

**GOVERNMENT RESOLUTION No. 38 /2020
of September 23**

**APPROVES THE PUBLIC ADMINISTRATION REFORM PROGRAM 2019-2023
AND ESTABLISHES THE
MECHANISMS FOR MONITORING ITS IMPLEMENTATION**

The VIII Constitutional Government has been committed to improving the functioning of the Public Administration. To this end, it has considered it necessary to launch a broad program of administrative reforms aimed at strengthening the improvement of the functioning of the direct and indirect State Administration. These initiatives should complement other institutional strengthening programs also foreseen or underway, including reforms of fiscal and financial management, reforms of the legislative and judicial sector, and reforms of administrative decentralization.

These administrative reforms, planned for the period 2019 to 2023 and anchored in the Program of the VIII Constitutional Government, continue the wave of reforms and efforts initiated by previous governments to build and consolidate the democratic rule of law and a public administration that favors economic and social development and the improvement of the living conditions of the population. In fact, in the wake of these reforms and efforts, the current Government Program states that "Improving the effectiveness, efficiency and professionalism of the Public Administration, in order to provide better public services, is a crucial factor for the implementation of development policies and programs that lead to the reduction of poverty and, consequently, to the progress and well-being of the population. For this reason, reforming the Public Administration, with a view to modernizing it and implementing good governance measures, continues to be one of the Government's main objectives. Along with this, improving leadership, management and performance capacity, transparency and accountability will contribute to the provision of better public services, with consequent results in the well-being and progress of the population and, naturally, in increasing confidence in State institutions."

Given the challenges of the Strategic Development Plan aimed at achieving upper-middle income country status by 2030 and the goals of the Government Program in the present legislature, there is now urgency to act quickly and decisively, to be more ambitious and to demonstrate substantial and visible results by implementing more effectively and developing qualitatively the foundations already firmly established. The establishment of the Ministry of Legislative Reform and Parliamentary Affairs, as an articulator, facilitator, and catalyst of administrative modernization and innovation, has allowed for the preparation and presentation of proposals that advance these areas. This is the framework in which this Public Administration Reform Program has been designed, which is a government-wide program that will be led by various ministries and autonomous entities, depending on the subject matter, to be financed by resources from the State Budget and/or guaranteed by international partners.

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The goal of the Program is to provide better services to citizens and businesses and the objective is to transform and modernize the public administration, to create a more competent, efficient, innovative, responsive, transparent, accountable oriented to the satisfaction of its users.

The Program is divided into five components (or work areas) as summarized below.

Component 1: Service Delivery Improvements

This component aims to improve service delivery processes in order to reduce bureaucracy, stimulate innovation, and provide services that are more expeditious, efficient, responsive, and convenient to citizens and businesses.

This will be done by first identifying the constraints and obstacles to service delivery through an internal assessment and identification of reform needs in each ministry. A wide range of interventions will be implemented to adopt a more user-oriented approach to public service and reduce service delivery times. Administrative services, such as licensing of economic activities or civil registration, will be provided in so that citizens and businesses do not have to move from service to service. Increasingly more and more cell phones, websites, and computers will be used to allow citizens to transact remotely and instantly. A strong focus will be placed on developing ministries' capabilities to use data and closely monitor their priorities in real time. The urgency of identifying those priorities, achieving goals, and delivering results will be fostered, providing decision-makers with a more direct means to realize their projects. A new approach to transformation will be developed and approach to transformation will be developed and implemented, creating a path to a middle-income country status.

The following six outputs will be implemented:

- 1.1. Service delivery improvement plans and reform roadmaps;
- 1.2. Quick wins;
- 1.3. Business process improvements
- 1.4. One-Stop-Service Centers;
- 1.5. E-Government;
- 1.6. Transformation and Delivery Units.

Key results, to be achieved by the end of 2023, include the following:

- 13 ministries will have developed reform maps/roadmaps to address the key problems and constraints they face, especially constraints that cross institutional boundaries;
- 60 quick wins will be implemented, demonstrating positive results;
- 9 detailed business processes will be revised, reducing paperwork;
- 6 one-stop centers will be established, providing at least 50 different services, concentrated in one space and completing 30,000 transactions per year;
- 100,000 citizens will have unique ID cards and be able to access services with them;
- 80,000 e-government transactions will be done online, completing at least 8 different services;
- 7 transformation plans will be implemented, effectively prioritizing initiatives on the path to middle income status;
- A Central Delivery and Transformation Unit will be established in the Prime Minister's Office and 10 ministries and agencies will have Delivery Units in place;
- At least 70% of the priority targets of both transformation programs and the Minister's commitments (through strategic plans) will be realized.

Component 2: Incentives and Accountability

This component aims to strengthen performance through better incentives and increased compliance and accountability for results.

The strategic plans are the basis for improving service delivery. Performance targets and expected results will be identified through a consultative strategic planning process that mobilizes innovative ideas and responds to the needs of stakeholders and the public. Service delivery targets will be closely monitored, down to the level of service delivery points - a school, a health post, a particular road, a water point, an irrigation system, or a village. Having these objectives, however, is not enough. They need to be incentivized through the allocation of budgets, grants, resources, payment for results, and performance bonuses. To support accountability for results, the reforms will strengthen inspection and audit processes to ensure that norms, standards and procedures are adhered to. It is expected that, over time, the link between results compliance and resource allocation will also make it possible to reduce the burden of bureaucratic regulations and achieve better value for money, as well as ensure legality control. This component will also strengthen existing channels of social accountability to more effectively trigger citizen engagement and strengthen the anti-corruption programs implemented by the Anti-Corruption Commission, focusing on legal barriers and controlling any opportunities for corruption.

The following five outputs will be implemented:

- 2.1. Strategic plans, monitoring and evaluation;
- 2.2. Contracts and performance allowances;
- 2.3. Inspection and compliance systems;
- 2.4. Anti-corruption laws and setting incentives for good professional performance;
- 2.5. Social accountability. Key results to be achieved by 2023 will include the following:
 - 8 ministries will have strategic plans and all ministries will prepare annual performance reports, available to the public;
 - 8 Ministries will be collecting, monitoring and analyzing service delivery indicators against targets at the level of a facility or service delivery point;
 - Performance contracts will be used for all upper-level managers;
 - Performance allowances will be in use in 4 ministries;
 - Performance reward systems will be tested in 3 ministries;
 - 10 ministries will update their service delivery standards and inspection processes, improving compliance and service quality;
 - 30,000 citizens will make use of improved problem-solving and feedback mechanisms;
 - 10,000 citizens will participate in social accountability initiatives.

Component 3: Human Resources (HR) Management and Development

This component seeks to better manage human resources, promote strong leaders and empowered civil servants, and strengthen the merit system to ensure that the right people are in the right place.

Strengthened targets and controls will be established to ensure the sustainability of salaries, to strengthen motivation, and to attract and retain talent. Human resource management functions will be increasingly led by ministries, with backstopping support, capacity building, and legality control by the Civil Service Commission. The Civil Service Commission will see its independent technical regulatory functions strengthened. The use of contracts in the civil service will be more consistent, and a robust HR management system will be put in place, where positions and tasks are fixed based on workload. Key human resource management functions will be supported by a computerized Personnel Management Information System (PMIS). Payroll integrity will be strengthened and systematic leadership development will be implemented more broadly and consistently.

The following five outputs will be implemented:

- 3.1. Pay and recruitment policy;
- 3.2. Decentralized, merit-based human resource management;
- 3.3. Job management;
- 3.4. Computerization of human resources and payroll integrity;
- 3.5. Leadership development and training.

By 2023 it is intended to achieve the following results:

- A comprehensive pay and recruitment policy in use, including actions to promote a more diverse civil service, especially in management positions;
- Key human resource management functions progressively decentralized to all ministries;
- Strengthened capacity of ministries to manage and control their human resources;
- Disciplinary powers revised;
- Meritocracy strictly ensured and enforced;

- Improved position management system in practice, where all positions are related to workload;
- Payroll integrity fully established and secured in the future;
- Increased use of computerization to manage human resource processes, including recruitment;
- Recruitment time decreased by 25% and recruitment effectiveness improved;
- Comprehensive leadership development program implemented.

Component 4: Rationalization of Structures and Functions

This component seeks to ensure cost-effectiveness and efficiency in the functions and structure of the Public Administration.

It aims to review functions, structures and duties of public sector organizations. On this basis, it will rationalize the size and organization of the Public Administration. A clearer vision will be developed, creating the basis for assigning regulatory and policy-making functions to central services and executive and service delivery functions to autonomous entities, municipalities and community-level service providers. Current structures are not "fit for purpose," with staffing and service delivery responsibilities focused at headquarters rather than at the lower levels of the pyramid. Service delivery costs will be reduced, especially in cases of excessive administration and staffing. The restructuring exercises will better determine what each organization does, its performance targets, the potential for privatization of services, the hierarchy of departments and units, and the number of positions and wider responsibilities in each unit. Roles will be analyzed across different organizations (horizontal reviews to identify overlaps), within each organization (vertical reviews), and along common themes.

A key principle will be the separation of functions between: (i) strategic policy-making functions; (ii) support, monitoring, and oversight functions; (iii) regulatory, oversight, and inspection functions; and (iv) executive or service delivery functions. Other principles concern the extension of control, economies of scale, the creation of autonomous entities, and private sector participation in the provision of non-essential functions such as property maintenance, security and cleaning services.

The following three outputs will be implemented:

- 4.1. Vision and policies on state structures;
- 4.2. Development of policies and the scope of administrative powers of Ministers and/or Secretaries of State, as appropriate, as the top administrative body of a government department;
- 4.3. Review of operations and efficiency.

Key results to be achieved by 2023 will include:

- Policies implemented to decentralize service delivery functions to municipalities and community service providers;
- Policies implemented to separate functions, control the formation of autonomous entities, and outsource the provision of non-essential functions to private sector actors;
- System of delegation of administrative powers of the Minister and/or Secretary of State on operational matters implemented;
- 15 ministries using improved policy-making processes and structures;
- Completion of 19 operations and efficiency reviews;
- Savings and efficiency gains realized, totaling at least \$15 million USD.

Component 5: Making Business Easier

This component aims to improve the efficiency of administrative services provided to businesses by reducing delays and transaction costs.

This component will improve the legal and regulatory framework in which administrative services are provided to businesses and will reduce unnecessary or bureaucratic regulations and procedures, particularly with respect to licensing. At the policy level, it will facilitate the development of a broader work program, to be led by the Government member responsible for coordinating economic affairs, to strengthen the overall business environment. A forum/council will be established and strengthened to ensure consultation and participation of the private sector. In all cases, interventions are designed around an analysis of the constraints on business and the perspective of the business itself. Although registering a new commercial company with SERVE takes on average 7 days, this period can be reduced. In addition, there are a large number of licenses and inspections that are also practiced that increase the number of days to start business by 13 or more days. The issuing of licenses by line ministries is time consuming and some existing licenses may not be justified from the perspective of protecting the public welfare. This component strengthens contract enforcement and provides for the creation of alternative dispute resolution mechanisms, such as mediation and arbitration. Other administrative issues, such as the creation of a credit bureau, will also be addressed.

The following four outputs will be implemented:

- 5.1. Programs to improve the business environment;
- 5.2. Business registration and licensing;
- 5.3. Contract enforcement;
- 5.4. Access to credit, insolvency and other indicators.

By 2023 the following key results will be achieved:

- Comprehensive business environment improvement program developed and implemented;
- Deadlines for starting businesses reduced from 13 to 7 days;
- Licensing and inspection systems revised and improved in at least 10 ministries;
- Alternative dispute and arbitration mechanisms and commercial chambers in courts established and in operation, and resolution of at least 100 disputes per year;
- International arbitration law recognizing international arbitration agreements and implementing the New York Convention approved and in force;
- Credit bureau established and operating;
- All inactive companies officially closed;
- The ranking of doing business in Timor-Leste improved from position 181 to at least position 150.

Implementation

The Public Administration Reform Program (PRAP) 2019-2023 document should be duly taken into account in the annual planning and budgeting processes. Planned annual activities will ensure that the performance targets set out in PRAP 2019-2023 are realized by the end of the program.

A committee composed of Ministers who lead, oversee or oversee the main departments and implementing entities will be established to oversee and coordinate the program, to address emerging issues, and to approve budgets, reports and key policy instruments. This committee will be chaired by the Minister of the Presidency of the Council of Ministers.

Regular technical meetings between all implementing parties will be organized by the Office of Administrative Reform (GRA) of the Presidency of the Council of Ministers, a unit that succeeded the Office of Administrative Innovation (GIA) of the defunct Ministry of Legislative Reform and Parliamentary Affairs (MRLAP), which in 2019 prepared and presented the present PRAP.

Because it was prepared and debated in 2019, the Program retains its title "PRAP 2019-2023", as some of the projects and legislative interventions foreseen in it actually took off in 2019, under the cover of the powers assigned to the MRLAP to promote legislative reform actions and administrative modernization and innovation, as well as specific Government resolutions. However, with the pandemic of COVID-19 and the reconfiguration of the Government, its implementation in 2020 suffered an effective delay, which will be overcome by the interministerial commission created herein, which, within the scope of its monitoring attributions, may adjust annually the products and results initially projected in said Program.

Thus, the Government resolves, pursuant to subparagraphs a) and o) of paragraph 1 of Article 115 of the Constitution of the Republic and paragraph 4 of Article 5 of Decree-Law No. 14/2018, of August 17, on the Organic Law of the VIII Constitutional Government, as amended by Decree-Laws Nos. 20/2020, of May 28, and 27/2020, of June 19, the following:

Article 1

Approval of the Program

1. The Public Administration Reform Program (PRAP) 2019-2023, contained in the annex to this resolution, of which it is an integral part, is hereby approved.
2. This resolution and its annex shall be published in a Supplement to the Official Gazette.

Article 2

Monitoring Commission

1. A monitoring committee, called the PRAP 2019-2023 Monitoring Committee, is hereby established to monitor the implementation of the PRAP 2019-2023 and submit biannual reports to the Council of Ministers.
2. The Monitoring Committee of PRAP 2019-2023 shall be composed of the following members:
 - a) Minister of the Presidency of the Council of Ministers, who shall chair;
 - b) The Coordinating Minister of Economic Affairs;
 - c) Minister of Foreign Affairs and Cooperation;
 - d) Minister of Finance;
 - e) Minister of State Administration
 - f) Minister of Justice
 - g) President of the Civil Service Commission
 - h) Director General of the National Institute of Public Administration;
 - i) Private sector representative appointed by the Chamber of Commerce and Industry of Timor-Leste (CCITL)
 - j) Representative of civil society indicated by the Forum of Non-Governmental Organization of Timor-Leste (FONGTIL);
 - k) Two entities of recognized competence in matters of public administration, to be designated by the Prime Minister.

3. The entities and their representatives listed in subparagraphs i) to k) of the previous number shall be appointed within eight days from the date on which the present resolution comes into effect.

Article 3

Technical-administrative and executive support

1. The technical and executive support necessary for the implementation of the PRAP 2019-2023 is guaranteed by the Office of Administrative Reform (GRA) of the Presidency of the Council of Ministers.
2. Regular technical meetings shall be held with all implementing parties, with the collaboration of the different services of the Public Administration for this purpose.

Article 4

Necessary budgetary allocations

The activities provided for in PRAP 2019-2023 and the respective estimated costs shall be taken into consideration in the preparation of all general State budgets, for the period of time that it is to be executed.

Article 5

Entry into force

This resolution shall enter into force on the day following its publication.

Approved by the Council of Ministers on 9 September, 2020.

Be it published.

The Prime Minister,

Taur Matan Ruak