dili, planning and budgeting processes are often perceived as closed and elitist by civil society. Public participation through the *Konsellu Suco* mechanism is frequently assessed as a procedural formality that has no substantive impact on policy, creating apathy among citizens (Soares & Pereira, 2021). Furthermore, the unique leadership structure where the Administrator is appointed by the center while the Municipal Council is elected by the people creates ambiguity in the chain of command and accountability, often hindering strategic decision-making.

LITERATURE REVIEW

Previous research on decentralization in Timor-Leste tends to be partial. A study by da Costa (2020) focuses heavily on fiscal decentralization, while Smith and Pereira (2022) highlight macro-political aspects. There are few studies that specifically dissect the internal administrative dynamics of the Dili Municipal bureaucracy in actualizing good governance post-recent authority delegation. This study fills that gap by analyzing how local actors navigate structural and cultural obstacles in applying good governance. The urgency of this research lies in the need to provide evidence-based evaluation for the Government of Timor-Leste, which is currently at a crossroads of decentralization reform. The objective of the research is to describe the actualization of good governance principles and identify the determinant factors hindering or supporting the process in the Dili Municipality.

METHODOLOGY

This research uses a qualitative approach with a descriptive case study design to explore governance phenomena in the Municipality of Dili in depth. This approach was chosen because it captures the complexity of social, political, and administrative interactions that cannot be fully measured numerically (Creswell, 2014). The research focus is limited to the four principles of good governance according to Mardiasmo (2009): Accountability, Transparency, Democracy, and the Rule of Law. The research locations were centered on the Municipality of Dili government offices and several *Sucos* (villages) within the Dili administrative area to capture perspectives from the service center to the grassroots.

Primary data were collected through three main techniques: participant observation of public service processes and coordination meetings; in-depth interviews with purposively selected key informants (including the Municipality Administrator of Dili, the Director General of Administrative Decentralization, the Director of Social Services, the *Suco* Chef, UNTL academics, and NGO representatives); and documentation studies. The data analysis technique refers to the interactive model of Miles, Huberman, and Saldana (2014), which consists of data condensation, data presentation, and conclusion drawing/verification. Data validity was tested using source triangulation, in which researchers compared government officials' statements

with civil society views and official documents such as the Performance Report (LAKIP) to ensure the credibility of the findings.

RESULTS AND DISCUSSION

The research results indicate that while administrative decentralization in Dili has succeeded in trimming some procedural bureaucracy, it has failed to create substantive governance. An in-depth analysis of the four pillars of good governance is presented below:

1. Accountability Vertical Dominance over Social Accountability

The principle of accountability requires answerability to the mandate giver. Research findings reveal a sharp disparity between vertical and horizontal accountability. The Dili Municipal Administrator and their staff demonstrate high compliance with administrative reporting to the Ministry of State Administration (MAE) and the Ministry of Finance. This is driven by an incentive structure formed by fiscal dependence. Budget data shows that 99% of the Dili Municipality's funding comes from central government transfers, not from Own-Source Revenue (PAD).

Referencing the Principal-Agent theory (Lane, 2005), since the "Principal" providing resources is the central government, the loyalty of the "Agent" (local bureaucrats) naturally gravitates toward the center, not toward the citizens (the public). Consequently, social accountability is neglected. Public complaint mechanisms in Dili remain ad-hoc and fragmented. There is no integrated e-complaint system allowing for the transparent tracking of problem resolution.

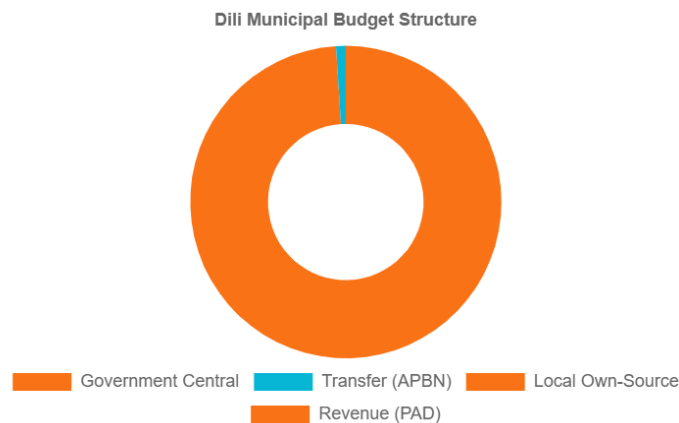


Figure 1. The Root Cause: Fiscal Dependence
Source: Processed Primary Data, 2025

Figure 1 visually depicts the root of this structural problem. Fiscal dependence reaching 99% creates an unbroken "umbilical cord" between the central and regional governments. Under these conditions, the municipal government loses the bargaining power to determine local priorities and is more occupied with meeting administrative compliance indicators set by central ministries. The top-down flow of funds automatically directs accountability orientation upward (*upward accountability*), sidelining the voices

and aspirations of local citizens who should be the primary beneficiaries of decentralization.

This condition creates a phenomenon of "bureaucratic appeasement" (locally known as *asal bapak senang*), where success indicators are measured solely by budget absorption and administrative document completeness, rather than the tangible impact of services on the community. Smith and Pereira (2022), in their study on decentralization in post-conflict states, emphasize that without fiscal decentralization, local accountability is merely an illusion. Local officials in Dili are proven to be more fearful of ministerial administrative sanctions than constituent dissatisfaction. This is exacerbated by the fact that the Administrator is an appointee, not selected through local elections (*Pilkada*), and thus bears no direct political burden to the voters in Dili.

The weakness of horizontal accountability is also evident in the minimal role of the Municipal Council in performing *checks and balances*. The Council often lacks adequate data access or sufficient political authority to pressure the municipal executive. Consequently, oversight relies heavily on central government internal audits, which often focus only on financial compliance rather than service performance audits. Disappointed Dili residents ultimately prefer voicing complaints through viral social media posts as the only channel perceived effective in pressuring the bureaucracy a sign of the dysfunction of formal accountability channels.

2. Pseudo-Transparency

Transparency in the Dili Municipality is actualized in the form of procedural transparency but fails to achieve substantive transparency. The municipal government has fulfilled formal obligations such as installing project information boards and publishing budget summaries on announcement boards. However, access to crucial raw data for public oversight such as procurement contract documents, detailed allocations per sub-activity, and audit reports is extremely difficult for the public and NGOs to access.

The official municipal website tends to function as public relations (Government PR) displaying ceremonial news, rather than as an *Open Government Data* platform. This phenomenon reflects what Heald (2006) terms nominal transparency, where information is available but useless for accountability. Passive bureaucratic resistance to data requests by NGOs indicates that a "culture of secrecy" inherited from the past remains strongly embedded. Budget monitoring NGOs report facing convoluted bureaucratic hurdles just to obtain a copy of the Budget Plan (APB), which should be a public document.

This information gap creates severe asymmetry between the government and citizens. Without access to infrastructure project contract details, for example, local communities cannot verify whether the specifications of roads built in their neighborhoods match the budget spent. The World Bank (2019) notes that in Timor-Leste, transparency often stops at the national level, while at the municipal level, data becomes increasingly opaque. This opens a wide gap for inefficiency and potential budget misuse that is difficult for the lay public to detect.

This pseudo-transparency is also visible in the recruitment process of honorary or temporary staff at the municipal level. Vacancy information is often not disseminated widely and openly but circulates within limited circles, triggering perceptions of nepotism among young job seekers in Dili. The failure to provide process transparency undermines public trust in the integrity of meritocracy within the local bureaucracy.

3. Democracy and Participation

The Trap of Tokenism. Participation forums such as *Konsellu Suco* (village-level development planning meetings) have run routinely as a bottom-up planning mechanism. However, an analysis using Arnstein's Ladder of Participation (1969) places participation in Dili at the level of Tokenism (Consultation) or even merely Therapy. The community is invited to be heard in village meetings, but they lack the power to ensure their proposals are adopted in the final budget.

Interviews with *Chefe de Suco* reveal deep frustration at the grassroots level. Substantive community proposals are often "curtailed" or filtered out during the tiered bureaucratic process leading to the municipal level, replaced by technocratic programs designed by agencies or "top-down" programs ordered by political elites. Participation becomes a mere ritual of legitimacy, where citizen presence is required only to fill attendance lists to meet project administration requirements.

Studies by da Costa & Thompson (2020) confirm that decentralization in Timor-Leste often stops at participatory rhetoric without real power-sharing. Dili residents are beginning to show symptoms of participation fatigue, reluctant to attend *Konsellu Suco* meetings because they feel their voices have no impact. This is dangerous for local democratic legitimacy, as it creates public apathy toward the development process. Furthermore, marginalized groups such as women, people with disabilities, and youth are often underrepresented substantively in these forums. The dominance of traditional leaders (*Lia Nain*) and village elites in steering discussions often drowns out the aspirations of vulnerable groups. Without affirmative intervention from the municipal government to empower these voices, local-level democracy will only reproduce traditional patriarchal and elitist power structures.

4. Rule of Law The Hegemony of Neo-Patrimonialism

The rule of law pillar is identified as the weakest aspect of governance in Dili. Although the formal regulatory framework is available, enforcement is characterized by selective enforcement. Interviews with the Municipal Administrator surprisingly admitted to political elite intervention in local regulation enforcement, such as in spatial planning and street vendor regulation. A phone call from a "strongman" in Dili is often enough to halt legal processes or ongoing enforcement actions.

The law in Dili tends to be "sharp downwards and blunt upwards." Small communities on riverbanks are evicted in the name of public order, while large commercial buildings owned by elites that violate zoning or coastlines are often left standing without sanction (Williams, 2021). This visible injustice erodes the authority of the municipal government in the eyes of its citizens. This phenomenon indicates the strength of neo-patrimonialism practices (Alves,

2022), where patron-client relations and personal loyalty to political figures override formal bureaucratic rules.

Impunity for groups with political connections damages public trust in state institutions. It also creates legal uncertainty that hinders healthy economic investment, as business actors feel the need to have political backing rather than simply complying with licensing regulations. In the long term, this neo-patrimonial hegemony hinders Dili's transition from a traditional societal order toward a modern rules-based society.

5. Supporting and Inhibiting Factors

Governance dynamics in the Dili Municipality are influenced by a tug-of-war between complex supporting and inhibiting factors.

1. **Supporting Factors:** First, there is strong political commitment from the central government for state-building and decentralization as a constitutional mandate. Second, the existence of vocal civil society and media in Dili functions as an effective *watchdog*. Third, the emergence of a new generation of Civil Servants (ASN) who are well-educated and tech-savvy brings hope for administrative modernization and future e-government adoption.
2. **Inhibiting Factors:** The largest and most fundamental obstacle is extreme fiscal dependence. With 99% of funds coming from central transfers, the municipal government loses autonomy to determine local priorities and lacks incentives to be accountable to citizens. Second, uneven HR capacity, where many old employees remain resistant to change and lack modern technical competence. Third, a paternalistic bureaucratic culture that is reluctant to accept criticism and tends to serve superiors (*upward-looking*) rather than serving citizens. Finally, the absence of political decentralization through direct local elections removes the most effective political *reward and punishment* mechanism to discipline the performance of regional leaders.



Figure 2. The Vicious Circle of Governance in Dili
Source: Author's Analysis, 2025

Figure 2 illustrates the Vicious Circle of governance trapping the Dili Municipality. This cycle begins with Fiscal Dependence on the center, which eliminates regional autonomy. This causes Vertical Accountability to become the bureaucracy's sole focus, leading to the Neglect of Citizen Aspirations. When citizens feel ignored, their participation decreases and becomes Weak, which then fertilizes Patronage Culture and corruption due to the lack of strong social oversight. Consequently, Service Quality is Low, which ultimately renders the region incapable of generating its own revenue (PAD) and forces it to return to dependence on the center. This cycle must be broken, especially at the fiscal and political links, to enable sustainable governance reform.

Collaboration Amidst the Trap of Centralization The findings of this study confirm that decentralization in Dili remains trapped in what Ribot (2002) calls "decentralization without autonomy." The lack of fiscal autonomy leaves the municipal government with no strong incentive to collaborate with its citizens, as their accountability is directed upward (to the Central Government as the funder). The collaboration that occurs is more of a

bureaucratic survival strategy to meet donor requirements or address momentary crises, rather than a long-term governance strategy.

The application of the Ansell & Gash (2008) model shows that without improving the Starting Conditions (specifically power asymmetry), any institutional design will struggle to be effective. The phenomenon in Dili shows that collaborative governance is often co-opted into a tool of legitimacy for decisions that have actually been made centrally. This resonates with the critique by Sørensen and Torfing (2007) that without structural changes in power distribution, governance networks will merely become disguised extensions of the state.

The existence of small wins at the community level indicates that the potential for collaboration is real if given sufficient autonomous space, regardless of the hindering macro structure. The strong social capital of *halibur* (mutual cooperation) at the Suco level is an invaluable asset not yet optimally utilized by the formal design of decentralization. If institutional designs can be reformed to better accommodate these informal structures, the chances of collaborative success would increase significantly.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that the actualization of good governance in administrative decentralization in the Dili Municipality, Timor-Leste, remains procedural and not yet substantive. Administrative decentralization without adequate fiscal and political decentralization has created an "administrative trap." Accountability is locked vertically due to a centralized funding structure, transparency appears only on the surface without data depth, participation is trapped in tokenistic rituals that exhaust citizens, and the rule of law is held hostage by elite interests through neo-patrimonial networks.

The theoretical implications of this study reinforce the argument that formal institutions alone are insufficient to guarantee good governance in post-conflict countries if the incentive structure (budgetary and political) is not fundamentally altered. Administrative reform that focuses solely on the delegation of technical authority without resource autonomy will always collide with local political economy realities.

Strategic recommendations include:

1. Accelerating limited fiscal autonomy, for example through the authority to collect local retributions, to build a basis for social accountability.
2. Transforming participation mechanisms from consultative to deliberative with specific community-based budget allocations (block grants) managed directly by the Suco.
3. Comprehensive digitalization of public services (e-government) to reduce face-to-face interactions prone to corruption, accelerate data transparency, and break the chain of bureaucratic patronage.

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