



Maldives

17 September 2009

File: Decentralisation Project,


Dear Minister,

Subject: Signed Document – Project Initiation Plan for Support to National Regionalisation and Decentralisation Programme

I am pleased to enclose herewith the signed Project Initiation Plan (preparatory assistance project) for *Support to National Regionalisation and Decentralisation Programme* which was signed on the 16th of September 2009.

I would like to take this opportunity to thank you for your support and co-operation in facilitating the preparation and signing of the project initiation plan. This is an important step towards laying the foundation for decentralized governance which is a cornerstone in the democratization process of the country.

UNDP is committed to supporting the achievement of the national objective of decentralization and regionalization and I look forward to our continued partnership in implementing this project.

Yours sincerely,


Patrice Coeur-Bizot
Resident Representative

Mr. Mohamed Shihab,
Minister of Home Affairs
Ministry of Home Affairs
Male, Maldives

cc. ERDM, Ministry of Finance and Treasury
DER, Ministry of Foreign Affairs



**SUPPORT TO NATIONAL REGIONALISATION AND DECENTRALISATION PROGRAMME
Project Initiation Plan (Preparatory Assistance) 2009-2010**

Country: Maldives

UNDAF Outcome(s): By 2010, people enjoy greater rights and have increased capacity to fulfill their responsibilities, and to actively participate in national and local levels of governance

Expected CP Outcome(s): Increased transparency and accountability of public institutions

Implementing partner: Ministry of Home Affairs

Narrative

The main objective of the project is to provide preparatory assistance to support the Government of the Maldives to lay the groundwork to initiate its programme for decentralised governance. This programme is outlined in government policy documents and in legislation expected to be promulgated in 2009. Towards the end of this preparatory assistance phase, a comprehensive programme will be designed for further assistance to the decentralisation programme of the Government. The preparatory assistance will also support the Government in resource mobilisation for the decentralisation programme.

Programme Period: 2009- 2010 Programme Component: Project Title: Initiation Plan (Preparatory Assistance) for support to National Regionalisation and Decentralisation Programme Project ID: 00072088 Duration: Sept 2009 – Aug 2010 Management Arrangement: National Execution (Ministry of Home Affairs)	Estimated budget: \$ 323,000 Allocated resources: • Government \$ 123,000 • UNDP \$ 200,000 • Other: ○ Donor _____ ○ Donor _____ ○ Donor _____ Unfunded budget: \$ _____
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Agreed by Lead Agency:
(Ministry of Home Affairs) Mr. Mohamed Shihab,
Minister of Home Affairs

Agreed by (UNDP): Mr. Patrice Coeur-Bizot,
UNDP Resident Representative

16 SEPT 2009

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1.1 Background

In 2004, the President of Maldives announced a series of initiatives aimed at strengthening democracy in the country. Later in 2006, a Draft “Administration of Island Councils and Atoll Councils Act” was introduced.¹ Whilst this Act was never passed, it provided a basis for a consideration of the introduction of Local Government into the Maldives. As part of this process, four discussion papers on Local Governance Reform were circulated in 2006 & 2007.²

Decentralisation was further emphasised in the revised national constitution (2008) in which Chapter 8 is entitled Decentralised Administration.³ This chapter outlines that “administrative divisions of the Maldives will be administered decentrally” and that local authorities will be legal entities with their own elected councils, budgets, bylaws and statutes.

Following Maldives first multi party Presidential elections in October 2008 the new government prioritised the local government reform process. A draft law was prepared and submitted to parliament in March 2009. The Parliament’s term ended in April 2009, few days after this bill was accepted by the Parliament after preliminary discussions.

The first multi party Parliamentary elections were held in May 2009. The Parliament has a composition of 77 constituencies, of which both leading political parties had won significant number of seats. The draft bill on local governance has been put forward to the new Parliament for debate. The prevalence of the policy framework outlined by the Government is dependant upon the Parliament’s approval of the legislation.

In the meantime, the new Government has appointed State Ministers to each province and charged them with leading the governance and development reforms. These ministers have produced development blueprints for the provinces designated to them.

In the past two years, the Government had also initiated a national capacity building programme aiming towards training personnel in time for implementation of the new local governance system. The government’s establishment of provinces as regional administrative levels and the ongoing capacity building efforts are also considered in drawing up the work plan for this Project Initiation Plan.

1.2 Key issues in Regionalisation and Decentralisation in the Maldives

There are many permutations of policy options within the framework of the Regionalisation and Decentralisation policy. However the process has four fixed elements, three of which are constitutionally endowed and one of which is a key political commitment mandated by the election manifesto of the winning party in the 2008 presidential election. These are:

¹ Administration of Island Councils and Atoll Councils of the Maldives Act. Ministry of Atolls Development, Republic of Maldives, 2007

² Concept Note for Local Governance Reform (Draft dated 29, November 2006), Financing Local Councils (Draft dated February 2007), The National Decentralisation Programme (Draft dated 17 March 2007) and Functions and Fiscal Resources for Local Councils in the Maldives (Draft dated July 2007) Decentralisation and Local Governance Discussion Paper Series. Government of the Maldives, Ministry of Atoll Development, Planning and Coordination Section. 2006

³ Funcional Translation of the Constitution of the Republic of Maldives, 2008. Translated by Ms Dheena Hussain at the Request of the Ministry of Legal Reform, Information and Arts, Government of the Maldives. 2008

- There shall be elected councils in each inhabited island that will be legal entities with administrative and financial autonomy for meeting the responsibilities within their mandate (*constitutional requirement*).
- There shall be elected atoll councils that will be legal entities with administrative and financial autonomy for meeting the responsibilities within their mandate (*constitutional requirement*).
- The elected councils will serve for three-year terms (*constitutional requirement*)
- The Maldives shall consist of seven administrative provinces and a city council (Male). The objective of this reform is to accelerate development, make service delivery more efficient, and to make governance more democratic (*Policy proposed by the Government*).⁴

Therefore all policy options must fit into the above framework. The draft law before parliament and the policy document emanating from the President's office attempts to meet these requirements by regrouping the 20 (geographical) atolls into 7 groups contiguous with the provincial divisions. This then produces 7 "councils of atolls" that coincide with the 7 administrative provinces. A State Minister is attributed to each province with delegated authority from the President. State Ministers sit on a Local Government Authority, possibly chaired by the Finance Minister, which will set the rules of the game for the Local Governance arrangements.

Whilst the above is included in the draft law, there is scope for a significant range of interpretations of how this will work out in practice. The law will require implementing regulations that spell out the procedures and mandates in detail.

1.3 Areas of concern to be addressed.

1. Firstly, there is the issue of the degree of devolved powers⁵ to be assigned to the **island councils**? Concomitant to this, what is the amount of resources (in the form of block grants, revenue raising powers, and revenue sharing) to be assigned to them? Related to this issue is the electoral mechanism to be employed. Will councilors be representing constituencies, parties, or themselves? What will be the criteria for candidature and what measures will be taken to ensure adequate representation of women in the councils?

Secondly, what is the sum of the delegated, deconcentrated and devolved powers entrusted to each **province/atoll**. What degree of executive coordination of the line ministries will the State Minister be able to engage in, and what influence will the State Minister have over line ministry plans and budgets? What is the envisaged role of the atoll councils and what will be the electoral mechanism applied? In summary, will these reforms shift the developmental centre of gravity from national to provincial level?

Thirdly, what are the **capacity** strengthening and technical assistance elements of the programme? For regionalization and decentralization to work capacity strengthening of lower level authorities will have to be built in to the responsibilities of higher level authorities, so that the centre supports the province/atoll council, which in turn supports

⁴ There is no specific mention of the word "province" in the constitution, however clause 230 enables the creation of administrative divisions.

⁵ Level of autonomy, roles and functions

the island. Additionally, in concordance with the spirit of the reform, this support will need to be “client based” rather than “paternalistic provision”. How will this be ensured?

Answers to these three issues will be worked out during the debates of the draft law in parliament and in discussion of its subsequent regulations. Due to the underlined uncertainties surrounding the policy issues on regionalization and decentralization at the moment, it is not possible to draw a full project on this. Preparatory assistance is however needed to lay the groundwork in preparation for new systems which will come into place once the legislation is passed.

2. Project Objectives

- The overall objective of the project is to provide preparatory assistance to support the Government of the Maldives to lay the groundwork to further develop and initiate its programme for decentralised governance. This programme is outlined in government policy documents and in legislation expected to be promulgated in 2009.
- The primary objective of the project initiation plan (preparatory assistance) is to develop a comprehensive national framework or national plan for decentralized governance
- UNDP will also assist the government in efforts to raise additional resources to support future developments in support of the regionalization and decentralization reform and will collaborate with other international and national partners to this end.

3. Project Outputs

Output 1: Legislations and regulatory framework in place for local governance and public awareness and understandings of the reforms increased

Output 2: Building capacity of elected officials in local governance, planning and public financial management

Output 3: Capacity building of public administration personnel (including Line Ministries, Province Office staff and council secretariats) in local governance, planning and public financial management

Note: Since the government envisages that province administrations will provide necessary support to local government administrations, a key component of this initiation plan (Output 3) and the national regionalization program focuses on building capacity of the province administrations especially in areas of planning and urban development in addition to capacity building of relevant staff in Line Ministries and Council secretariats.

<p>Output 2. Build capacity of elected officials (Island Atoll/Province Councilors and MPs) in local governance, planning and public financial management.</p> <p>INDICATORS:</p> <ul style="list-style-type: none"> ▪ Capacity needs assessment conducted ▪ Number of councillors and council secretariats trained on planning and public financial management <p>Output 3. Capacity building of public administration personnel in local governance, planning and public financial management</p> <p>INDICATORS:</p> <ul style="list-style-type: none"> ▪ Public administration personnel in Councils and all line ministries are aware of national decentralisation planning and resource framework, and their roles in relation to this framework ▪ Increased capacity in project planning and management (including staff of province offices, Ministries and Council secretariats). 	2.1 Conduct capacity needs assessment/skills audit of councils and office staff	X	X	Home Ministry	UNDP	4,500	
	2.2 Conduct mobile training workshops for councils and council secretariats on local governance, planning and public financial management		X	X	Home Ministry	UNDP	15,800
	3.1 In-country training (3months) on financial management for 10 staff from local government units and related institutions		X	X	Home Ministry		13,700
	3.2 Overseas training on local governance arrangements and good governance practices for staff from local government units and related institutions		X		Home Ministry	UNDP	14,800
	3.3 Training (3months) on development planning (eg. Urban planning) for 09 staff from local government units and related institutions		X	X	Home Ministry	UNDP	50,700
	3.4 Training on project planning and project management for staff of local government units and related institutions		X	X	Home Ministry	UNDP	15,500
	Support to preparatory assistance phase (management support from Govt.)				Home Ministry	Govt.	83,000
							40,000
	UNDP TOTAL						200,000
	GOVT. TOTAL						123,000
GRAND TOTAL						323,000	

Note: The Ministry of Home Affairs will revise its strategic plan and action plan to incorporate the activities of this initiation plan. It would also look into the possibility of establishing institutional links with academic institutions in the country and from abroad in the designing and delivery of training and capacity building activities outlined in this document.