

# Timor Leste National Housing Policy - draft reformat, revision 1 (as approved in Portuguese language version)

## **I. Introduction**

Housing has been a continuing and highly critical concern for the people of Timor Leste since the devastation experienced in September 1999 when 40% of all housing stock throughout the country was destroyed or severely damaged. Further extensive housing losses and extreme suffering resulted from the events between April and June 2006 which directly affected over 1,000 dwellings in Dili and dislocated the residential status and security of many thousands of households. Even without these tragic setbacks, universal improved access to minimum shelter and the associated basic services would still be a daunting challenge for a country at Timor Leste's stage of development.

Unlike more easily-defined sectors, housing intimately touches everyone: old or young, rich or poor, well-fed or hungry, sick or healthy, university graduate or primary school dropout, villager or city-dweller. It embraces the diverse but inter-connected range of all those things that together make living conditions bearable and worth the effort of putting down roots, raising families and building strong, peaceful local communities.

Within most towns and cities, housing has the dominant role in the use of floor space of buildings, the use of land, the consumption of water supply and electricity and the management of waste-water and solid-waste. Housing can also be the major source of municipal revenues through property taxes and can be a highly important generator of employment, investment and personal savings through the construction industry, land and property development, community savings and credit groups and the formal housing finance institutions. In Dili, for example, housing uses 82% of the built-up land area of the city and 75% of all houses are in the unplanned underserved areas where the poorer residents are located.

It is therefore necessary to forcefully acknowledge the significance of housing and see it as more than just a construction activity resulting in major fixed assets or transferable investment products but as a complex social process linking household formation and the supply of dwelling units to poverty reduction, economic stimulus and good governance. Such a definition incorporates urbanisation and population growth; preventive primary health care through access to safe water and sanitation; spatial planning; public transport; land administration and security of tenure; the emergence of land and property markets; environmental management; community empowerment and participatory development; access to public services and utilities; institutional and regulatory frameworks; taxation; formal housing finance; the development of household savings; community-based microfinance; construction technology, import substitutions and the construction industry.

It clearly follows that effective support for housing must involve a wide spectrum of developmental responsibilities at central, local and community levels. This in turn calls for inter-ministerial arrangements with innovative techniques for a high degree of sectoral integration. Housing is accordingly the sphere of government and personal enterprise where many key development components come together at both the user and producer levels and, if properly guided and coordinated by a comprehensive public policy, where powerful synergies for poverty reduction and strengthened local administration can be constructively exploited.

## **II. Background and purpose of the national housing policy**

The foundation for the policy is an intensive survey and formulation process supported by UNDP and executed with assistance from UN-Habitat. Starting in 2003 these activities involved a programme of national and regional workshops, community consultations, personal interviews and household surveys throughout all thirteen districts, carried out by a team made up of public servants, project staff and national NGOs. The outcome by early 2004 was a comprehensive Situation Analysis and detailed policy proposals in the form of a Policy Document and a summary Policy Statement which directly reflected the received opinions and recommendations. This exercise was the first example in Timor Leste of participatory policy-making whereby the views of those at all levels including the poorest slum dwellers took precedence over the work of expert panels and external consultants.

During the remainder of 2004 the package was reviewed by the then Ministry of Transport, Communications and Public Works and the Document and Statement translated into Portuguese. Preliminary presentations on the policy were made to the Council of Ministers in March and August 2005. The final policy incorporates points arising from these presentations together with the outcome of a round of interviews with Ministers during 2006.

Although not having reached the point of formal adoption, the policy proposals have already provided the underpinning for the approved Housing and Urban Development Sector Investment Programme (SIP), with the housing-related projects in the SIP having been directly generated by the provisional policy. In particular, one of the SIP Projects, completed in December 2005, which embodies much of the content of the housing policy was the Dili City Development Strategy for slum upgrading which combined city-wide strategy formulation with implemented pilot schemes in five communities.

As adopted for the purposes of this formulation, policy is defined as the level of Government decision-making that is more specific and time-bound than the vision, goals and guiding principles set out in the National Development Plan (NDP)). Compared to these other higher levels of national planning which provide the overarching set of values and national aspirations, a policy is more sensitive to adjustments resulting from operational experience, alternative ideological interpretations and varying political, social and economic conditions – both domestic and external. Accordingly, there must be a constant interplay between policy and day-to-day practice, thereby emphasising the importance of regular monitoring and evaluation at the policy level and the use of effective performance indicators. An approved policy adopted by the Council of Ministers and endorsed by Parliament should be the precondition for introducing legislation and should serve as the framework for the sector implementation strategies that set out the sequencing, content and resource demands for specific initiatives, programmes and projects. In the Timor Leste context these take the form of the Sector Investment Programmes. A key policy function is therefore that of an instrument for specific decision-making, translating broad principles into more concrete directives and guidelines and so avoiding the need to go back to planning basics when deciding whether to continue with a course of action or when designing new projects. The policy should accordingly address immediate and verifiable sector measures, in the form of clear, concise policy statements of Government's intentions, supported by priorities within and among statements. It should include initial actions to kick-start the policy, together with the associated priorities and sources of both the human and financial investments required and the general distribution of responsibilities among the public, private and civil society sectors. According to this definition, a policy is formulated within the particular framework of each NDP and is subject to reform or replacement with a change in government.

The urgent need for a Timor Leste housing policy derives from the increasing pressure on land, services and construction resources arising from population growth, urban migration and the recent civil unrest, alongside the growing distance between housing costs and household financial capacities.

Specifically, a housing policy will:

- Provide the framework for integrating all initiatives thereby avoiding duplication, closing gaps and making the connections to the NDP, the Poverty Reduction Strategy and other sector policies;
- Promote common perceptions and terminology among all national stakeholders and the donors on the scope of housing as a cross-cutting, multi- disciplinary area of development;
- Assist in disseminating a better understanding of the effects of the transition from the Indonesian period where support for housing was dominated by direct government intervention as the primary supplier of dwellings tied to public service entitlements or state-sponsored financing schemes.

### **III. Objectives and principles**

The broad development objective of the policy is to make a major contribution to poverty reduction, social inclusion and economic equity at the overall national level through raising living standards and generally improving the quality of life, with particular reference to the most disadvantaged urban and rural communities. Within the framework of the NDP and the relevant parallel sector policies and programmes, the housing policy concurrently aims to significantly develop social capital by actively involving the people in the improvement of their own lives and by strengthening partnerships across communities, civil society, private enterprise and public administration. Apart from the direct benefits in terms of improved living conditions through upgrading existing neighbourhoods and supporting the provision of new housing, the policy measures will have positive impacts on health, security of tenure, productivity and on community and household investments.

With respect to the Poverty Reduction Strategy and the sector objectives, as set out in the NDP under Infrastructure and Public Works and directly quoted as follows, the policy will specifically address:

- *Expansion of opportunities and productivity improvement in the micro-enterprise sector not only for rural families but for those in urban slums;*
- *Assistance in providing basic social services to the poor on affordable terms*
- *Minimising adverse environmental impacts, taking account of the needs and aspirations of those disadvantaged by poverty, remoteness and difficulty of access;*
- *Regulation of the sector so that services and infrastructure are safe, are provided at a fair price, and give maximum opportunity for the people and enterprises to participate in the construction, management, operation and use;*
- *Reduction of housing shortages in urban centres through improved planning and regulation;*
- *Improvement of housing facilities in urban slum areas through planning, contracting, engineering services and cooperative support for poverty reduction initiatives;*
- *Facilitating the improvement of spontaneous housing settlements through planning, design, and implementation of micro infrastructure, utilising community participation and management approaches;*
- *Implementation of urban development planning and control systems in Dili and district capitals, including urban land use planning, development control systems and building regulations;*
- *Development of sustainable human resources with technical capabilities for management of a diverse programme;*
- *Provision of adequate safe and sustainable water supplies to the communities of Dili and major urban centres in districts with the aim of full cost recovery from the users;*
- *Facilitating adequate, safe and sustainable water supply and sanitation for village and rural communities through community-managed water and sanitation;*
- *Facilitating at a national level the safe disposal of sewage and wastewater in urban areas.*

A further policy objective is to contribute within the Timor Leste context to Millennium Development Goal No. 7 - Ensure environmental sustainability, which is composed of three sub-goals:

- Integrate the principles of sustainable development into country policies and programme, reverse loss of environmental resources;
- Reduce by half the proportions of people without sustainable access to safe drinking water;
- Achieve significant improvement in the lives of slum dwellers.

The policy will support the integrated planning, regulation and servicing of areas that are currently or potentially environmentally hazardous, with special reference to community-based slum upgrading and to improving potable water supply as an affordable service directly accessible to households.

The policy is founded on a set of core principles as follows:

1. The scope of the policy should treat housing holistically as a cross-sectoral and multi-level concern that addresses the well-being of all Timor Leste's citizens. This is clearly reflected in the wide range of the policy measures and the specified linkages
2. In order to avoid development abstractions and provide the means for initiating policy implementation, the policy measures should be well-targeted while still offering a guiding framework and avoiding overlap with the role of the sector investment programmes which provide specific project descriptions and budgets, and should accordingly incorporate prioritised actions needed for establishing the institutional, legal and information base for sector development.
3. The policy should conform with and build on the relevant overarching national public instruments such as the Constitution, the NDP and legislation currently in force or in the process of promulgation, and should similarly recognise and support relevant international declarations and covenants such as those relating to housing rights.

With respect to the Constitution, the related provisions are:

Housing

*Everyone has the right to a house for himself or herself and of his or her family, of adequate size that meets the satisfactory needs of hygiene and comfort and preserves personal intimacy and family privacy.*

Right to private property

*Every individual has the right to private property and can transfer it during his or her lifetime or on death, in accordance with the law. Private property should not be used to the detriment of its social purpose. Requisitioning and expropriation of property for public purposes shall only take place following fair compensation in accordance with the law. Only national citizens have the right to ownership of land.*

Freedom of movement

*Every person has the right to move freely and to settle anywhere in the national territory.*

Those under the under the NDP are:

Vision

*It will be a prosperous country with adequate food, shelter and clothing for all.*

Development Goals

*Promote private initiatives, innovations and investments by creating enabling and supportive environments - including policies, legislation and regulations, reliable supplies of electricity, water, roads, and transport, marketing, and banking systems. Promote integrated rural development. Promote an orderly development of cities and towns. Strengthen an already robust civil society. Promote good governance through popular participation.*

Guiding Principles

*Integrated development, ensuring synergies between different interventions to generate benefits that are larger than the benefits from the sum of each intervention.*

4. The roles, opinions and priorities of women, youth and children should be acknowledged throughout all aspects of housing and the associated social organisations.

5. The following substantive developmental principles, based on exhaustive international experience, have been adopted as guidelines for formulating the policy measures:

- a) The role of the public sector as an enabling agent, facilitating access to land, financing and technical assistance and ensuring a supportive legal framework, promotes beneficiary participation and initiative and builds confidence and trust on all sides.
- b) Accepting and respecting the role of the communities as equal partners in problem identification, design, local resource mobilization, implementation, management and monitoring constructively complements the role of the public sector.
- c) Participatory community-based development promotes self-sufficiency and ownership, but building strong external partnerships and working towards inclusion within the wider urban population are vital parallel activities.
- d) Comprehensive coverage, involving linkages to health, education and economic development, exploits inter-dependences, but community-specific priorities and entry points need to be respected.
- e) The upgrading of existing neighbourhoods (inclusive of planned infill and expansion for new dwellings where the land situation allows) constitutes the optimum approach through redressing infrastructure inadequacies, improving the quality of the dwellings within a regulated layout, providing secure tenure and involving the absolute minimum of demolition and resettlement. This reduces social disruption and the loss of household investments in dwellings and minimises the need for external resources and for additional land areas. Where support for additional dwelling construction is required in order to accommodate unavoidable resettlement and meet the needs for reducing overcrowding within dwellings and for newly formed households, close collaboration with the future occupants on location, affordability and user requirements ensures household satisfaction and willingness to contribute resources.
- f) For severely disadvantaged, low-income households some repayment, no matter how modest encourages a culture of cost recovery, but subsidies or grants may be needed as a social security safety net and in crisis or emergency situations as a major source of funding, based on the approach of demand-side direct grants for households with demonstrated needs rather than supply-side subsidies on prices and interest rates.
- g) Although immediate temporary shelter is usually required in response to natural or civil disasters, the subsequent emergency reconstruction for permanent dwellings is necessarily undertaken as a top relief priority but sustainability and equity with the overall population is best served by following the normal process of community participation, financing, affordability and other standard provisions of the housing policy.
- h) Support systems for building capacities, commitments and motivation for participation, organisation, legalisation, implementation and information, ensures high performance in achieving investment targets while at the same time being justifiable as stand-alone components for developing social capital as a key national asset.

## **IV. Housing status and needs**

### ***Perception and priorities***

The overriding message from the housing policy preparatory survey carried out in 2003 was that throughout all locations visited there is an urgent need for better information from Government on many aspects of development related directly and indirectly to housing. Post-independence expectations remained high, but there was a general lack of public knowledge, leading to widespread uncertainties and misunderstandings. The survey found that throughout most households and communities (whether rural or urban) water and electricity supply was high in importance and considered one of the worst aspects of their living conditions. Improved access to savings and credit schemes was also a priority and in many cases Government was urged to introduce price controls for construction materials. In rural communities, access to education and health services was a major concern, while those in abandoned Indonesian housing schemes understandably held security of tenure as a high priority in need of urgent resolution. Other important issues raised in all districts concerned access to public transport and support for community organisations.

### ***Housing conditions***

There has been no comprehensive national survey on the extent and characteristics of dwelling units. The 2001 World Bank housing strategy study adopted a national total of 170,000 units and referred to 1999 tenure data as follows: owner occupied/self built - 88%; government-developed for state employees and for purchase - 6.7%, with the remaining made up of various contract and rental housing. Information from the forerunner of the Directorate of Land and Property (DLP) and an interpretation of the 1999 data suggests a total of around 11,400 abandoned Indonesian government-developed dwelling units, of which about 10,300 are in urban areas. This World Bank study also quoted a figure of 40% of all units (68,000) as being destroyed or severely damaged in the September 1999 violence, with 50,550 replacement shelter kits provided under the UNHCR and associated and NGO programmes.

The UNICEF 2002 Multi-Indicator Cluster Survey (MICS) reported that nationally only 3% of households did not own their own dwelling, made up roughly as 2% in rural areas, 8% in Dili/Baucau and 6% in the other urban centres. MICS also found that there was a national average of 10 sq.m of floor area per person within dwellings which averaged 50 sq.m. Although various national socio-economic surveys record services provision, the most reliable sources are the specialised sector studies and plans. For example, the 2001 Suco Survey refers to coverage only by aldeias, with 7% having piped water as the main supply and 20% being electrified as opposed to 30% before the 1999 violence. However, the 2002 water supply and sanitation master plan stated that across all urban areas about 13% of the population was directly served by piped water connections prior to 1999, while the equivalent figure for Dili was 40%. Rural clean water services reached around 30% of the population and sanitation services around 35%. The 1999 damage reduced rural water supply and sanitation by 10% and 5% respectively.

The average household size from the MICS was found to be 5.7, varying very little between 6.3 in the Major Urban Centres (Dili/Baucau), 6 in Other Urban Centres and 5.6 in rural areas. In cases where very large households of 11 persons or more were reported, such as in Dili, the MICS suggested that these most likely involve multiple families living as one household. Separate households sharing a single dwelling were found to be an unlikely occurrence. Large extended families in a singled dwelling are also stated as rare. Of the surveyed households, 78% were made up of nuclear families, with the high numbers of children (60%) accounting for the large average household sizes rather than a high incidence of extended families.

A key finding of the MICS was the extremely high levels of current fertility. The Total Fertility Rate of close to 7.4 children per woman, combined with the current youthful population, has important implications for population growth rates and associated impact on future housing needs. The MICS also provides data on child health, making the connection between the very high rates of diarrhea in under fives (25% with at least one episode in the two week preceding the survey) and the general unsanitary living conditions and poor access to safe water. It is also mentioned that there is little variation in this across locations and social class.

In the 2003 Drainage and Sanitation Strategy Study, 51% of all households were quoted as having access to their own toilets, with 24% having some form of flush toilet. Overall only 15% used septic tanks or leaching pits for treatment, rising to 55% in urban areas.

In the 2003 Power Sector Development Plan it was stated that by 1998, 29% of all sucos had been electrified, with 78% of these suco households having connections. By 2004, the supply situation was expected to have risen to:

- electrified sucos, 195 (39%)
- electrified households, 38,000 (21%), with total households nationally estimated as 180,150
- service to Dili and immediate surroundings, 85%
- service to other district towns and immediate surroundings, 18% and to rural areas also 18%

Operational levels nevertheless remained lower than before the 1999 violence. Of the 142 grid-connected generators outside Dili, only 77 were recorded as in working condition and 14 new generators were awaiting rehabilitation of the associated distribution networks. Some areas remained without power because of damaged lines, although rehabilitation would require little effort. The majority of systems had no spare capacity.

A comprehensive survey conducted in 2005 as part of the Dili City Development Strategy /slum upgrading project found that across low-income areas of the city, serious problems were recorded as land tenure - in 50% of the areas; water supply (having to travel more than 300m to collect water for household consumption) in 50%; rubbish collection problems in 80%; major flooding in 30%; deficient road or footpath access to dwellings in nearly 50%. Around 18% of communities had significant issues with overcrowding and congestion leading to concerns about firespread and restricted access for public transport. The same survey found that 77% dwellings had a poor to moderate construction quality, 26% were built completely from temporary materials and 72% had poor to moderate overall access to basic services.

### ***National and urban population trends***

The Suco Survey estimated the 2001 national population at about 790,000. This excluded approximately 120,000 refugees in camps outside the country. The 2004 Census recorded a total of 925,000. Based on the above the population of Timor Leste has grown by at least 125,000 between 2001-2004 indicating a population growth rate, inclusive of the effects of refugee returnees, of over 15 percent or around 5% per annum. Indicative projections provided in the Housing and Urban Development Sector Investment Program (HUD/SIP) are that between 2004 and 2015 the total population will grow by a further 342,000 (37%) to 1.267 million. Assuming the MICS national average household size of 5.7, this indicates a need for an extra 60,000 dwellings over this period or around 5,500 on average every year..

The National Census was the first significant body of work in post-September 1999 Timor Leste to attempt to identify "urban" as opposed to "rural" areas. The calculation of urban land as 1.3% of the total was provisional, being estimated by the census team based on population density alone (not taking account of access to urban services, type of employment or proximity to an urban centre). A Suco with an average density greater than 43 persons per hectare was considered urban. However, as this classification includes not only cities and towns but all villages in the country, it is likely that the combined built-up area of the 13 district centers constitutes less than one percent of all land. In 2004, just over 206,000 people, 22.3 percent of the population, accordingly lived in urban areas. The urban population of the country is projected to have an annual average growth rate varying from 5.0 to 5.2 percent reaching around 357,000 by 2015. This will be equivalent to more than 28% of the total population. About 43% of all urban population growth will be due to in-migration. This is also based on estimates presented in the HUD/SIP. It is predicted that as an indicator of housing need the number of households in urban areas will almost double to more than 65,000 over this period as housing becomes more available and average household sizes reduces to 5.5 persons.

Urban growth will no doubt be heavily effected by employment opportunities in both urban areas and rural areas. Labor force participation is expected to rise from almost 290,000 in 2004 to almost 403,000 in 2015. Given the projected growth in the urban population, there will be around 75,000 new entrants into the non-farm work force during the period 2004-2015, or about 7,500 a year. A majority of these will enter the urban work force. This is assuming that the agricultural sector will be able to absorb the remaining 9,000 new entrants each year as a result of sustained strong output growth of 4 percent a year. If, however, the Government's economic development strategy does not succeed in creating sufficient employment opportunities in rural areas, there is likely to be even higher rates of rural-urban migration, especially amongst young people, resulting in increased pressure on urban labor markets, housing, infrastructure and services and local administration.

The six sub-districts making up Dili District increased by more than 47,000 between the 2001 Suco Survey and the 2004 nation census, more than 39 percent. Aside from Dili, other western districts such as Oecussi (29.9%) and Liquica (20.8%) and Bononaro (17.8%) also recorded high population growth rates. A high proportion of this growth is no doubt

due to returning refugees. By contrast, districts in the Eastern Region such as Baucau (3.0%), Viqueque (5.9%) and Lautem (7.5%) recorded the much lower rates of population growth over this three to four year period.

In 2004, the population in the four Dili urban sub-districts (Vera Cruz, Nain Feto, Dom Aleixo and Cristo Rei) had risen from 110,000 to 156,000, an increase of over 40% in just 3 years. Dili's urban population therefore is presently equivalent to about 81% of the total urban population of East Timor, far higher than initially thought. If this proportional distribution is maintained, the urban population of Dili will reach 300,000 soon after the end of the medium term planning period, around 2016-17. These figures, however, may be considered somewhat misleading and unlikely to reflect the reality of growth in urban Dili. In short, the population figures of the Suco Survey may well be too low as many observers have pointed out and the population figures of the National Census artificially high perhaps due mainly to the transient nature of non-permanent relatives staying in Dili at the time of census. A growth rate of over 15% per annum during this three year period does not match the observed reality nor is it likely to continue at such a high rate. Even assuming an increase over this period of only half the 46,000 noted, the extra dwellings needed, at the Dili average household size of 7.5, would have been in the order of 3,070 or around 15% of the city's total housing stock of 20,000 dwellings. Perhaps the biggest variable in determining population growth and the associated housing needs is the likely ongoing dominance of urban Dili. The continuing primacy of the city will be dependent to some degree on the success of Government strategies to encourage growth in the other urban centers and towns of the country which to date have had very limited effects.

## **V. Policy measures**

Taking account of the broad, cross-cutting scope of housing and in order to ensure comprehensive coverage of all policy aspects and their interdependencies, the core of the policy is composed of the following long list of 12 separate policy measures. These measures necessarily involve overlaps in some areas and cross-references between measures are provided where applicable.

1. ***The role of the state and institutional arrangements***  
*servicing as the umbrella measure, providing the general policy approach and indicating the overall scope of the set of options.*
2. ***Regulatory framework***
3. ***Security of tenure***
4. ***Community participation***
5. ***Access to basic services;***
6. ***Provision of housing for civil service employees***
7. ***Housing for vulnerable and special welfare groups, response to civil unrest and natural disasters***
8. ***Regularisation, rehabilitation and disposal of abandoned housing***
9. ***Integrated upgrading of existing unplanned communities and rural villages***
10. ***Delivery of land and services for new housing developments***
11. ***Housing finance***
12. ***Building materials, construction industry development and employment generation***

Highest priorities are accorded to policy measures 1 to 4 which cover the institutional, legal and participatory basis for the policy, alongside measures 5 and 9 which address immediate basic needs and the associated regulation/servicing of critical communities.

Each measure is equally applicable to both urban and rural sectors. Where considered appropriate, special reference is made to provisions specifically addressing support for the living conditions of rural households and those in the district centres and also to the need to promote the district centres as alternative growth areas in order to reduce population pressure on Dili. Human resource development is covered where applicable under each policy measure. Some measures include supplementary clauses immediately following the main policy statement. In support of each measure, the actions needed to kick-start the policy are provided. These actions involve relatively low-cost initiatives, involving mainly non-investment organisational, legal and information-based activities.

### **1. The role of the state and the institutional arrangements**

**Government will adopt the role of enabler, thereby empowering and facilitating individual households, community groups, civil society and the private formal and informal business sectors to exercise direct responsibilities for housing. Guided by this measure, Government will support the development of a diversified, equitable housing**

**market, while at the same time employing selective and precisely targeted state interventions to ensure access by the very poor and other vulnerable groups. In this way a policy based on enablement will minimise the dependency on public sector financial investment, while mobilising to the full the people's own initiatives and resources.**

**Government will accordingly explore and subsequently implement a set of institutional initiatives for housing that strengthen inter-ministerial coordination, formalise the allocation of roles and the linkages between central government, local government, NGOs and communities with respect to housing responsibilities, and provide an enabling environment for introducing innovative community-based organisational and funding mechanisms.**

- The enabling housing policy will require promotional and regulatory measures supported by an intensive programme of human resource development. These measures will include both demand and supply side interventions covering land and property regularisation/registration/titling; disposal of public sector housing stock; appropriate construction, design and planning standards; affordable access to land and services, to construction materials and housing finance; support for home-based enterprises, and the provision of organisational/technical advice. They will therefore need to be integrated with Government's economic, social, environmental and infrastructure policies, with particular reference to multi-sectoral poverty reduction.

- Government interventions that may have good intentions but could risk distorting demand and stifling supply will need careful attention. Periodic scrutiny of subsidies, private sector incentives, land valuations, contracting procedures, planning regulations, land-use zoning, building codes and minimum standards will therefore be necessary.

- Account will need to be taken of international experience in community-based housing initiatives and the associated role of the state at central and local levels for capacity-strengthening, partnership-building, resource management and networking.

- The role of women in housing development, in social organisation and in the management of the home and home-base enterprises will need to be fully recognised and built into the design of the enabling mechanisms. Given their predominance in the current and future population structure, careful account will also need to be taken of the needs and aspirations of children and youth.

- The current procedures for collecting, managing and exchanging housing information will require a major review, with the aim of determining clear mandates for the allocation of roles and specific responsibilities and for the establishment of open access, sharing mechanisms, taking account of the ongoing work of Census and Statistics, the Directorate of Land and Property, the various GIS projects and the bodies responsible for public utilities and infrastructure.

### **Actions.**

a) Establishment of an inter-ministerial working group to coordinate, direct and oversee all aspects of housing policy development, with particular reference to regulatory and institutional initiatives, including the management of housing information systems.

- top priority.

b) Preparation of a set of policy performance indicators under the direction of the above working group with arrangements for application under the policy's monitoring and evaluation mechanisms

- top priority

c) Establishment of a set of housing consultative bodies at the district level, composed of district administrations, community coalitions and NGOs plus private business representation - providing networking, education and information hubs for local decision-making and for local representation to central government

- high priority.

d) A thorough review of the role and capacity of the Spatial Planning and Housing Division within the Ministry of Public Works (MOPW), examined in the context of the latest decisions on centre/local division of responsibilities.

- high priority.

## **2. Regulatory framework**



**Government will establish a fully-integrated, equitable and operationally-feasible regulatory framework for the development, control and management of housing and urban development. The framework will be composed of an Enabling Act together with the various subsidiary decrees, directives, codes, zoning plans and regulations.**

- This framework will not only provide controls but will also be advisory and promotional; it will take account of the different requirements for urban and rural areas and for special development zones; it will pay special attention to environmental health; it will be responsive to technical innovation and socio-economic and cultural diversity, and will incorporate special provisions for permissible low-cost, temporary housing standards.

- The scope, form and function of an Enabling Act for housing and urban development will take account of the need for prescribing general legal powers, including the right of appeal, and institutional responsibilities, thereby serving as the umbrella legislation for the subsidiary legal instruments which would be drafted, introduced and also amended mostly without resort to National Parliament.

- The dominant position of housing in urban land use, construction, waste production and demand for services requires that any regulatory framework should also address urban development.

### **Actions**

a) Finalisation and promulgation of the draft Development and Building Regulations (DBR), incorporating a category for temporary housing which recognises the reality of the process of incremental improvement for low-income house construction and space standards, and which provides easily-communicated text and graphics to facilitate popular usage and understanding. A temporary legal covering status in the form of a Directive or other appropriate modality pending the introduction of an enabling Act.

- top priority

b) Amendment of the function, scope and form of the draft for the Spatial Planning Act (SPA) in order to convert this to subsidiary legislation, followed by finalisation and promulgation, and accompanied by the preparation of a demonstration urban plan using a medium size district town (also requiring promulgation ahead of the Enabling Act)

- high priority

c) Fully approved urban plans for Dili and Baucau, including community consultations with lower

- high priority

d) Plan preparation and approval for all the remaining 11 district towns

- medium priority

e) Determination of scope, form and function of an Enabling Act for housing and urban development followed by final legislative drafting, (decisions on the scope of this Act will also need to assess the options for incorporating or cross-referencing parallel legislation such as that for water supply and sanitation, environmental health, land and property administration, including land titling and new legislation for compensation/resettlement and rental agreements, and legislation for local government, incorporating the introduction of boundaries for urban jurisdictions).

- high priority

### **3. Security of tenure**

**Government will translate principles into practice by embedding the rights to housing and land, as set out under the Constitution, within legislation and within a set of subsidiary decrees, regulations, procedures, campaigns and community-based programmes that take full account of the associated International Declarations and Covenants on housing rights and the United Nations Housing Rights Programme (UNHRP).**

- This will require the effective implementation of the current programme of land registration, valuation, taxation and dispute mediation and will require a comprehensive package of legislation also covering compulsory acquisition (expropriation) for public purposes, land readjustment, resettlement and compensation (refer also to policy measure 3).

- Provisions for popular participation in support of housing rights will recognise and respect the requirement for information exchange and advocacy, the expression of needs and preferences and the importance of cooperation and coordination between stakeholders (refer also to policy measure 3).

- Special attention will be given to security of tenure for lower income households and vulnerable groups, for a range of protected forms of tenure inclusive of rented housing, with all legal documentation being fully-accessible, easily-communicated and supported by community-level consultations. This will focus on the land situation in unplanned urban communities and to resolving the status of those households occupying abandoned housing constructed under Indonesian government programmes, providing a range of affordable, secure tenure options and taking account of self-financed improvements to abandoned properties (refer also to policy measures 3 and 9)

#### **Actions**

- a) Adoption of bills dealing with land registration, transfer, pre-existing rights and title restitution, and dealing with land taxation and expropriation  
- top priority
- b) Adoption of decree laws dealing with official mediation of land conflicts, and dealing with control of private constructions and informal settlements  
- high priority
- c) Preparation of detailed reports on alternative land management systems for regularising unplanned urban communities including options for land sharing, land redistribution and subdivision  
- high priority
- d) Drafting of legal instruments dealing with resettlement and compensation  
- high priority,
- e) Restitution of land records lost or damaged in the 2006 civil unrest and incremental implementation of the cadastral system, building on pilot activities in Dili  
- high priority

#### **4. Community participation**

**Government will promote community empowerment and capacity-building at aldeia and sub-aldeia levels, thereby:**

- **recognising communities as the main force in planning, decision-making and implementation;**
- **ensuring that housing and related programmes are demand-driven, and**
- **establishing communities and their networks as “project owners”, while working in close partnership with the suco administrations and the Community Development Committees or their equivalent.**

**The approach will be to enable the establishment and self-sufficiency of community-based organisations (CBOs), with NGOs and local government having the main role of providing support rather than directly implementing micro development activities.**

- Although many households count community cohesion and having good neighbours as one of the best aspects of their living conditions, there are very few examples of this being formalised through the introduction of CBOs. Communities express interest and enthusiasm for setting up their own groups for a variety of development activities, but request assistance from NGOs for business management, technical training and team-building.

- Whether planned schemes or “spontaneous” settlements, housing communities identify themselves according to a well-defined geographical location, similar physical characteristics and close-knit social networks. The land areas rarely coincide neatly with aldeia or suco boundaries, and the aldeia and suco chiefs sometimes do not live within the communities concerned. CBOs are therefore important mechanisms for meeting the very specific development needs of a particular group of households sharing similar living conditions.

- Policy implementation will require innovative organisational measures involving resource mobilisation at the community level and a consolidated programme of support from NGOs and the local administration (refer also to policy measures 3, 9 and 11)

- An effective model for community participation has been field-tested and thoroughly documented through the pilot neighbourhood activities under the Dili City Upgrading Strategy/slum upgrading project carried out during 2005.

### Actions

- a) Opportunities for a housing-focused national programme of community capacity-building by the Community Development Unit (CDU) to be explored - linked to the institutional initiatives under policy measure 1 and the community-based housing finance proposal under policy measure 11.  
- high priority.
- b) Establishment of community organisations and representatives and the introduction of savings and credit schemes (refer also to policy measures 4 and 11).  
- medium priority
- c) Final decisions on the Local Government Options Study, with specific reference to the status, powers and relationships between the sub-aldeia, aldeia, suco and sub-district levels in the context of the proposed new municipalities.  
- top priority

### 5. Access to basic services

**With special reference to the lower income areas, Government will incrementally introduce a more integrated approach towards the package of basic services and will equalise services delivery coverage and regularisation throughout all districts and between rural and urban areas. This approach will respect community priorities, take account of varying levels of household affordability, and enhance “ownership” through the recognition of community capacities for direct participation in planning, investment, construction, cost recovery procedures, and operation and maintenance.**

- This will require closer collaboration between the bodies responsible at central and local levels for water supply, sanitation, roads and drainage, electricity supply, environmental health and social services, and will involve improvements in the levels of technical support and information dissemination by the authorities concerned.
- It will also require more effective public campaigns to explain and justify the present cost recovery policies, with the possible introduction of adjustments and special provisions in order to respond more closely to the demands for a system that relates tariffs to household payment capacities (particularly for electricity supply and in relation to vulnerable groups such as the elderly, widows and female-headed households)
- For rural communities it will require improved access to welfare, education and health care facilities, through better regulated public transport and an expansion of mobile community visiting services.

### Actions

- a) The establishment of the central inter-ministerial working group and the district-level consultative bodies for housing (refer also to policy measure 1) to improve services integration and assess combined household affordability levels.  
- top priority.
- b) Continuation of upgrading in Dili, incorporating community decisions on services prioritisation and incrementally improvable standards and coverage  
- high priority

### 6. Provision of housing for civil service employees

**As an immediate priority, Government will formalise and regulate present *de facto* policy whereby housing is not an automatic entitlement of civil service employment, whether at local or central level, and will determine and introduce special exceptions in terms of remote locations and the need for incentives or institutional requirements (such as police and border posts, rural schools and clinics, military and police camps, prisons and hospitals) and any special needs arising from decentralisation of the state administration.**

- In the case of the special exceptions, this housing will form a pool of units available for those civil service employees who are posted to these locations and who are subject to rotation to other locations. These units will therefore not be offered for private ownership by civil service employees. Rental levels, either with or without subsidies, will need to be determined

and, as this housing is a direct state responsibility, budget allocations will need to be made where new house construction or rehabilitation is required and for ongoing repairs and general maintenance. However, in accordance with the enabling principle, Government will explore the means for the private business sector to participate in the financing and construction of these units.

- With respect to housing for the majority of civil service employees not eligible under these exceptions, Government will explore the means for promoting home ownership through providing guarantees to banks and microfinance institutions for loans for house purchase, extension or renovation, with repayment installments made through direct salary deductions (refer also to policy measure 11).

- A clarification of the numbers and locations of abandoned dwelling units already being reserved in some districts for certain civil service employees is required. Some present unauthorized occupants have been given eviction notices to vacate units for this purpose (refer also to policy measure 8).

### **Actions**

a) Inventory of present and projected civil service housing needs in relation to locations and type of dwellings currently occupied by civil employees, cross-referenced to the data on abandoned properties held by the DLA.

- high priority.

b) Introduction of housing loans by Instituicao Microfinancas de Timor Leste (IMfTL), as a supplement to the present product for civil service employees and other permanent salaried workers, taking account of housing being the stated main purpose of this present IMfTL product (refer also to policy measure 11).

- medium priority

## **7. Vulnerable and special welfare groups - responses to civil unrest and natural disasters**

**Government will establish poverty and hardship levels in relation to the affordability of housing and related services (refer also to policy measure 5) and introduce a system that directly subsidises the household through housing benefit payments rather than subsidising particular aspects of housing or services (refer also to policy measure 10)**

**Government will ensure that housing support is an integral part of the national Disaster Master Plan, inclusive of the effects on housing of civil unrest, and that civil service and community-level training for emergency shelter and housing reconstruction is provided alongside the provision of localised construction material stockpiles.**

### **actions**

a) Assessment of affordability in relation to housing costs, inclusive of basic services, in accordance with existing national socio-economic surveys, household expenditure patterns and the latest official poverty thresholds

- high priority.

b) Review of specific cases of international experience in fixing the housing element within social security safety nets and the advantages of household-targeted benefits opposed to subsidising specific housing components

- high priority.

## **8. Regularisation, rehabilitation and disposal of abandoned housing schemes**

**Taking account of the general provisions of the Land Act and of the need to establish housing standards appropriate for East Timorese households, Government will give consideration on a case-by case basis to the regularisation of unauthorised “illegal” occupations of abandoned housing (whether previous Indonesian civil service housing or housing that was being purchased by installment), with the intention of providing secure housing**

**opportunities for those current occupants and future occupants with genuine housing needs, offering a range of affordable tenure and payment options and introducing a combination of both public sector direct investments and enabling mechanisms for collective and individual self-help for the rehabilitation of infrastructure services and the improvement and extension of individual dwellings.**

- There is widespread demand for the regularisation of tenure and a willingness to pay rent or to purchase by installments. The locations surveyed and the basic house designs and plot size were found to be generally appropriate although many households had constructed extensions at their own cost despite the current tenure uncertainties.

### **Actions**

a) Completion of the abandoned property database design and application, identifying the numbers of dwelling units in these planned schemes as opposed to individual abandoned dwellings, offices and other building uses, with separate data for rumah dinas and rumah kredit units and aggregating the existing suco-level data at subdistrict, district, and national levels.

- top priority.

b) Expansion and intensification of the information programme by the DLP clarifying the legal status, seeking formal recognition from occupants of the role of DLP as the property owner on behalf of Government and offering temporary rental agreements.

- high priority.

c) Inventory of the needs for public service employees in each location in order to determine the balance available for open offer to present occupants and the general public.

- high priority.

d) Establishment of community organisations in each location and introduction of savings and credit schemes (refer also to policy measures 4 and 11).

- high priority

e) Implementation of a pilot demonstration regularisation scheme

- high priority.

f) Following country-wide consultations, adoption of a fully approved range of tenure and payment options, valuations and eligibility criteria, with estimates of investment needs for services rehabilitation and housing finance for dwelling rehabilitation and new construction on vacant plots (refer also to policy measure 11)

- medium priority

## **9. Integrated upgrading of existing urban unplanned communities and rural villages**

**Government recognises the indispensable role of self-built housing, the value of existing housing stock, no matter how modest, and the importance of providing opportunities for realising the potential for self-reliant improvements while retaining social cohesion and mutual support systems.**

**Government will accordingly initiate a national programme for the upgrading of existing unplanned communities and villages that takes particular account of the urban plans and development strategies, rural development schemes and is closely coordinated with other housing policy components addressing security of tenure, participation, access to basic services and housing finance. In determining priorities and the distribution of resources, this programme will also take account of Government's requirement to attract households from very remote high-altitude locations to rural areas where services may be more economically and effectively provided and to respond to the needs of district towns in order to reduce population pressure on Dili.**

**Government will adopt an integrated approach that minimises relocation and social disruption and offers a range of options covering physical improvements of the dwelling and services, economic development, tenure regularisation, community contracting, savings and credit schemes and community organisation.**

- Integrated upgrading involving tenure regularisation is most applicable to urban communities, particularly those already congested and also those likely to experience rapid growth through infill.
- The upgrading process will require careful assessment of possible future official urban land zoning within urban plans and development strategies, leading to the adoption in some cases of a category of temporary upgrading.
- Mainly as a result of the requirements for roads and footpaths, the upgrading in those communities with higher densities is likely to result in a small percentage of households to be relocated on new sites. Government will therefore need to coordinate upgrading projects with new housing schemes and to ensure that support for resettlement and compensation is guaranteed (refer also to policy measures 2 and 10, addressing the regulatory framework and the delivery of land and services for new housing).

### Actions

- a) Approved city-wide upgrading strategy for Dili, including the continuing piloting in selected poor communities and costed city-wide programme, together with community action planning guidelines (refer also to policy measures 1, 3, 4, 5 and 11).
  - top priority
- b) Intensive, structured on-the-job training, supplemented by workshops,
  - top priority.

## **10. Delivery of land and services for new housing development**

**In the context of an assessment of existing housing stock and housing needs projections based on population growth and urbanisation, Government will initiate a national programme for new housing development that will be closely coordinated with the upgrading programme (refer also to policy measure 9). This will be fully in accordance with the enabling approach which will encourage the contribution of the private sector and civil society to low- income housing. The programme will take account of the priority need to improve living standards in the rural areas and in the districts towns, while minimising conversion of agricultural land and costly extensions of urban primary/trunk services networks. In parallel with rural village upgrading, it will similarly take account of Government's requirement to attract rural households from very remote high-altitude locations to rural areas where land and services for new housing may be more economically and effectively provided. The programme will also, as with the upgrading programme, respond to the needs of district towns in order to reduce population pressure on Dili. Furthermore, it will make maximum use of those abandoned housing schemes having opportunities for infill on vacant plots and for the rehabilitation of services and unoccupied damaged housing.**

**Government intervention will concentrate on supporting lower income households and vulnerable groups, including those needing to be resettled due to infrastructure works, redevelopment schemes and new land use zoning. Such support will offer a range of tenure options and will be limited to selective land assembly and acquisition, the delivery of services, land sub-division and plot registration together with facilitating access to housing finance and technical assistance. House design and construction will be the direct responsibilities of households, family networks, communities and both informal and formal private enterprises.**

**Where special support for the very poor and vulnerable is justifiable, housing subsidies will be provided. These will be in the form of benefits directly to the household as opposed to subsidising elements of land, services, construction costs or interest rates (refer also to policy measure 7).**

**Where the private sector develops large-scale housing projects, Government will require that a percentage of the development be set aside for lower income groups, employing appropriate standards and cross-subsidies as applicable to allow for affordable cost recovery levels.**

**Government will support new rural settlement schemes focusing on the needs of the landless and will ensure that there is participation with the future occupants on the design of such schemes. Special attention will be given to access to rural health and education facilities and to rural employment opportunities. In this regard, Government**

**will arrange close collaboration in the selection of locations and scheme design between MOPW and the local health, education and agriculture authorities.**

- The introduction of a category for minimum design and construction standards to allow for incremental extension and improvement of dwellings, and also of road, footpaths, water supply and sanitation, will be a necessary enabling legal measure for the implementation of this approach to self-help housing within formally planned and serviced developments (refer also to policy measure 2). This would apply equally to standards in the integrated upgrading programme.

- It is important to emphasise that affordable, lower initial standards are not for all time and do not imply the creation of new degraded areas. The advantage of this approach is that standards can be progressively raised as household incomes and national resources increase. Poor households are offered the prospect of constantly improving conditions rather than transferring immediately to high standards that to be accessible will require unsustainable subsidies and major investment outlays.

- Cost recovery of Government's investment in land and services will need thorough examination taking account of the conditions for obtaining land titles through purchase by installment and the methods to be adopted for determining economic leases and rents. In accordance with new legislation on land valuation, the imputed market prices to be used for the land component within the prices fixed for serviced plots will also need further careful consideration at the policy level (refer also to policy measures 2 and 3).

### **Actions**

a) Inventory of unoccupied dwelling units and vacant plots in abandoned schemes  
- high priority

b) Analysis of household data from the 2004 national census, including 5 and 10 year needs projections by districts and district towns, using formally agreed urban definitions, together with estimates of needs arising from urban land use zoning, redevelopment and upgrading  
- high priority.

c) National housing programme formulation, with location-specific demand forecasts, time-bound investment levels and allocation of public/ private/ community/ household investment sources  
- high priority.

## **11. Housing finance**

**Government recognises the important role of community-based savings and credit in poverty reduction and self-reliance through generating financial assets while at the same time developing management, accounting and investment skills. Government additionally recognises that the collective process in which group savings schemes are embedded also strengthens community organisations, provides a framework for participation, encourages accountability and promotes more responsible leadership. In this way, microfinance that is owned and driven by communities themselves is seen as more than just delivering credit to the poor but also as a vital national development mechanism.**

**Government will accordingly initiate a comprehensive set of financial enabling measures that give special attention to direct accessibility by lower income groups within a wide range of options from conventional mortgage finance through to multi-purpose, community-based microfinance.**

Such measures will specifically include:

\* Institutional and regulatory initiatives within the framework of the activities of the new coordination and regulatory body, Association of Microfinance Institutions of Timor Leste (AMFITIL), that would provide the means for connecting informal sector needs and resources to formal finance, through a new or adapted organisation that serves as intermediary for mobilisation of resources, overall fund management, advisory services, community-level capacity-building and resource generation, broad information dissemination and networking (refer also to policy measure 1);

- \* Linked to the above, a training of trainers programme for national NGOs to act as community activators for group savings and credit schemes;
- \* The introduction of a specific loan option for materials and house improvements within the range of products and services offered by the Instituicao Microfinancas de Timor Leste (IMFTL), linked to increased capacity to expand and intensify coverage nationally;
- \* Mobilisation of cooperatives and the Federation of Credit Unions to support housing development;
- \* With respect to housing for the majority of civil service employees not eligible for housing under the exceptions in special cases (refer also to policy measure 6), an assessment of the means for promoting home ownership through providing guarantees to banks and microfinance institutions for loans for house purchase, extension or renovation, with repayment installments made through direct salary deductions.
- \* Facilitating the role of the commercial banks in developing a mortgage market, taking account of the need to accelerate the land registration/titling programme and to introduce housing finance legislation covering institutional and judicial authority, particularly with respect to managing assets under defaulting loans.

Special attention will need to be given to the institutional responsibilities, financial procedures and loan conditions for the proposed disposal on an installment basis of abandoned housing currently managed by the DLP. Similar decisions will need to be made for the rental option for this abandoned housing (refer also to policy measure 8).

### **Actions**

- a) Taking account of the previous ADB support for microfinance, the current activities of the IMFTL and the microfinance coordination and regulatory body, AMFITIL, undertake a comprehensive study of all aspects of housing finance (including also community-based savings and credit initiatives and conventional mortgage finance) and leading to recommendations on institutional and legal arrangements and human resource requirements, and on mobilising external seed capital - high priority.

## **12. Building materials supply, construction industry development and employment generation**

**In the parallel development of industrial, labour, trade and investment policies, Government will take full account of the significant role of housing in the construction industry, particularly in providing employment for low-income unskilled and semi-skilled workers and in promoting small-scale, labour-based contractors and materials producers.**

**Government will accordingly support research, training and credit for the construction industry, and strengthen the capacities of technical/vocational training institutions. Research, exchange of information and capacity-building will give special attention to affordable and technically and environmentally-sound building and maintenance technologies. Incentives will also be explored for engineers, architects, planners and contractors and their clients to design and build accessible energy efficient structures and facilities by using locally available and renewable resources and to reduce household energy consumption.**

Such measures will specifically include:

- \* Strengthening the Research and Development Division under the MOPW, with the emphasis on low-cost and import substitution initiatives alongside outreach advisory services to households, communities and enterprises;
- \* Intensifying foreign direct investment promotion for introducing domestic cement production;
- \* The introduction of private sector concessions for establishing retail building material depots in each district;
- \* Review of options for price controls and price equalisation across the country for building materials, and for reductions in the associated import taxation in order to improve affordability by lower-income groups while avoiding heavy, unsustainable subsidies and incentives;



\* Promotion of community contracting for the communities' own infrastructure upgrading projects supported by credit, business management and training supports.

Government further recognises the important economic role of the home as the workplace - inclusive of retailing, small-scale processing and manufacturing, animal husbandry and fruit/vegetable production in the both the immediate surroundings and the building. Government will accordingly make provisions for mixed residential/commercial/industrial uses in planning and building regulations, while at the same time ensuring adequate waste management, pollution control and general environmental protection.

### **Actions**

- a) Activating research and development in construction technology.  
- high priority.
- b) Feasibility study and piloting for construction material depots, linked to a review of the options for price controls and reduced import tax.  
- high priority.
- c) Finalising and promulgating the Development and Building Regulations  
- top priority.
- d) Implementing community contracting as part of the continuation of the Dili community upgrading programme initiated during 2005 under the Dili City Development Strategy/slum upgrading project.  
- top priority.

## **VI. Institutional roles and coordination**

Given the cross-sectoral and multi-leveled nature of housing, effective policy implementation depends heavily on the involvement, close collaboration and coordination of a wide range of ministries and other stakeholders. The required distribution of responsibilities is set out below in accordance with each of the 12 policy measures.

### ***1. The role of the state and institutional arrangements***

The institutional initiative and primary coordination role will be undertaken taken by the Ministry of Public Works (MOPW), with specific sectoral responsibilities for physical planning and housing, building and planning regulations, roads and drainage, the construction industry and technology. The key partner will be the Ministry of State Administration (MOSA), with crucial responsibilities for local government reforms, including local implementation and resource management and community participation. Other important partners in policy development and implementation are:

Ministry of Health (MOH)- for environmental health;

Ministry of Labour and Solidarity (MOLS) – for social welfare;

Ministry of Development (MOD) - for cooperatives and credit unions;

Ministry of Justice (MOJ) -for the legislation programme, land and property administration;

Directorate of Land and Property (DLP) under MOJ

Ministry of Planning and Finance (MOPF) - for resource allocation, microfinance and statistics.

Instituicao Microfinancas de Timor Leste (IMfTL) under MOPJ

Secretary of State for Coordination of Environment, Territorial Planning and Fiscal Development (SETF) - for water supply and sanitation, environmental management;

Ministry of Transport and Communications (MOFC) - electricity and telephones;

Association of Microfinance Institutions of Timor Leste (AMFITIL)

Community Development Unit (CDU) - for slum upgrading and community participation.

Urban Resource Centre (URC) - for information and advisory services.

An external resource already established with confirmed initial funding is through a public body in Thailand, the Community Organisations Development Institute (CODI), which has hosted housing study tours for Timor Leste participants and missions to Dili. CODI has highly relevant experience in central/ local relationships, partnership-building,

participatory housing programmes, land management, community financing systems, information dissemination and networking.

Short-term technical assistance will be need to be sought for advising on the elaboration of the overall institutional framework, particularly with respect to decisions on the establishment of national-level housing organisations, land and property administration and sectoral programme development . As a UN Agency with sustained experience in Timor Leste, the UN Human Settlements Programme (UNHSP or UN-Habitat), in conjunction with UNDP, would be a valuable continuing partner as would UNESCAP which is currently supporting the Urban Resource Centre under the National University.

The private business sector is a significant partner, particularly with respect to construction and financial services, affecting policy measures 5 to 12.

For MOPW to assume a lead role in housing together with the establishment of an effective spatial planning capability, the continuation of in-house training and technical/management support will be required and this should be linked to a programme of highly-focused and work-related, short overseas courses - for which external assistance is urgently required.

## ***2. Regulatory framework***

The further technical work and final review of the Development and Building Regulations (DBR) and the Spatial Planning Act (SPA) is a continuing responsibility of MOPW. An international consultancy recruited with MOPW funding commenced work in 2005 on the analysis and legal drafting for the SPA together with a review of the options for the umbrella Enabling Act. USAID initiated support for finalising the DBR in 2006.

Assessments of the principle of enabling legislation and various levels of subsidiary instruments rest with the MOJ and the Council of Ministers. The previous work of the USAID-supported Land Law Program in collaboration with the Directorate of Land and Property (DLP) as executing agency meets the high priority requirements for land legislation and associated land administration instruments. However, it needs to be determined whether additional external assistance will be required for the legal work on resettlement and compensation.

## ***3. Security of tenure***

The USAID-supported Land Law Program in collaboration with the DLP prepared legislation drafts and the associated land administration systems and procedures, with DLP responsible for formal processing and subsequent adoption through the MOJ.

## ***4. Community participation***

Taking account of the local government reforms addressing mandates at suco and sub-suco levels, this policy measure requires close collaboration between MOSA and MOPW alongside the Community Development Unit (CDU), MOLS, the NGO Forum and the URC

## ***5. Access to basic services;***

All the ministries and departments with the mandates for the full range of housing-related services will share responsibilities alongside MOPF and MOLS with a strong coordination role required of MOPW.

## ***6. Provision of housing for civil service employees***

The MOSA and the LPA hold primary responsibilities, with MOPW needing to be involved in the rehabilitation, new house construction and maintenance together with the associated budget allocations.

## ***7. Housing for vulnerable and special welfare groups, response to civil unrest and natural disasters***

This is a sensitive social and political issue for which accurate information is needed in order to determine the subsidy burden to the country and the overall feasibility with respect to transparent targeting. In terms of direct responsibilities, the MOPF, together with the MOPW and the MOLS have important roles.

### ***8. Regularisation, rehabilitation and disposal of abandoned housing***

Initial primary responsibility rests with DLP with important inputs required of MOSA and MOPW. Capital financing for house and services rehabilitation will depend partly on national budget allocations and partly on community savings and credit schemes.

### ***9. Integrated upgrading of existing unplanned communities and rural villages***

The possible primary local executing responsibility for the CDU outside DILI requires confirmation. MPW alongside DLP, MSA, NGO Forum, URC and the water and electricity supply bodies have strong parallel responsibilities.

### ***10. Delivery of land and services for new housing developments***

These actions call for a close partnership between MOPW, DLP and the Census and Statistics Department of MOPF.

### ***11. Housing finance***

The Banking and Payment Authority (BPA), MOD, IMfTL and AMFITIL will share the key roles. External technical assistance from will need to be sought for the proposed study.

### ***12. Building materials, construction industry development and employment generation***

MOPW will have primary responsibility in close collaboration with MOPF. MOPW has the capacity for the feasibility work on the materials depots. There are strong linkages with housing finance with respect to credit arrangements for construction materials.

## ***Coordination***

As described under policy measure no. 1, the top coordination instrument is an inter-ministerial working group which will direct and oversee all aspects of housing policy development and implementation, with particular reference to regulatory and institutional initiatives, including the management of housing information systems. This working group will be supplemented at the District level, or the equivalent following the local government reforms, by housing consultative bodies composed of district administrations, community coalitions and NGOs plus private business representation - providing networking, educational and information hubs for local decision-making and for local representation to central government.

The monitoring and evaluation process will be the direct responsibility of MOPW and will be subject to oversight by the working group and the local consultative bodies. Detailed arrangements in terms of the formulation of performance indicators, the scheduling of assessments, the evaluation methodology and the possible role of local university or UN agency support will be prepared by MOPW and subsequently endorsed by the working group.