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SERVING CITIZENS
**A DECADE OF CIVIL SERVICE REFORMS
IN LATIN AMERICA (2004–13)**

Juan Carlos Cortázar Velarde, Mariano Lafuente, Mario Sanginés, Editors

Institutions for People



INTER-AMERICAN DEVELOPMENT BANK

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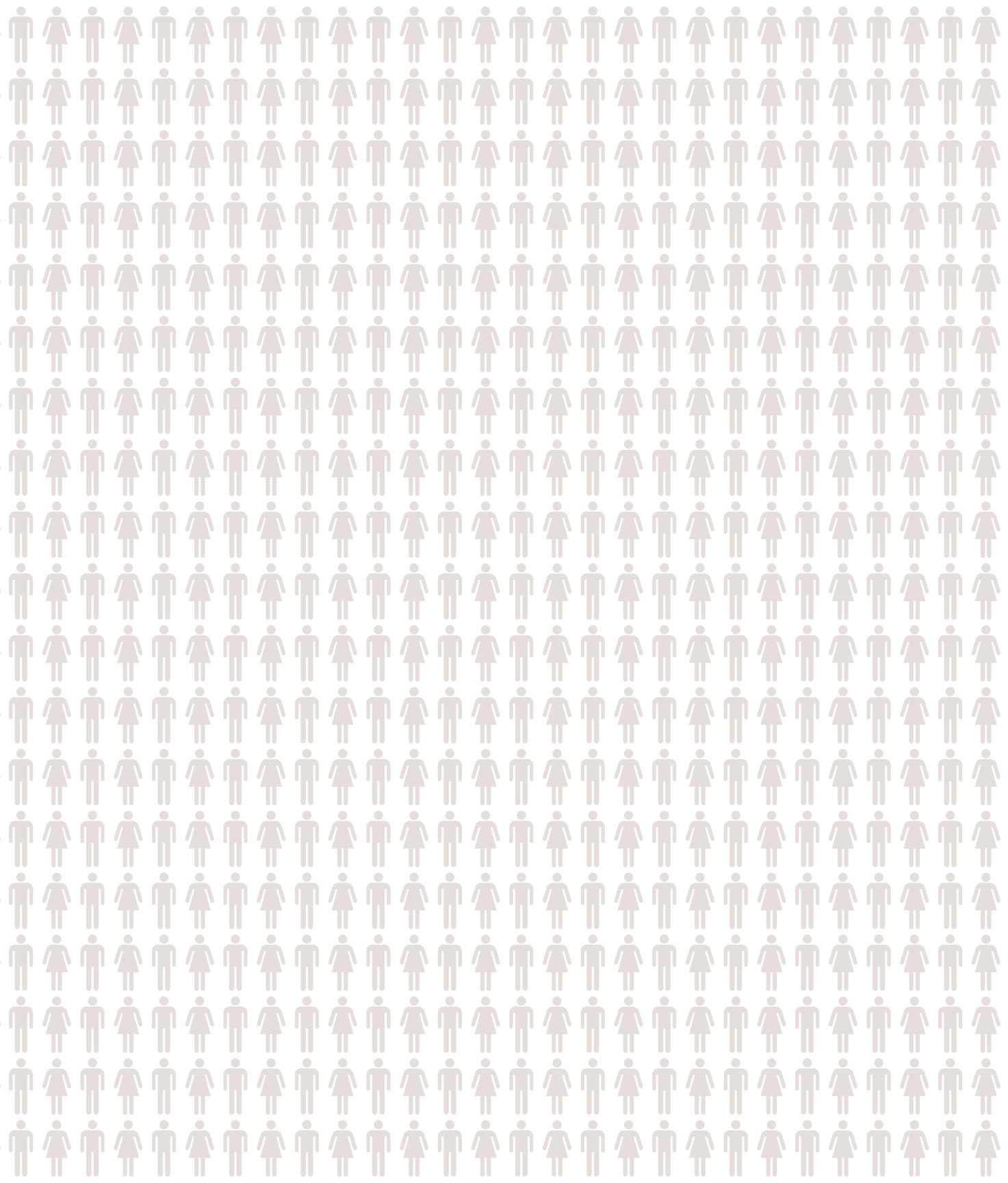
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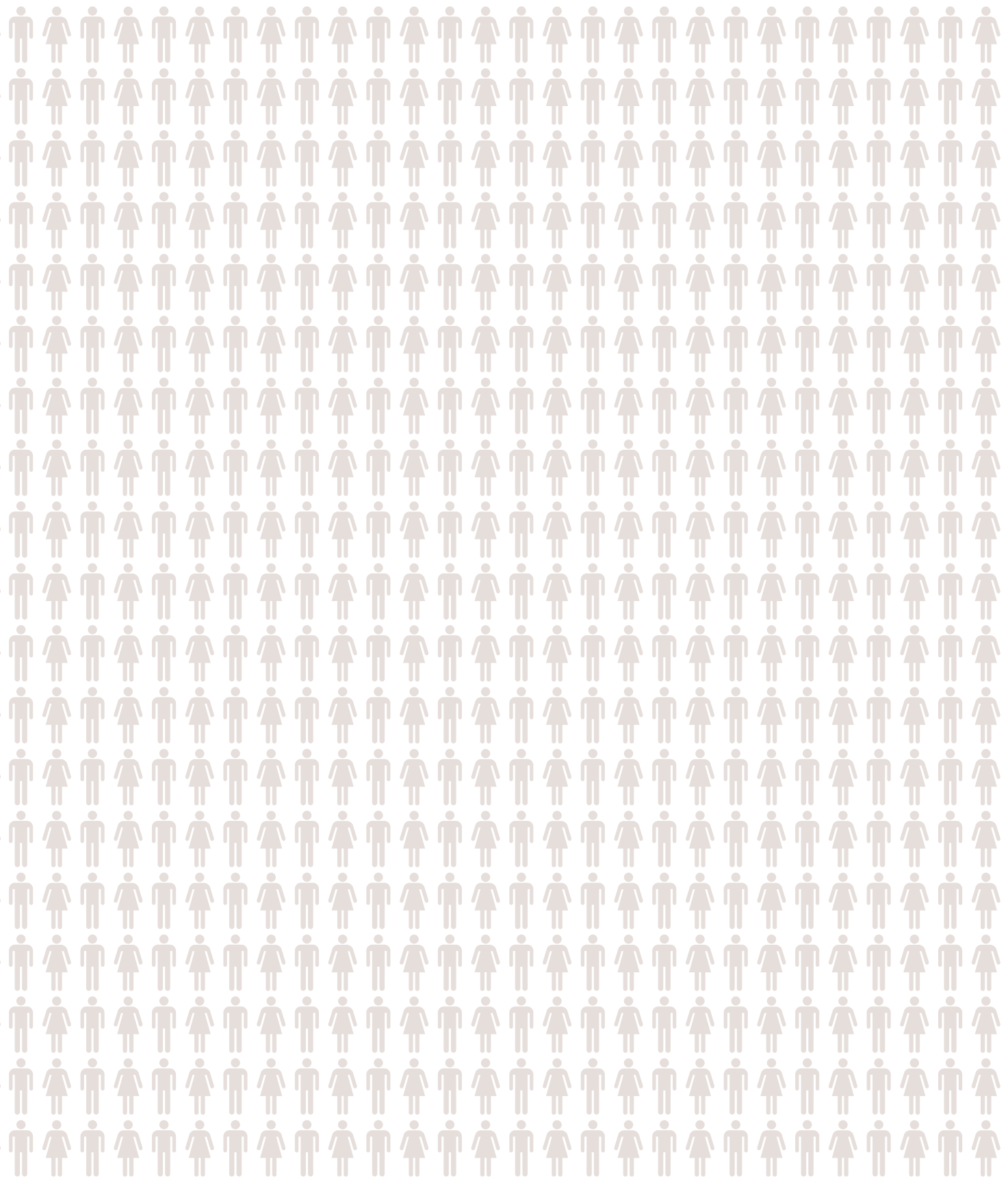
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AECID	Spanish Agency for International Development Cooperation (Agencia Española de Cooperación Internacional para el Desarrollo)
ANR	National Republican Association (Asociación Nacional Republicana) (Colorado Party of Paraguay)
APSE	Secondary Education Teachers Association (Asociación de Profesores de Segunda Enseñanza) (Costa Rica)
CADEP	Center for Analysis and Diffusion of the Paraguayan Economy (Centro de Análisis y Difusión de la Economía Paraguaya)
CADP	Senior Executive Service Council (Consejo de Alta Dirección Pública) (Chile)
CAS	Service Administration Contracts (Contratación Administrativa de Servicios) (Peru)
CGP	Public Managers Cadre (Cuerpo de Gerentes Públicos) (Peru)
CNSC	National Civil Service Commission (Comisión Nacional del Servicio Civil) (Colombia)
CSDI	Civil Service Development Index
DAFP	Administrative Department of Public Service (Departamento Administrativo de la Función Pública) (Colombia)
DGSC	General Directorate of the Civil Service (Dirección General del Servicio Civil) (Bolivia, Costa Rica and Honduras)
DIGECA	General Directorate of the Administrative Career (Dirección General de Carrera Administrativa) (Panama)
DIGEFUP	General Directorate of Public Management (Dirección General de Función Pública) (Nicaragua)
DIPRES	Budget Office (Dirección de Presupuestos) (Chile)
DNCS	National Directorate of the Civil Service (Dirección Nacional del Servicio Civil) (Chile)
FLACSO	Latin American Faculty of Social Sciences (Facultad Latinoamericana de Ciencias Sociales)
HR	Human resources
HRM	Human resource management
ICPS	Ibero-American Charter for Public Service
IDB	Inter-American Development Bank
IMF	International Monetary Fund

INPREMA	National Institute for Teachers' Pensions (Instituto Nacional de Previsión del Magisterio) (Honduras)
IPAC	Participatory Anti-Corruption Initiative (Iniciativa Participativa de Anticorrupción) (Dominican Republic)
LFP	Public Service Law (Ley de la Función Pública) (Paraguay)
LOSEP	Organic Law of the Public Service (Ley Orgánica de Servicio Público en 2010) (Ecuador)
LSPC	Professional Public Service Law (Ley del Servicio Profesional de Carrera) (Mexico)
MAP	Ministry of Public Administration (Ministerio de Administración Pública) (Dominican Republic)
MEDI	Institutional Performance Evaluation Models (Modelos de Evaluación de Desempeño Institucionales) (Costa Rica)
MEF	Ministry of the Economy and Finance (Ministerio de Economía y Finanzas) (Uruguay)
MRL	Ministry of Labor Relations (Ministerio de Relaciones Laborales) (Ecuador)
OECD	Organisation for Economic Cooperation and Development
ONAP	National Office of Administration and Personnel (Oficina Nacional de Administración y Personal) (Dominican Republic)
NGO	Nongovernmental organization
ONSC	National Office of the Civil Service (Oficina Nacional del Servicio Civil) (Uruguay)
ONSEC	National Office of the Civil Service (Oficina Nacional de Servicio Civil) (Guatemala)
OPP	Planning and Budget Office (Oficina de Planeamiento y Presupuesto) (Uruguay)
OTE	Specialized Technical Agency (Organismo Técnico Especializado) (Peru)
PEI	Special Entry Procedure (Procedimiento Especial de Ingreso) (Panama)
PLRA	Authentic Liberal Radical Party (Paraguay)
PMG	Management Improvement Programs (Programas de Mejoramiento de la Gestión) (Chile)
POI	Ordinary Entry Procedure (Procedimiento Ordinario de Ingreso) (Panama)
SADP	Senior Executive Service System (Sistema de Alta Dirección Pública) (Chile)
SEFIN	Finance Secretariat (Secretaría de Finanzas) (Honduras)
SENRES	National Technical Secretariat for Human Resources Development and Public Sector Remunerations (Secretaría Nacional Técnica de Desarrollo de Recursos Humanos y Remuneraciones del Sector Público) (Ecuador)
SEPLAN	Planning Secretariat (Secretaría de Planificación) (Honduras)
SERVIR	National Civil Service Authority (Autoridad Nacional del Servicio Civil) (Peru)
SFP	Public Service Secretariat (Secretaría de la Función Pública) (Mexico and Paraguay)

SIAPE	Integrated Human Resources Administration System (Sistema Integrado de Administración de Recursos Humanos) (Brazil)
SIAPER	Public Administration Personnel Information System (Sistema de Información y Control del Personal de la Administración del Estado) (Chile)
SIARH	Integrated System for the Administration of Human Resources (Sistema Integrado de Administración de Recursos Humanos) (Guatemala and Honduras)
SICA	Central American Integration System (Sistema de la Integración Centroamericana)
SICCA	Integrated System for Control of Administrative Careers (Sistema de Información para el Control de la Carrera Administrativa) (Paraguay)
SIGEF	Public Sector Financial Management System (Sistema de Información y Gestión del Empleo Público) (Ecuador)
SIGFE II	Integrated State Financial Management System (Sistema de Información para la Gestión Financiera del Estado) (Chile)
SIRO	Integrated Compensation and Employment System (Sistema Integrado de Retribuciones y Ocupaciones) (Uruguay)
SPC	Professional Civil Service Career (Servicio Profesional de Carrera) (Mexico)
TSC	Supreme Audit Institution (Tribunal Superior de Cuentas) (Honduras)



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Valuable contributions were also made by Magdalena Rojas and Amaya Fraile (consultants in the IDB's Institutional Capacity of the State Division), and by Mercedes Llano and Mónica Iturburu, principal authors of the assessments of Brazil and Chile, and of El Salvador, Guatemala, Honduras, Paraguay and Uruguay, respectively.

Latin America has been profoundly transformed over the last 10 years. Economic and social progress has been significant: per capita incomes have risen, the middle class has grown, education levels have improved, and the telecommunications revolution has meant that people are more connected, better informed, and can also demand more and better services. However, the public sector seems to have been slower to adapt to the times: despite demand in the region for more efficient, more effective, and more open governments, trust in public institutions in some countries is still lagging behind.

How can more and better progress be achieved? There are various factors to take into consideration, but perhaps one of the most important is that the potential of public policies and the services provided by any State is closely linked to the quality of its civil service. It is the civil servants, both men and women, who we trust every day to carry out the tasks of public service in our countries.

The ways in which the civil service is managed—in other words, the human resource planning policies, recruitment and selection, professional development, and the incentives for professionalization, among other factors—are critical conditioning factors when it comes to attracting, retaining, and motivating suitable staff to carry out these tasks. Moreover, managing the State's human resources is also important due to the sheer volume of resources that taxpayers invest in order to finance this workforce.

Despite its importance, however, this issue has yet to become a priority of the public sector reform agenda. This is due to both the technical and the political complexity implied by modifying the status quo in civil service management and to the perception that the benefits will be seen only over the long term, whereas the costs will be felt immediately.

It is worth highlighting that, despite this projection, various Latin American countries have introduced significant reforms in this area, but with differing degrees of success. At the same time, the signing of the Ibero-American Charter for the Public Service by all countries in the region in 2003 built a consensus around the best practices towards which reforms should be oriented. In 2004, as part of its support for this agenda, the Inter-American Development Bank (IDB) helped design and implement a methodology for measuring how the central government civil service operates in each country with respect to the reference points identified by the Ibero-American Charter.

Today, one decade later, various questions remain. What is the current situation of human resource management (HRM) in the governments of Latin America, and how has it evolved over the last 10 years?

What can we learn from the reform processes carried out in the region in recent years? Where then, should Latin America be headed, if it is to continue improving HRM in the public sector?

This third edition of the series *Institutions for People* responds to those questions, based on the latest evidence from Latin America. In particular, it analyzes the recent assessments of 16 countries in the region using the same methodology used in 2004 and studies the dynamics of the reform processes in certain selected countries. On the basis of this analysis, this book puts forward a future agenda of 10 key tasks according to their relevance for each level of civil service development and—according to the political economy of the reforms—it presents viable strategies for carrying them out.

This publication will be a valuable resource for academics, experts and, above all, for government civil servants who aspire to build and strengthen the public institutions that promote the well-being of citizens.

Luis Alberto Moreno

President

Inter-American Development Bank

Juan Carlos Cortázar Velarde and Mariano Lafuente

An institution's greatest asset is its people. In the case of the public sector, this means the workforce responsible for the design and implementation of public policies. Furthermore, recently conducted empirical studies draw a link between professionalization of the civil service¹—understood as the institutional arrangements that coordinate and manage employment in the public sector and the people who are part of it—and benefits such as economic growth, reduced poverty, less corruption, more trust in the government, improved service delivery, and more efficient execution of the investment budget. Finally, in 2012, 16 Latin American governments invested a significant amount of their resources on the payroll for administrative personnel at the central government level: on average, 5.8 percent of gross domestic product (GDP), which is equivalent to 41 percent of tax revenues and up to 26 percent of total public sector expenditures. Establishing a professionalized civil service, therefore, will be one of the key milestones for enhancing the capacity of the State and improving the quality of public expenditure.

In recognition of this challenge, in 2003, the governments in the region signed the Ibero-American Charter for Public Service, which defines the basis of a professional and efficient civil service and provides a generic framework of guiding principles, policies, and management mechanisms needed to build it. With this background in mind, this publication seeks to: (i) analyze the degree of development of the civil service in 16 Latin American countries between 2011 and 2013, according to a methodology that evaluates the 33 critical points that make up the so-called civil service subsystems according to the Ibero-American Charter for Public Service; (ii) compare current civil service development results in the region with the results from the previous assessment undertaken in 2004, using an adjusted version of the same methodology; (iii) identify strategies for modernizing public administration in the region, based on the lessons learned from recent reform experiences in various countries; and (iv) propose a possible future agenda of efforts to further professionalize the civil service.

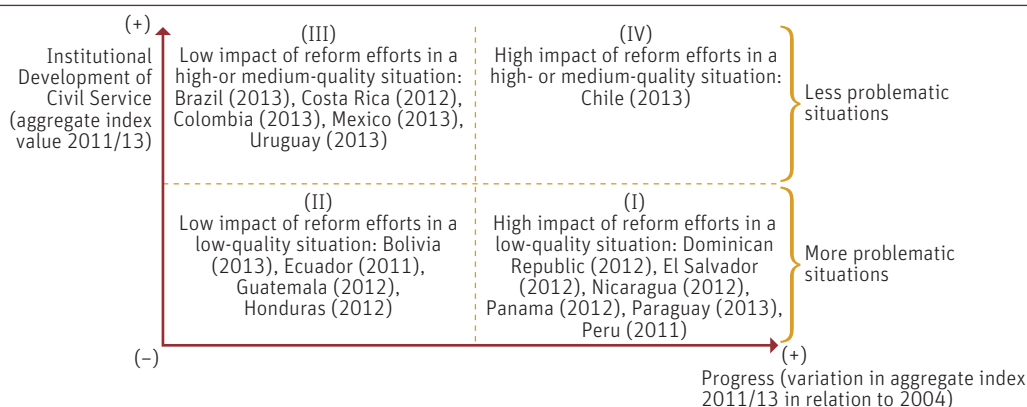
¹ See: Acemoglu, Johnson, and Robinson (2001); Cai et al. (2009); Dahlström, Lapuente, and Teorell (2011); Dollar and Kraay (2003); Evans and Rauch (1999); Henderson et al. (2003); IDB (2006); Knack and Keefer (1995); Lira (2012); Mauro (1995); Maxfield and Schneider (1997); Rodrik, Subramanian, and Trebbi (2004); Sacks (2010); SERVIR (2014); and Van de Walle, Van Roosebroek, and Bouckaert (2005: 16).

In the last decade, there has been encouraging progress in modernizing the civil service in the region, although the civil service remains relatively undeveloped: the average score on the Civil Service Development Index (CSDI) for the 16 countries included in this study has improved by 8 points, rising from 30 to 38 on a scale of 0 to 100. This general, incremental progress masks significant inequalities throughout the region. Although there were improvements in most countries, the improvements with the biggest impact were seen in countries that started out with the lowest baselines, and only in one case in a high-performing country. When these variations are analyzed, four main groups of countries can be identified in terms of progress made between the 2004 assessment and the most recent one (2011/13) (Figure 1).

After starting out from a more problematic initial situation (in other words, from a lower baseline), six countries have managed to take a significant step forward with regard to their CSDI rating. These countries—the Dominican Republic, El Salvador, Nicaragua, Panama, Paraguay, and Peru—have mainly made advancements in creating previously nonexistent regulatory and technical instruments, strengthening central civil service human resources agencies and, to a lesser extent, extending the use of merit-based competitions for obtaining public employment. Progress has been scant and isolated in areas such as performance management, compensation management, and career development management (promotion and training processes).

A second group of countries (Bolivia, Guatemala, and Honduras) also starting out from a relatively lower-than-average baseline, showed signs of stagnation over the last decade. These countries either made no significant efforts to modernize the civil service or implemented reforms that, at the time

FIGURE 1: PROGRESS AND STAGNATION IN MODERNIZATION OF THE LATIN AMERICAN CIVIL SERVICE



Source: Authors' elaboration.

of evaluation, had yet to bear fruit in the index according to the methodology. This is also the case in Ecuador, although—considering that the country undertook significant civil service reforms just after its latest evaluation at the beginning of 2011—including it in this group fails to do justice to the significant progress achieved by mid-2014, especially with regard to regulations and instruments.

The third group, consisting of countries that achieved the highest score in the 2004 assessment, has failed to register significant advancement or to make any progress at all in the methodology rating in recent years. This group, which includes Brazil, Costa Rica, Colombia, Mexico and Uruguay, was faced with tackling the most complicated reforms. Finally, Chile, in a group by itself, made significant progress since the initial measurement, which already registered a relatively high rating. The implementation and expansion of the Senior Executive Service System (Sistema de Alta Dirección Pública, or SADP), the application of competitive selection processes for vacancies, and the de facto strengthening of the civil service agency helped Chile to make the transition from formalization to execution of quality civil services. This analysis reveals that the challenge facing countries in the future is to move from the squares on the left (low impact) toward the squares on the right (high impact), irrespective of the level of public administration development registered in the most recent assessment.

The evolution of the civil service in Latin America over the last 10 years—with regard to both progress and stagnation—is the product of successful (and not so successful) modernization efforts, which have focused on different aspects of the reform agenda. Analysis of reform experiences in three key areas—professionalizing the senior civil service, establishing effective safeguards against the politicization of public employment (which is more significant in those countries with a relatively lower degree of civil service development), and reforming compensation management (a challenge that usually entails focusing on the fiscal sustainability of the wage bill but which can also be oriented towards attracting and retaining the best human capital)—yields highly significant conclusions with regard to designing and implementing certain strategies to improve public human resource management.

The improvements over the last decade also highlight the feasibility of continuing to make gradual progress toward the development of public administration in the region. The following 10 objectives should be placed on the region's reform agenda:

1. Reduce the excessive reliance on generic measures of merit, and introduce more flexibility into HRM.
2. Reduce the emphasis on uniform and centralized procedures for the entire administration, and allow institutions to take measures to attract, recruit, motivate, and retain staff with the adequate skills for their organizational needs.
3. Gradually and selectively introduce characteristics of employment systems for certain sectors or positions, thereby complementing existing career paths.

4. Professionalize the senior civil service.
5. Institutionalize management and information systems.
6. Introduce competency-based management, but avoid overcomplexity.
7. Improve performance appraisal by developing a realistic and strategic vision.
8. Enhance compensation management as a way of attracting, retaining, and motivating human capital.
9. Improve compensation management in order to contain the wage bill.
10. Encourage attraction and retention of young talent in the public sector.

The importance and prioritization of each one of these recommendations will clearly depend on each country's civil service development and context. Implementing a civil service modernization agenda of this nature will be easier if some of the lessons learned in various reform experiences of the past decade are applied. These include:

- a. Promote cooperation between the civil service agency and the fiscal institutions, and build broad coalitions in favor of reform within the executive branch.
- b. Design gradual reforms that take into account both the possibilities and the technical and political limitations that exist within each national context.
- c. Prioritize effective improvement of not only the regulatory framework but also the HRM practices.
- d. Encourage the technical capacity for reform, both within the central civil service agency and in human resource units in line ministries.
- e. Endorse pro-reform political incentives.
- f. Promote learning by continuously reviewing reform measures.

Another important task consists of gathering more evidence on the impact of civil service reforms on the effectiveness and efficiency of public sector institutions to support and encourage further demand for these reforms and to convince political authorities of their benefits. This could be undertaken, to a large extent, by think tanks, academics, and international organizations.

Despite the significant challenges of civil service development in Latin America, the progress achieved and lessons learned about the dynamics of reform give rise to optimism about future modernization. This would advance a key component of economic and democratic development in the countries in the region.

STRUCTURE OF THE BOOK

This book aims to show, in comparative terms, how the civil service in selected Latin American countries has evolved over the last 10 years, using the same methodology for all countries. It presents lessons learned about civil service modernization based on case studies that analyze the efforts to design and implement key reforms, and sets forth an agenda for possible future reforms.

The book is organized into five chapters and three annexes. The first chapter explains why it is important to strengthen HRM in the public sector, presenting its impact on key aspects of development and its weight on the workforce and public finances. Chapter 2 summarizes the methodology used in the country diagnostics and presents a comparative analysis of the civil service in these 16 countries between 2004 and 2013, focusing on the indices and subsystems set out in the methodology. Nine of the most recent assessments were made with the support of the IDB, and the remaining seven with the support of AECID-SICA (AECID-SICA, 2012).

Chapter 3 offers a strategic view of the evolution of civil service systems in the region and attempts to explain the causes of the progress in each case. Chapter 4 reflects on the processes and dynamics of civil service reform in the region discussed in a series of case studies organized by type of reform: (i) "Professionalization of the Senior Civil Service: Lessons from Chile, Peru, and Uruguay"; (ii) "Safeguards against Politicization: Lessons from the Dominican Republic and Paraguay"; and (iii) "Compensation Management Reform: Lessons from Costa Rica, Paraguay, and Honduras."

The final chapter presents lessons learned at the regional level on the dynamics of reform, reflections on striking a balance between merit and flexibility and the attributes of a professional public employment system, and suggestions for a future agenda. The annexes provide additional details on the methodology used for the institutional assessment of the civil service systems; summaries of each national diagnostic, in which the index and subsystem scores obtained in 2004 are compared with those of 2011/2013; and an analysis of the frequency of cases according to levels of development.

Finally, the book's webpage (www.iadb.org/serviciocivil) contains the complete diagnostics for each country and the case studies on civil service reforms, which provided the background material for Chapter 4.

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Strengthening the Civil Service as a Pillar of Public Sector Institutions

Juan Carlos Cortázar Velarde, Mariano Lafuente, and Mario Sanginés

- An institution's greatest asset is its people. In the public sector, this refers to the workforce responsible for the design and implementation of public policies that impact all citizens.
- The civil service requires a significant investment by the State. On average, the central government wage bill in the countries discussed in this chapter accounts for 5.6 percent of GDP, 27 percent of public expenditures, and 41 percent of tax revenues.
- Studies show that having a professionalized civil service leads to: (i) greater per capita income; (ii) less corruption; (iii) less poverty; (iv) better service delivery; (v) improved trust in government; and (vi) improved execution of the investment budget.

STRENGTHENING THE CIVIL SERVICE IN LATIN AMERICA

The objective of this publication is to analyze how the civil service in 16 Latin American countries has developed over the last decade.¹ It provides information to countries seeking to strengthen their civil service to improve the institutional capacity of the State, and thereby help governments perform better for their citizens.

The Inter-American Development Bank (IDB), in its report on the situation of the civil service in Latin America (IDB, 2006), defines the civil service as the combination of institutional arrangements that coordinate and manage employment in the public sector. These arrangements are made up of written and unwritten rules, structures, cultural norms, explicit and informal policies, and diverse processes, practices, and activities whose aim is to guarantee satisfactory human resource management (HRM) within the framework of a professional and efficient public administration that serves the general interest. The report further states that:

(...) in the public sphere, the aims of a human resource and employment management system should merge the objectives of effectiveness and efficiency with the requirements of

¹ These countries are Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay.

fairness, merit-based hiring, and neutrality, which characterize professional administrations in democratic contexts (IDB, 2006: 5).

The IDB report's unit of analysis is public employment in central governments, although the core civil servants (administrative employees in the executive branch) are the main focus of the qualitative analysis. Due to the heterogeneous nature of the legal frameworks of public employment in each country, in some cases HRM practices have been analyzed in sectors that might otherwise be considered as special regimes (for example, teachers, doctors, or nurses). For some countries, the qualitative analysis incorporates practices related to the management of temporary employees, a type of contract that has become more common in a number of countries in recent years.

The approach of the institutional arrangements in selecting and managing personnel in the core civil service—which usually represents a smaller proportion of the total workforce than, for example, teachers—is justified by the fact that improving these arrangements lies within the executive branch's power, as well as by the impact of this group of civil servants on the functioning of the public sector as a whole. Central government civil servants are responsible for public policy design in all sectors, acting as a channel for the elected officials with whom they work on a daily basis. Moreover, to a large extent, civil servants are the implementers of public policies, and by exercising functions such as financial management, public procurement, regulation, and monitoring (i.e., of public enterprises and decentralized agencies), they can have a major impact on both the public and private sectors.

Although the analysis centers on the technical aspects of public employment management, it is important to take the regional context into account. In the past decade, the Latin American economy grew by an average of 4 percent annually, lifting more than 40 million people out of poverty between 2004 and 2010 (Moreno, 2011). However, in several countries there is the perception that this strong economic growth, which generated a significant increase in tax revenues, has been slow to reach the more vulnerable segments of the population and has failed to translate into better services for citizens. In other words, economic gains, which are led by the private sector in most countries, have not been accompanied by commensurate improvements in the institutional capacity of the public sector.

A professional civil service is a key element to strengthening the institutional capacity of the State. Building a civil service is not a goal in itself; rather, it is a means to improve the performance of government agencies and the services that they provide to the public. Career civil servants play a key role in designing and implementing public policies; thus, their efforts have a considerable impact on the quality of goods and services delivered.

Various studies have found evidence to suggest that a professional civil service leads to higher economic growth and per capita income, less corruption, and reduced poverty (Acemoglu, Johnson, and Robinson, 2001; Dahlström, Lapuente, and Teorell, 2011; Dollar and Kraay, 2003; Evans and Rauch, 1999;

Henderson et al., 2003; Knack and Keefer, 1995; Mauro, 1995; Rodrik, Subramanian, and Trebbi, 2004). It also brings about improvements in service delivery (Lira, 2012), greater trust in the government (Cai et al., 2009; Maxfield and Schneider, 1997; Sacks, 2010; Van de Walle, Van Roosbroek, and Bouckaert, 2005), and a more efficient execution of the investment budget (SERVIR, 2014).²

How the State carries out key HRM functions—for example, planning for the required workforce, organizing tasks, recruiting, hiring, promoting and dismissing, determining compensation, and monitoring areas such as performance, professional development, and the relationship between the employees and the employer—will determine the degree of professionalization and the performance of a country’s civil service. Attracting, retaining, and motivating qualified personnel; building a non-politicized, merit-based workforce; and aligning employee incentives with the programs and projects of the institutions that they serve are key objectives that derive from the existence of effective regulations, policies, and practices (Reid, 2008).

Beyond the demonstrated impact of a professionalized civil service on increasing the level of economic growth, reducing poverty, combating corruption, and improving service delivery, there are other reasons to strengthen the civil service throughout Latin America. One reason is that central governments, which are the main focus of this publication, employ a significant percentage of the region’s workforce and invest a large portion of their resources into their staff.

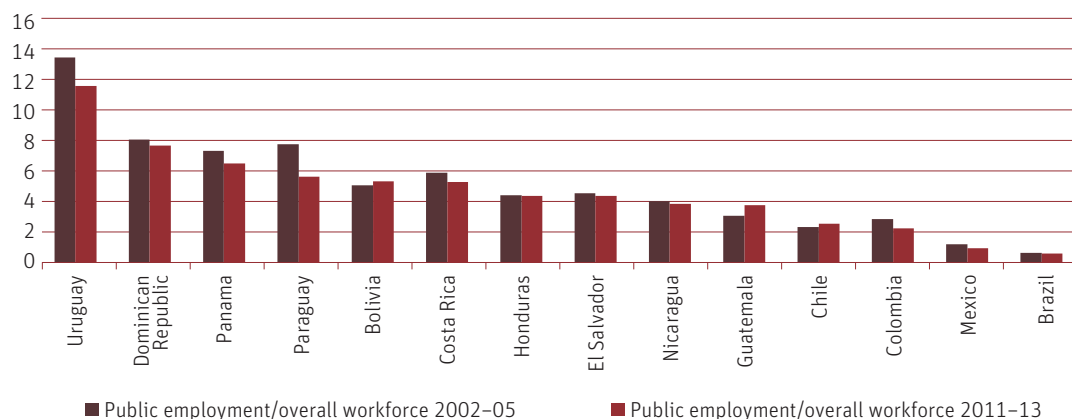
The central governments of Latin America directly employ, on average, 5 percent of the workforce in the region (Figure 1.1). The services offered by the central government compared to those offered by other levels of government or by decentralized agencies vary significantly from one country to the next. This is often the case with teachers, healthcare staff, and security personnel, which are frequently provided by subnational governments. Thus, comparisons between countries are not particularly useful. It is more relevant to analyze how central government public employment has evolved in each country over the last decade.

A relative decline in the percentage of the workforce employed by central governments is evident when comparing 2004 (or the nearest year for which there is available information) with 2013, with the exception of Chile and Guatemala. For the other countries with information available for both time periods, there is a noticeable decline, due mainly to the increase of the workforce in absolute terms rather than to a reduction in the number of civil servants employed by the central government.

Another reason to strengthen civil service in the region is that it consumes a significant share of the taxpayers’ resources. In 2012, the central government wage bill (or expenditure on personnel) in the 16

²In Peru, a preliminary analysis of the National Civil Service Authority (SERVIR) (Autoridad Nacional del Servicio Civil) shows that the creation of a team of professional managers in 2008 and its introduction into regional governments led to an improvement in public investment execution of more than 88 percent, on average, when compared to the period prior to implementation.

FIGURE 1.1: PERCENTAGE OF THE WORKFORCE EMPLOYED BY THE CENTRAL GOVERNMENTS IN SELECTED COUNTRIES, 2002–05 AND 2011–13



Source: Authors' elaboration based on various sources. The employment data are taken from IDB assessments (2004, 2014); the IDB provided the data pertaining to the workforce. The data regarding the workforce for years that differ from those indicated are: Bolivia (2000 and 2011); El Salvador (2005 and 2012); Nicaragua (2006 and 2011); Paraguay (2002 and 2012); and Uruguay (2003 and 2012). In the case of Guatemala, this corresponds to the number of permanent positions approved by the central government (Ministry of Finance).

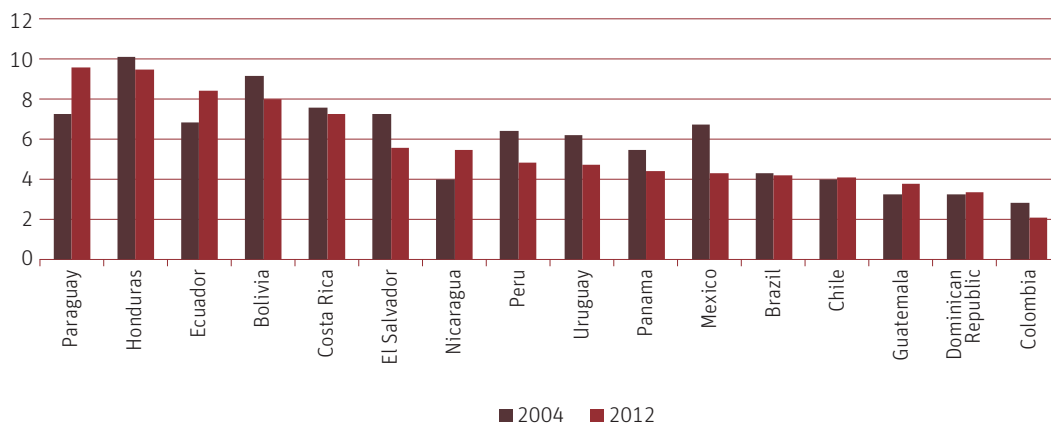
countries analyzed for this publication represented, on average, 5.6 percent of GDP. This figure, which fails to reflect the significant differences between countries, represents a decline from 5.9 percent registered in 2004, the year in which the IDB carried out its assessment using the same methodology (Figure 1.2).

In the last decade, the public sector wage bill as a percentage of GDP has risen in some countries, such as Ecuador, Nicaragua, and Paraguay. In others, such as Bolivia, Colombia, Honduras, Mexico, Panama, and Peru, it has fallen.

The variations in the wage bill as a percentage of each country's GDP are a function of several factors, including fluctuations in the economy in the two years examined (2004 and 2012), as well as changes in the services provided by the central government and other levels of government (states, provinces, municipalities, and regions), the private sector, and the decentralized agencies (public enterprises and other institutions). However, the wage bill is still an important indicator of the extent to which the public sector has expanded in each country.

In several countries, the wage bill is the largest central government expenditure. In the countries included in the present analysis, it accounted for an average of 27 percent of total expenditure in 2012, ranging from 11 percent in Colombia to 46 percent in Paraguay (Figure 1.3).

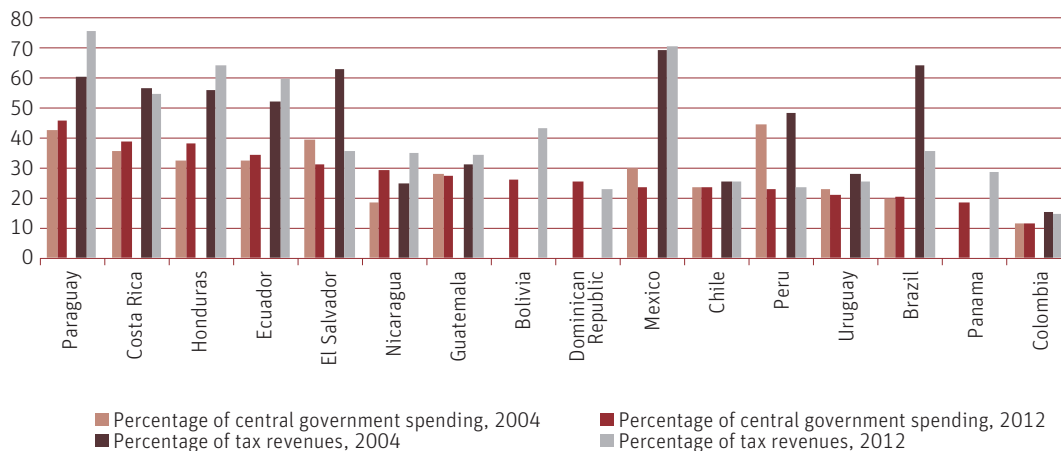
FIGURE 1.2: CENTRAL GOVERNMENT WAGE BILL AS A PERCENTAGE OF GDP IN SELECTED COUNTRIES (2004 AND 2012)



Source: Authors' elaboration based on information provided by the Treasury or Finance Ministries of each country, the International Monetary Fund (IMF), and the IDB.

Note: For Bolivia, the figures relate to the general government.

FIGURE 1.3: WAGE BILL AS A PERCENTAGE OF CENTRAL GOVERNMENT SPENDING AND TAX REVENUES IN SELECTED COUNTRIES (2004 AND 2012)



Sources: Authors' elaboration based on information provided by the Treasury or Finance Ministries of each country, the IMF, and the IDB.

Notes: For Bolivia, the figures relate to the general government. Countries are presented based on the total wage bill as a percentage of public expenditures in 2012.

Moreover, the wage bill consumed, on average, 41 percent of central government tax revenues in the countries covered herein. This average hides a wide range—from Paraguay (75 percent), Mexico (71 percent), and Honduras (64 percent), where the majority of revenue is spent on the central government wage bill, to Peru (24 percent) and Colombia (15 percent), where the percentages are much lower.

In summary, strengthening the civil service is a key development goal for Latin America, in view of its impact on economic growth, poverty and corruption levels, public policy design and implementation, service delivery, and the achievement of the objectives set by government agencies, as well as its importance in terms of its effect on the economy, public finances, and the labor markets in each country.

TOWARD GREATER INSTITUTIONAL CAPACITY OF THE STATE

In view of the importance of strengthening the civil service, the governments of Latin America and the Caribbean signed on to the Ibero-American Charter for Public Service (ICPS) in 2003. The ICPS defined the basis for a professional and efficient civil service system and established it as a key component of democratic governance and good public management. It sets out a generic framework of guiding principles, policies, and management mechanisms designed to be a common language regarding public service in the Ibero-American community.

In its Preamble, the ICPS affirms that professionalization implies:

(...) that civil service employees must possess a series of attributes, such as merit, ability, vocation to serve, efficiency in the performance of their duties, responsibility, honesty, and adherence to the principles and values of democracy.

In Chapter 1, Paragraph 2, the ICPS relates these attributes to the existence of an employment and HRM system aimed at producing the aforementioned guarantees. In other words, it seeks to:

(...) reconcile the objectives of effectiveness and efficiency with the requirements of equality, merit, and impartiality that characterize professional administrations in democratic societies.

After defining this common framework, the countries—with the support of the IDB—established a baseline to measure the extent to which their own civil service systems were aligned with these principles and practices, using a methodology with critical points linked to the civil service subsystems of the ICPS. This methodology rated the civil service in the countries analyzed according to five indices of institutional quality and contrasted them with an ideal conceptual model that served as a benchmark for scoring the indices in each country (IDB, 2006).

These indices of institutional quality are compiled based on a qualitative analysis of 33 critical points, including key public employment-related topics such as efficiency, the importance of merit, the system's structural consistency (i.e., solidity and systemic integration of the civil service with government strategy and processes, capacity to influence staff behavior through competencies, productivity incentives, and the system's flexibility), and its integrative capacity (i.e., its capacity to harmonize the interests of the diverse actors involved). In turn, the same critical points that feed into the indices are classified into eight public HRM subsystems: Planning, Work Organization, Employment Management, Performance Management, Compensation Management, Development Management, Human and Social Relations Management, and Organization of the HRM Function.

In addition to the appraisal of the indices and subsystems that was carried out in 2004 (with the support of the IDB) and between 2011 and 2013 (with the support of the Spanish Agency for International Development Cooperation [AECID] and the Central American Integration System [SICA] and the IDB) for 16 Latin American countries, this book adds an additional source of information: case studies undertaken to examine the dynamics of the reform process—that is, *how* civil service reform is being conducted.

The chapters herein analyze three types of reforms within the realm of public employment management: (i) professionalization of the senior civil service; (ii) introduction of safeguards against politicization; and (iii) pay reform. The analyses of countries that have attempted to implement improvements in these areas seek to complement the more static perspective provided by the country assessments by offering specific examples of the problems facing reform, which are, from the political economy perspective, highly complex.

It is hoped that the analysis of these two sources—complemented by policy recommendations based on both lessons learned in Latin America as well as experiences in other countries—will be of practical use for policymakers and policy implementers. In particular, this book is targeted toward those interested in learning from the progress made in Latin America to identify needs and opportunities for improvements in their own countries, with a view to bringing the countries in the region closer to the objectives of the ICPS, strengthening the institutional capacity of the public sector, and building better governments to serve the citizens.

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Diagnostic of the Civil Service in Latin America

Mercedes Iacoviello and Luciano Strazza

- To measure the quality of civil service systems in Latin America, the Inter-American Development Bank developed a methodology of benchmarks based on the Ibero-American Charter for the Public Service. Its first assessment was published in 2004. This methodology evaluates each country's performance according to eight subsystems and five indices.
- In the measurements taken between 2011 and 2013 of 16 countries in the region, the Civil Service Development Index (an aggregate index) increased from 30 to 38 points (on a scale of 0 to 100).
- The professionalization process has been more dynamic in some countries than in others. An important group of countries has achieved substantial improvements after starting from a relatively low baseline. Another group of countries started out from a medium or medium-high baseline but now appears to be relatively stagnant. A few countries that started out from a low baseline have failed to register improvements. Only Chile has advanced from an already high baseline position.

INTRODUCTION

This chapter reviews, in comparative terms, how the civil service in selected Latin American countries has evolved over the last 10 years. A baseline was established using the first regional assessment, led by the Inter-American Development Bank (IDB) in 2004, and applying it to 18 public administrations. These data are complemented by successive updates carried out between 2011 and 2013: in Peru and Ecuador in 2011, in Central America and the Dominican Republic in 2012, and in the remaining seven countries (Bolivia, Brazil, Colombia, Chile, Mexico, Paraguay, and Uruguay) in 2013. This chapter both captures the differences that explain the heterogeneity between the countries and systematizes the trends that have shaped the evolution in the region over the last 10 years.

The comparative review identified a series of trends, which are analyzed in detail throughout this chapter. First, there has been noticeable incremental progress toward civil service professionalization in most of the region. Second, however, most of the progress has been made in the systems that started off

from the lowest baseline. Third, these advances were achieved thanks to new regulatory and technical instruments. Fourth, evolution in the most advanced countries has consisted of implementing and mainstreaming specific human resource management (HRM) policies and practices for a growing number of agencies. Therefore, although the regional dynamic has been gradual and difficult at times, it is also rich with possibilities for the future.

This chapter is organized as follows. The first section presents a synthesis of the study's methodology. The second section briefly contextualizes the 2004, 2011, and 2012 evaluations. The third section provides a comparative analysis of the results of the 2011/2013 diagnostic and those of previous measurements, taking into account the Civil Service Development Index (CSDI), the eight HRM subsystems, and the five specific quality indices. The last section provides the main conclusions.

METHODOLOGY

The methodology of the current evaluation is a calibrated version of Longo (2006), which has been used as the basis for monitoring the civil service in Latin America countries over the last 10 years.¹ The measurements were carried out using the same adjusted methodology, which guarantees comparability of the results. This means that each country's progress in civil service professionalization can be revealed in successive evaluations and also in relation to the other countries.

The methodology is based on the premise that HRM is an integrated model whose primary goal is to ensure that the HRM functions conform to the organizational or multi-organizational production strategy. The organization's internal context (e.g., its structure and culture) and environment (e.g., the legal framework and labor market) permanently conditions this objective (IDB, 2006: 6–7).

Human resource management is made up of a combination of subsystems. At the highest level is *Planning*, which constitutes the gateway to any integrated HRM system and enables coherent policies to be defined in all of the remaining subsystems connected to it. There are five subsystems at the medium level ordered in a logical sequence. The first is *Work Organization*, which defines and specifies the content of the tasks and the characteristics of the people required to carry them out. This is followed by *Employment Management*, which comprises the flow of staff hiring, development, and dismissal. The third subsystem is *Performance Management*, which involves planning, encouraging, and evaluating employees' contributions. The next involves *Compensation Management*, which rewards the aforesaid contributions, and *Development Management*, which focuses on individual and collective growth. Finally, *Human and Social Relations Management* is linked to all of the aforementioned subsystems. *Organization of the HRM Function* is added to these subsystems, focusing on the characteristics of the system's institutionality and authority.

¹ For more details on the study's methodological framework, see Annex 1 herein.

The analytical framework used proposes a series of critical points or benchmarks distributed throughout the subsystems mentioned above. Each critical point describes a specific and desirable situation that refers to a certain key aspect of HRM, either because it belongs to a particular subsystem or because it is connected with several of them. The *critical point* is therefore a specific and substantial parameter that enables comparison with the situation empirically encountered in the diagnostic. This comparison is given a numerical score on a scale of 0 to 5, where the maximum score reflects the greatest correspondence between the situation expressed in the critical point and the case study.

Besides being aligned with a given *subsystem*, each critical point is aligned with one of the five *indices* that enable different aspects of the civil service system’s general performance: Merit, Efficiency, Functional Capacity, Integrative Capacity, and Structural Consistency (Table 2.1).

For the purpose of constructing the five civil service quality indices, the original analytical framework (Longo, 2006) proposes 93 critical points. Two of the systems are divided into three sub-indices, meaning there are a total of 11 measurable parameters that reflect performance and system quality. In view of the above, the detailed appraisal of how each country’s civil service functioned in nearly 100 aspects required time-consuming surveys to collect comprehensive information, and resulted in documents that were difficult to digest due to the density of the data included for each aspect analyzed. Likewise, when the results of the 11 measures of civil service quality were presented, including indices and sub-indices, it was not easy to interpret them.

To simplify the evaluation process, the aspects of each HRM subsystem that were crucial for it to function properly and the indices essential for civil service monitoring were identified, using the experience gained from systematically applying this methodology in 18 countries in the region. These changes were set out in a document presented to the Latin American Center for Development Administration

TABLE 2.1: METHODOLOGY OF CIVIL SERVICE ASSESSMENT: EXAMPLES OF CRITICAL POINTS AND THEIR IMPACT ON THE SUBSYSTEMS AND INDICES

CRITICAL POINTS (EXAMPLES)	SUBSYSTEM (BELONGS TO)	INDEX (CONTRIBUTES TO)
Critical point 1: Staff planning needs usually result from the organization’s priorities and strategic orientation. The degree to which they are adjusted to one another tends to be high.	Planning	Structural Consistency
Critical point 10: Hiring to fill vacancies is open, by right and in fact, to all candidates possessing the required qualifications. These are established according to suitability and technical considerations, not arbitrarily.	Employment Management	Merit
Critical point 20: Pay levels are not excessive compared with labor market costs for any similar sector or grade.	Compensation Management	Efficiency

Source: Authors’ elaboration.

(CLAD) in 2010 (Longo and Iacoviello, 2010). The proposal made by the new evaluation methodology used a selection of the critical points, the most significant of which were identified to reflect the level of development of each subsystem and index. This selection included the critical points with the highest weighting in the analytical framework, to which others with an average weighting were added, in order to adequately represent the central aspects put forward by the Ibero-American Charter for Public Service (ICPS) for each of the HRM subsystems (see the complete list of critical points in Annex 1).

When the analysis is concentrated on the critical points with the highest weighting, the results of the indices in the two versions of the methodology turn out to be almost identical, which means that comparability is preserved in aggregate terms between the two studies. However, by concentrating on the most significant aspects, the degree of detail needed to build disaggregated measurements is lost, which led to the decision to eliminate the calculation of six sub-indices in the new version.

Furthermore, for ease in comparing the evaluation results, it was necessary to subdivide the range of points for valuing each critical point: (i) low level (0–1 points), (ii) medium level (2–3 points), and (iii) high level (4–5 points). Descriptors were established for each level so the users could more easily manage and interpret them (see Annex 1).

Each critical point was assigned a value based on three aspects: (i) instrumental: evaluates the availability of rules and technical instruments that enable the management practice established in the respective critical point to be developed; (ii) coverage: reveals the level of coverage of this practice in public organizations at the national level; and (iii) implementation: evaluates the degree of effective implementation (and subsequent institutionalization) of the practice. Thus, these three criteria defined the positioning of each critical point at either a high, low, or medium point of compliance (Table 2.2).

It is therefore likely that a critical point’s score rises insofar as (i) there are HRM tools available, (ii) they are accessible to a growing number of government agencies, and (iii) they are actually applied. It is worth highlighting that the third criterion (implementation) is the one that enables achievement of a high score (4 and 5 points), as the mere presence of these tools, even if they enjoy wide institutional coverage, will fail to produce good results without effective application.

TABLE 2.2: CRITERIA FOR DEFINING THE LEVEL OF EACH CRITICAL POINT

	LOW SCORE 0–1	MEDIUM SCORE 2–3	HIGH SCORE 4–5
INSTRUMENTAL	Nonexistent or minimum	Basic	Sufficient
COVERAGE	Very low	Low-medium	Medium-high
IMPLEMENTATION	Nonexistent or minimum	Medium	High

Source: Authors’ elaboration.

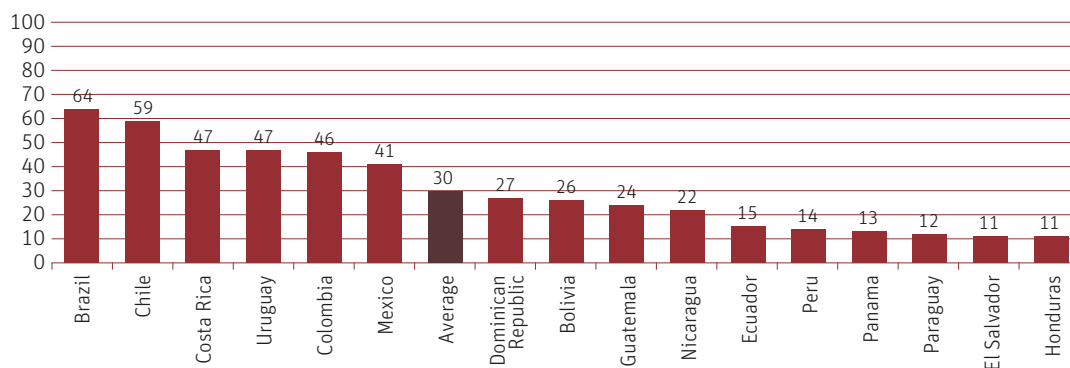
THE PROJECT BASELINE AND MONITORING OF THE CIVIL SERVICE IN LATIN AMERICA

The 2004 Assessment

In 2004, a baseline was drawn from the 16 countries that are part of this study, enabling the measurements of both civil service development and degree of implementation of the ICPS (Figure 2.1). The study yielded valuable, systematized information. In general, it found weaknesses in the civil service systems in most Latin American countries that hindered further development, such as the absence of a coherent strategy, the lack of meritocratic criteria, and the weakness of incentives to encourage civil servants to perform better. Furthermore, the limited capacity of civil service agencies to affect these processes was the common denominator in most cases and a significant reason behind the weak development in the countries in the region.

The study identified 11 countries in critical situations based on their CSDI scores: El Salvador (11), Honduras (11), Paraguay (12), Panama (13), Peru (14), Ecuador (15), Nicaragua (22), Guatemala (24), Bolivia (26), and the Dominican Republic (27). In all of these cases, the civil service was characterized by a high degree of politicization, major difficulties in attracting and retaining competent staff, and the absence of mechanisms for positively influencing staff motivation. Consequently, building a reasonably professional and effective civil service would have been nearly impossible in these countries. Although certain reforms were already in process at that time in Ecuador, Guatemala, Nicaragua, and Peru, the lack of an

FIGURE 2.1: CIVIL SERVICE DEVELOPMENT INDEX, 2004



Source: Results recalculated according to Longo and Iacoviello (2010), based on IDB (2006).

adequate institutionalidad to lead and maintain them and a proper regulatory framework to provide legal support for the initiatives made it extremely difficult to achieve satisfactory results (Zuñanic, Iacoviello, and Rodríguez Gustá, 2010).

Likewise, the study pointed out a second group of countries with medium levels of development (slightly above the average): Mexico (41), Colombia (46), Uruguay (47), and Costa Rica (47). These countries were characterized as having well-structured bureaucracies with a relatively stable workforce (a key factor in building skills), but also with weaknesses in the areas of merit guarantees and HRM tools (Zuñanic, Iacoviello, and Rodríguez Gustá, 2010). This combination led to bureaucracies of a mixed nature, in which signs of professionalization and politicization co-existed.

Finally, against this setting of general weakness in the region, only two systems—Brazil and Chile—were appreciably more solid, with CSDI scores of 64 and 59 points, respectively (almost twice the average). In both cases, the civil service was reasonably institutionalized and relied on merit-based practices that enabled effectively performing systems to be constructed. However, despite achieving similar results, they took very different approaches: whereas in Brazil professionalization was introduced to a more traditional bureaucracy in terms of procedures and structure, Chile built its own experience from elements that were closer to a model of new public management (Zuñanic, Iacoviello, and Rodríguez Gustá, 2010).

Monitoring the Civil Service in Central America, Ecuador and Peru (2009–12)

In 2009, at the request of the Central American Integration System (Sistema de Integración Centroamericana, or SICA), which includes all the countries of the subregion (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama), and with financing provided by the Spanish Agency for International Development Cooperation (Agencia Española de Cooperación Internacional para el Desarrollo, or AECID),² the first update of the 2004 assessment was undertaken. This was followed by a third study in 2012 for the same group of countries, which meant that the series of measurements could be broadened further.³ In parallel, the IDB conducted the assessments of Ecuador and Peru at the beginning of 2011. The same methodology used for the 2004 baseline was employed in all cases to guarantee comparability of the results (see Annex 2 for a summary of each country assessment).

²The first survey, conducted in 2009, was also supported by the participation of the Latin American Faculty of Social Sciences (FLACSO).

³The results of these assessments were the First Barometer (Primer Barómetro) (AECID, FLACSO, and SICA, 2009) and the Second Barometer (Segundo Barómetro) (AECID and SICA, 2012). Both were used as inputs to analyze civil service evolution from 2004 to 2011/13, which is discussed in the following section.

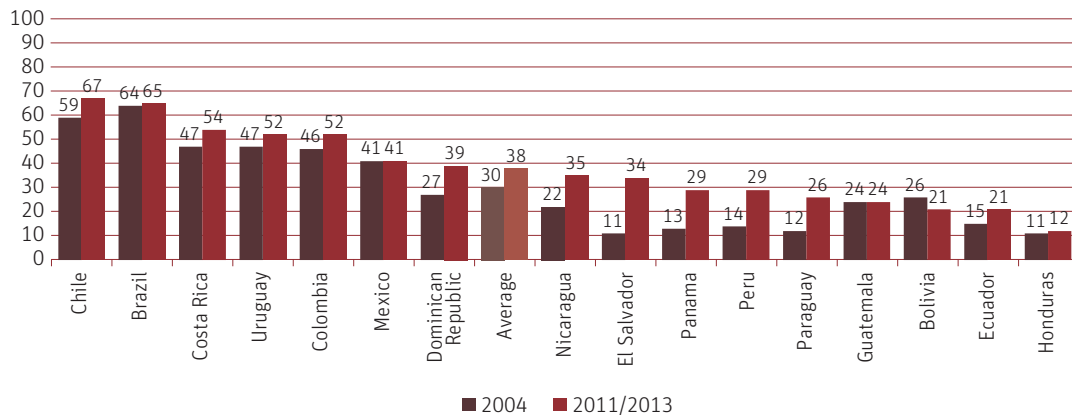
COMPARATIVE REGIONAL RESULTS 2004–11/13

Civil Service Development Index

As Figure 2.2 shows, the regional average of the CSDI increased from 30 to 38 points between 2004 and 2013. Of the 16 countries included in 2011/2013, nearly half scored above the average: Chile (67), Brazil (65), Costa Rica (54), Colombia (52), Uruguay (52), Mexico (41), and the Dominican Republic (39). The remaining nine scored below the average: Nicaragua (35), El Salvador (34), Panama (29), Peru (29), Paraguay (26), Guatemala (24), Bolivia (21), Ecuador (21), and Honduras (12).

As previously mentioned, the countries can be classified into three levels of civil service development. According to the assessments realized between 2011 and 2013, at the *low level of development* (between 0 and 39 points) were Honduras (12), Bolivia (21), Ecuador (21), Guatemala (24), Paraguay (26), Panama (29), Peru (29), El Salvador (34), Nicaragua (35), and the Dominican Republic (39). At the time of their evaluation, this group was characterized by significant levels of discretionary authority in HRM decision making, very low or no acceptance of the merit principle, severe difficulties in attracting and retaining staff, and minimal general strategic coherence. Although they did have some HRM technical and regulatory instruments in place, there was a complete lack of or limited implementation, which hampered institutionalization of the policies. However, although all of the countries share these characteristics, not all of the cases are identical. The score variation (from 0 to 39) reflects nuances or varying degrees of urgency in the common traits.

FIGURE 2.2: CIVIL SERVICE DEVELOPMENT INDEX, 2004–11/13 (16 COUNTRIES)



Source: Calculated according to Longo and Iacoviello (2010), based on IDB (2006) and findings from the national diagnostics 2011–13.

At the *medium level of development* (between 40 and 59 points), corresponding to mixed systems in which professional segments coexist with a certain degree of politicization, were Mexico (41), Colombia (52), Uruguay (52), and Costa Rica (54). These countries are characterized by greater strategic coherence, which is reflected in a wider acceptance of merit criteria and, to a certain extent, application of performance incentives. The leadership units within the civil service agencies are more robust, although not necessarily more consolidated. In contrast with the previous group, HR policies are actually applied in a variable but visible fraction of civil service and are based on regulatory and technical instruments accepted by the agencies. However, because of the lack of comprehensive application, it is possible to find fragments of the public administration with dynamics that are more typical of the first group of countries.

Finally, only Brazil (65) and Chile (67), the countries with the highest scores in the 2004 evaluation, are situated at the *high or professional systems* level (from 60 to 100 points). This group is characterized by solid strategic coherence and greater acceptance of the merit principle, as well as flexibility (albeit with differentiated emphasis in each case, as will be shown below). Both have civil service agencies with the political capacity to place professionalization high on the agenda, the technical capacity to design and implement effective policies, and the coordinating capacity to efficiently organize, orient, and supervise the work of the HRM offices. In contrast to the other groups, these regulatory and technical instruments govern the policies that are applied throughout the entire public administration, and they enjoy a level of institutionalization that makes them more stable over time.

In summary, as Figure 2.3 shows, the general trend demonstrates that progress has been made between 2004 and 2011/2013. Of the 16 countries in the 2011/2013 evaluations, 11 recorded greater civil service development than in 2004, 4 scored essentially the same, and only one worsened.⁴

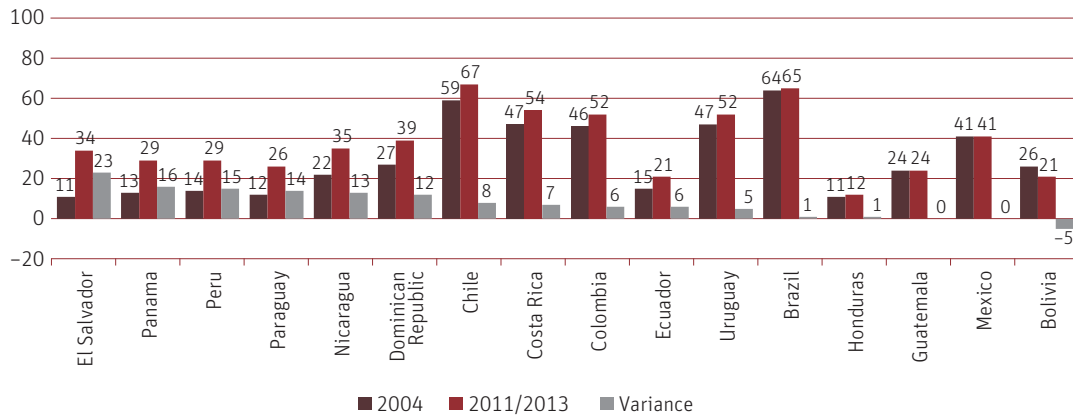
It is worth highlighting that those civil service systems showing the most progress between the evaluations are those that start out from the lowest baseline. Starting from less demanding levels, these countries achieved significant advances in the short term as a result of basic regulatory, procedural, and instrumental innovations, which they had previously lacked. In contrast, progress was more difficult to achieve in the most advanced cases, as it does not come from managing basic conditions (which has already been achieved), but rather from effective implementation of practices in an increasingly extensive number of agencies.

The following is an analysis of the principal measures that have impacted each country's score, ordered according to the variation in scores between the 2004 and the 2011/2013 evaluations.

El Salvador stands out for its increase of 23 points (from 11 to 34). As one of the two worst-positioned countries in the region (alongside Honduras), with structural weaknesses such as institutional instability,

⁴Brazil and Honduras, whose scores improved by only one point, are included in this group.

FIGURE 2.3: PROGRESS IN THE CIVIL SERVICE DEVELOPMENT INDEX (2004–11/13)



Source: Authors' elaboration.

corruption, and patrimonialism, El Salvador's significant improvement was due to advances such as building a coordination unit, standardizing job descriptions, gradually implementing hiring competitions, designing a new pay scale, and strengthening leadership via the Strategic Affairs Secretariat (Secretaría de Asuntos Estratégicos). Although there are still many pending tasks, in both design and implementation, El Salvador is a good example of how a country with a low level of civil service development can improve due to a combination of technical work and process sustainability.

Panama also made significant progress, with a gain of 16 points (from 13 to 29). Although the country also started from a very low baseline due to patrimonialism, high staff turnover, and weak management capacity, evolution in recent years can be divided into two distinct phases. In the first (2004–09), Panama achieved significant gains in areas such as planning, standardizing job descriptions, accrediting career civil servants, and implementing hiring competitions, among others. In turn, cooperation between the government and the trade unions smoothed the way for reforms. The general process, however, was interrupted in 2009 with the enactment of Law 43, which cancelled career accreditation and allowed entry to the civil service via non-competitive work contracts. Furthermore, the General Directorate of the Administrative Career (Dirección General de Carrera Administrativa, or DIGECA), which was repositioned in 2004 to become the civil service agency, began to weaken from 2009 onward.

Peru, whose score increased by 15 points (from 14 to 29), is an example of how a clear assessment of a weak situation (normative dispersion, deficient strategic planning, and limited technical and institutional capacities) earned a place on the government's political agenda and stimulated a process of

professionalization based initially on a few strategic pillars. This occurred from 2008 onward when, after using the 2004 assessment as a reference, the country began to gradually implement reforms set out in the so-called minimum agenda (*agenda mínima*). Four decrees were issued that created the National Civil Service Authority (Autoridad Nacional del Servicio Civil, or SERVIR) and the Public Managers Cadre (Cuerpo de Gerentes Públicos), which falls under the former and established rules for training and performance appraisal of senior civil servants. Likewise, the Special Optional Regime (Régimen Especial Facultativo) was established for subnational governments (Cortázar Velarde, 2013: 11). The reform, whose successful early years were reflected in the 15-point gain recorded in 2011, has also recently achieved another landmark with the approval of a new civil service law (Law 30.057, July 2013).

Paraguay improved by 14 points (from 12 to 26), thanks to a sustained process of creating instruments. Although Paraguay has had a public employment law (Law 1626) (Ley Marco de Empleo Público) in place since 2000, it had yet to be implemented by mid-2008. Only then did the issue reach the agenda of the newly elected government, and work began to strengthen professionalization, transparency, and inclusion. For this purpose, with the help of international donors (including the IDB), the government began to create and gradually apply the necessary management tools (workforce planning, job descriptions, information systems, pay scale, payroll management, and so on). Given the long history of patrimonialism in Paraguay, civil service hiring competitions became the main priority.

Nicaragua's score rose 13 points between 2004 and 2012 (from 22 to 35). The system displayed various weaknesses, the main ones being the lack of merit criteria, inadequate job descriptions, pay inequality, and precarious institutionalality. The gain is the result of gradual but effective implementation of various aspects of HRM, especially since 2007. The organization of job descriptions and the updating of institutional manuals are worth highlighting, as are the gradual use of open hiring competitions, administrative career accreditation, and the presence of monitoring departments/units such as the Civil Service Appeals Commission (Comisión de Apelación del Servicio Civil) and trade union organizations. Likewise, there were significant innovations in data systems and performance evaluation. The process of implementing Law 476 (2003) was helped by the continuity of the team at the General Directorate of Public Management (Dirección General de Función Pública, or DIGEFUP).

The Dominican Republic advanced by 12 points (from 27 to 39) between 2004 and 2012. Initially, the bases for this improvement were both the regulatory reform (Law 41/2008) and the strengthening of the civil service agency through the creation of the Public Administration Secretariat (Secretaría de la Administración Pública), which later became the Ministry of Public Administration (Ministerio de Administración Pública). Three priorities were set through the application of the reform: strengthening planning, structuring job descriptions, implementing merit-based hiring systems, and improving the strategic coherence of the pay policy. Therefore, a significant combination of technical management instruments was created and, at the time of the assessment (January 2012), the government was working on the draft legislation for a General

Law on Salaries (Ley General de Salarios) (subsequently approved by the Legislature in 2013). Most of these tools, such as workforce planning, the gradual introduction of open hiring competitions, and the experience with the performance evaluation pilot, began to permeate public agencies' routine operations.

Among the group of countries starting from the highest baseline, **Chile** (with the second highest CSDI score after Brazil in 2004) has made the most progress since 2004, having achieved an 8-point increase (from 59 to 67). In the last 10 years, Chile has achieved significant progress according to on the three areas included in the reform. The first, the National Directorate of the Civil Service (Dirección Nacional del Servicio Civil, or DNSC), consolidated its functions and began enhancing the management capacities of the diverse actors involved in HR policies. The second, the Senior Executive Service System (Sistema de Alta Dirección Pública, or SADP), broadened its scope and strengthened its legitimacy. The third, competitive selection procedures, was extended to the contractual positions and, as a result, effective implementation of HR policies was improved and strategic coherence was strengthened. This was made possible by two main factors: maintaining the course set in 2003 with the approval of the labor relations law (Ley de Nuevo Trato Laboral) and the creation, strengthening, and legitimization of the DNSC and the Senior Executive Service Council (Consejo de Alta Dirección Pública or CADP), which coordinated its efforts with the Budget Office (Dirección de Presupuesto, or DIPRES).

Costa Rica improved its score by 7 points (from 47 to 54), despite the fact that it started from a medium-high baseline (behind only Brazil and Chile). As its civil service already had strong merit criteria, process transparency, and institutionality, the gains were gradual but distributed throughout the various aspects. For the most part, progress was achieved with the help of new management instruments either introduced into existing practices or used to correct weaknesses. Among the tools worth mentioning are information systems, the “percentile” grid, pay readjustments aimed at reducing pay inequality (which had, on the other hand, an important fiscal impact), the Common Regulatory Framework (*Marco Regulator Común*) used for performance appraisal, and work environment management initiatives. Three factors contributed to this growth: the established institutionality, the existence of a civil service agency with high capacity and legitimacy—the General Directorate of the Civil Service (Dirección General del Servicio Civil)—and stable, merit-based management.

Colombia improved by 6 points (from 46 to 52). In 2004, Colombia's system was at a turning point: after 13 years of backward and forward steps, it finally began the implementation of the merit principle, in accordance with the 1991 Political Constitution and the findings of the Constitutional Court. As soon as Law 909/2004 was passed (based on the ICPS theoretical model), the government began implementation. Given recent history, emphasis was placed on setting up the National Civil Service Commission (Comisión Nacional del Servicio Civil, or CNSC), which was in charge of managing and monitoring competitive, merit-based (both general and specific) hiring processes. Despite many difficulties in introducing competitive processes, Colombia has achieved the most progress in merit since 2004.

Ecuador advanced by 6 points (from 15 to 21) from 2004 to 2011. It started off weak in terms of merit, visible pay inequalities, internal conflicts, and cases of arbitrariness. Between 2008 and 2010, the system was reestablished based on new regulations (the National Constitution of 2008, the “Buen Vivir” National Plan in 2009, and the Organic Law of the Public Service [Ley Orgánica de Servicio Público, or LOSEP] passed in 2010). Since then, the new Vice Ministry of Public Service (Viceministerio del Servicio Público), created in 2009 as part of the Ministry of Labor Relations (Ministerio de Relaciones Laborales), has begun to regulate the new law and gradually implement its priorities: implementing competitive hiring processes, improving pay policy, and strengthening system leadership. From 2011 until mid-2014, after the IDB’s evaluation, Ecuador implemented further reforms that have yet to be reflected in its score.

Uruguay advanced by 5 points (from 47 to 52). In 2004, its civil service was characterized by a career path that was traditional and long-standing, but that lacked dynamism, a significant gap between regulations and practices, and the application of ad hoc hiring processes to fill urgent vacancies. The merit principle continued to be accepted throughout most of the public sector organizations, but not in a homogeneous way. In the last 10 years, Uruguay has experienced various changes in its civil service, the most significant of which have been the creation of a new information system, greater transparency in access to the public service, the negotiation of a new Civil Servant Statute (Estatuto del Funcionario Público), and the modification of the civil service career model. The country has also created new regulatory instruments (e.g., the Collective Bargaining Law within the Public Sector Labor Relations Framework and the Civil Servant Statute), extended the competencies of the National Office of Civil Service (Oficina Nacional del Servicio Civil, or ONSC), established a public employment web portal (the Uruguay Concurso), and reorganized the National School of Public Administration (Escuela Nacional de Administración Pública).

In **Brazil**, the index score increased by a mere 1 point (from 64 to 65), basically staying in the same level as per the previous diagnostic. In 2004, Brazil boasted the most developed system in the region, with a merit-based bureaucracy engaged in an ongoing process of professionalization. The first signs of strengthening the classic bureaucratic model, restructuring the pay scale, and expanding the workforce in strategically important areas were by then already noticeable. Presently, progress can be seen on three levels: bureaucratic, corporate and, to a lesser extent, managerial. On the first level, merit continues to be consolidated, the workforce’s technical skills improved, and safeguards against nepotism established. On the second, the major advance has been in the democratization of labor relations. On the third, a new general system of performance evaluation has been adopted (although it is yet to be widely implemented). Consequently, Brazil has one of the most developed systems in the region (alongside Chile), although its consolidation process shows less dynamism than in the past.

The system in **Honduras** also remained at virtually the same level in both assessments, increasing by only 1 point since 2004 (from 11 to 12). The system continues to demonstrate deep structural weaknesses that are linked to an unstable political and institutional system, which experienced a serious crisis in 2009.

This constitutional crisis significantly deterred the professionalization of the civil service. There has, however, been a notable attempt by the General Directorate of the Civil Service (Dirección General del Servicio Civil, or DGSC) to make progress by increasing data availability via its HR Information and Administration System (Sistema de Información y Administración de Recursos Humanos), limiting arbitrariness in staff selection, implementing a performance evaluation system, and presenting the draft Administrative Career Law (Ley de Carrera Administrativa) to Congress. Despite these initiatives, the Honduran civil service continues to be the weakest in the region.

The CSDI score on the civil service in **Guatemala** remained exactly the same as it was in 2004 (24 points). The country's inability to ensure the minimum conditions for political stability after the Peace Agreements (Acuerdos de Paz) hampered progress on the reforms that the National Civil Service Office (Oficina Nacional de Servicio Civil, or ONSEC) has been proposing for a long time. Recent gains have been moderate and are limited to projects related to technical instruments and information technology tools, whose ultimate implementation, in general, is still awaiting presidential or parliamentary approval.

Mexico also maintained its 2004 rating (41 points). Since the Professional Public Service Career Law (Ley del Servicio Profesional de Carrera,) was passed in 2003, covering a strategic though limited range of positions (nearly 36,000), the reform has gone through two periods. The first covers the period between the issuance of the first regulation of the law (2004) until the end of President Vicente Fox's term (2006) and was characterized by the swiftness with which the law was implemented, due to its high political priority, although it was not exempt from technical and operational difficulties. During the second period, which began in 2007, the dynamics that had hampered the vitality and purpose of the reform gained traction: the loss of political priority; relaxing of the merit principle for entering the Professional Public Service Career (PPSC); a loss of leadership capabilities by the Public Service Secretariat (Secretaría de la Función Pública); and the publication of a new set of regulations aimed to decentralize functions and centralize monitoring but which, in fact, ended up jeopardizing the principles of merit and transparency in staff selection. The change in government at the end of 2012 opened up a window of opportunity for further reform, this time focused not only on the PPSC but also on the basic operational grades, which cover the majority of civil service personnel.

Finally, **Bolivia** is the only country whose score decreased (from 26 to 21 points) with respect to the best practices established in the ICPS. In 2004, the country was in the process of developing rules and technical tools and promoting pilot projects. One of the central actors in the process was the Civil Service Superintendency (Superintendencia del Servicio Civil), in charge of enforcing regulations and overseeing the application of the aforesaid tools. However, from 2006 onward, the situation changed. First, the government's decision to prioritize civil service hiring by direct invitation for historically marginalized sectors of society, instead of through competitions, weakened the merit criteria and affected staff skill levels. Second, when the General Directorate of the Civil Service (Dirección General del Servicio Civil) a third-tier

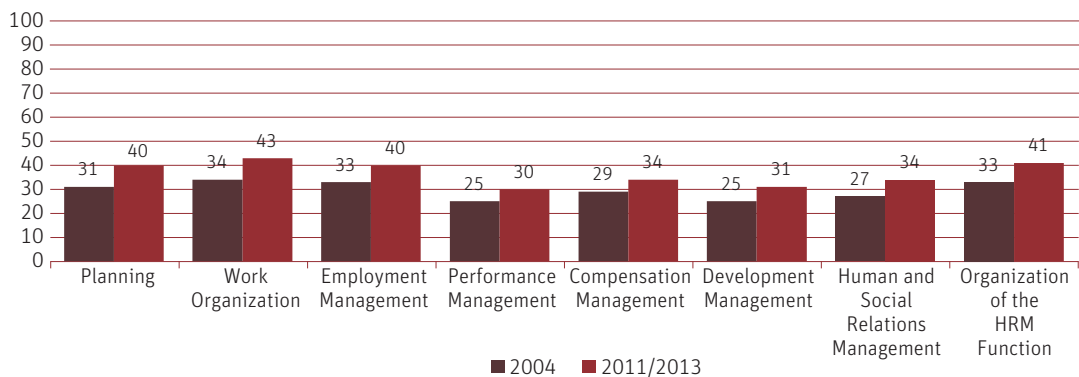
unit, replaced the Superintendency (an autonomous agency with ministerial rank), the system’s leadership lost both authority and political, technical, and coordinating capacity. Consequently, at the time of the 2013 assessment, there was a general feeling that the capacities of the civil service had been undermined.

This summarizes the general panorama of the region according to the variations in CSDI scores. However, when viewed more closely, all of the dynamics described above have nuances. To review them in greater detail, the following section presents a comparative analysis of how the civil service in the 16 countries has evolved based on the eight HRM subsystems and the five specific quality indices. It is worth highlighting that the analysis identifies regional trends that group together countries with similar levels of development, but not necessarily of similar scores.

The Subsystems of HRM

At the regional level, all of the subsystems show signs of improvement between the 2004 and 2011/13 assessments. The most significant progress was registered in the Planning and the Work Organization subsystems, both with an increase of 9 points, followed by the Organization of the HRM Function, with an increase of 8 points. The subsystems of Employment Management and Human and Social Relations Management gained 7 points, whereas Development Management achieved a 6-point improvement. Finally, Performance Management and Compensation Management are the subsystems that recorded the least progress, both with 5-point increases. Presently, therefore, Work Organization is the subsystem with the best score (43 points) and Performance Management is the weakest subsystem (30 points) (Figure 2.4).

FIGURE 2.4: REGIONAL COMPARISON OF THE INDICES BY SUBSYSTEM, 2004–11/13



Source: Authors' elaboration.

Planning

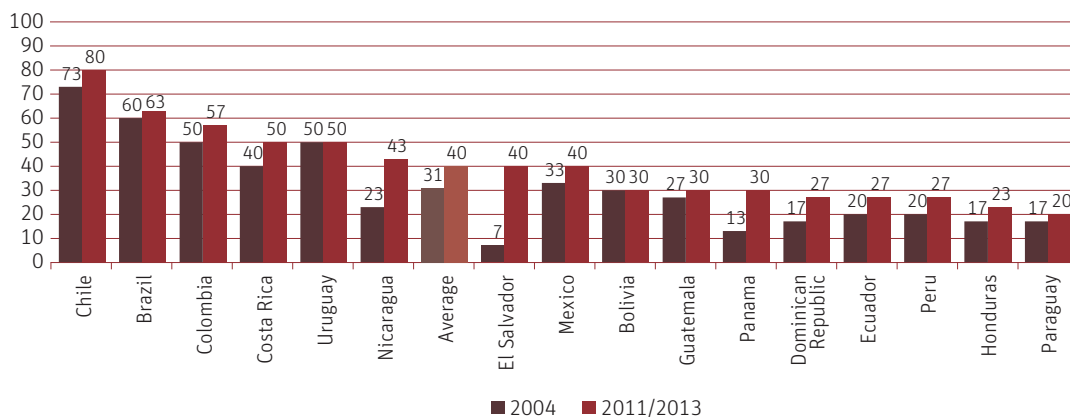
The average score for this subsystem increased from 31 to 40 points. Of the 16 countries assessed, the great majority improved, with the exceptions of Bolivia, Brazil, and Uruguay, which stayed at the same level (Figure 2.5).

The levels of development reveal that, in general, planning remains a challenge. Only two countries achieved high scores; six were average; and eight were low.

The countries whose civil service achieved a high score in the Planning subsystem present two simultaneous phenomena: (i) the practice of planning is institutionalized in the public agencies' routines; and (ii) planning combines quantitative aspects (staff numbers and budget) with qualitative ones (staff profiles that include competencies). The areas that coincide in this group are:

1. **Technically consistent areas.** These are responsible for executing or, at the very least, coordinating and planning. In Chile, planning is coordinated by DIPRES, an agency with solid technical capacity and strong leadership, which means that it exerts a positive impact on the actions of the DNSC. In Brazil, this function is the responsibility of the Public Management Secretariat, which has planning capabilities but in practice exercises them in a centralized way.
2. **Strategic, technical, and regulatory documents.** These contain the country's strategic orientation, goals, procedures, and rules. Brazil's Multi-Annual Plan (Plano Plurianual) and Chile's Management Enhancement Program (Programa de Mejoramiento de la Gestión) are noteworthy in this context.

FIGURE 2.5: PLANNING, 2004–11/13



Source: Authors' elaboration.

3. **Information systems.** These collect quantitative and qualitative information that serves as an input for decision making. The outstanding examples are the Public Administration Personnel Information System (Sistema de Información y Control del Personal de la Administración del Estado, or SIAPER), the Integrated State Financial Management System (Sistema de Información para la Gestión Financiera del Estado, or SIGFE II) in Chile and, to a lesser extent, the Integrated Human Resource Management System (Sistema de Gestão Integrada de Recursos Humanos) in Brazil.
4. **The civil service agency coordinates with the HR offices** of the agencies that participate to some degree in the planning process, either by identifying staff needs or by planning directly in accordance with the civil service agency's guidelines.

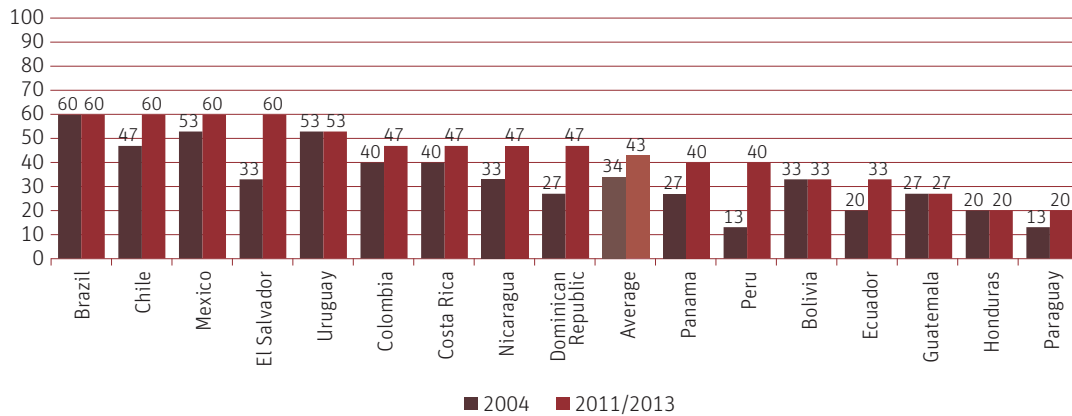
In countries with medium-level planning subsystems, only a few of these factors are present or may be more difficult to detect. For example, there are usually strategic, technical, or normative documents, in the form of national development plans, institutional strategic plans, operational plans or, in some cases, workforce planning manuals. However, the translation of these plans into concrete practices is often weak and/or heterogeneous. As a result, the instruments are mere formalities and become disassociated from the reality of workforce planning, whose central characteristics are inter-annual inertia and quantitative bias.

Another crosscutting characteristic found in this group of countries is the effort to improve the interconnectivity of information systems, either by building new ones or strengthening existing ones.⁵ This initiative reflects the regional trend to invest in systematizing information as a strategic input for decision making. These systems aim to gather the greatest possible amount of data (both quantitative and qualitative), although the agencies often experience difficulties during the information production and transfer phase.

A third characteristic is that the HRM areas and governing bodies of the institutions often lack sufficient planning capacity and, to varying degrees, are subordinate to the decisions and criteria of the

⁵ At the time of the evaluation, the following countries were improving their systems: the Dominican Republic, with its Civil Servant Management System (Sistema de Administración de Servidores Públicos) and El Salvador, with its Integrated Human Resource Management System (Sistema Integrado de Recursos Humanos). The following were developing new systems: Costa Rica, with its Automatized Employment and Human Talent Management System (Sistema Automatizado de Gestión de Empleo y del Talento Humano and INTEGRA2); Guatemala, with its Integrated Human Resource Management System (Sistema Integrado de Administración de Recursos Humanos); Honduras, with its Integrated Human Resource Management System (Sistema Integrado de Administración de Recursos Humanos); Nicaragua, with its Civil Service Information System (Sistema de Información del Servicio Civil); Panama, with its Human Resource Management Information System (Sistema Informático de Gestión de Recursos Humanos); Ecuador, with its Integrated Human Talent System (Sistema Informático Integrado del Talento Humano); Peru, with its National Civil Service Registry (Registro Nacional de Personas del Servicio Civil); Colombia, with its Public Employment Management and Information System (Sistema de Información y Gestión del Empleo Público); Mexico, with RH Net; Bolivia, with its Unified State Registry for Civil Servants (Registro Único Estatal de Servidores Públicos); and Uruguay, with its Human Management System and Conflict of Interest Registry (Sistema de Gestión Humana and the Registro de Vínculos con el Estado).

FIGURE 2.6: WORK ORGANIZATION, 2004–11/13



Source: Authors' elaboration.

budgetary authorities (the economy, finance, and treasury ministries), which do not always consider it a priority to complement quantitative planning with qualitative planning.

Finally, the countries with the least developed civil service are characterized by the weakness or absence of basic planning instruments, which has dire effects on workforce quality and balance. This is especially the case in both Honduras and Paraguay.⁶

Work Organization

This subsystem's regional average score increased from 34 to 43 points. More than two-thirds of the countries improved their performance in Work Organization (Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Nicaragua, Panama, Paraguay, and Peru) and approximately one-third scored the same as in 2004 (Bolivia, Brazil, Guatemala, Honduras, and Uruguay).

The distribution reveals that Work Organization is one of the most highly developed subsystems, given that four countries achieve high scores and seven achieve average scores, whereas only five score low.

The countries with a civil service with a high level of development in Work Organization are characterized by the presence, with certain nuances, of three elements:

⁶For example, although Paraguay did create instruments, the agencies have yet to use them. In practice, workforce planning is inertial, budget-based, and has a strong political influence. This results in an unbalanced and ineffective workforce when it comes to achieving management results.

1. **Instruments for job classification and profile descriptions.** Manuals containing descriptions of all the cross-sector positions are available throughout the central administration, as are institutional manuals containing descriptions of the specific positions.⁷
2. **Progressive inclusion of competencies in the manuals.** This aims to ensure that grades and profiles are not limited to the classic parameters of experience and qualifications. In spite of the progress, however, this is an area of weakness in the subsystem.
3. **Use of the tool for selection processes.** The aim is to obtain the maximum possible congruence between the position and the person holding it. However, in practice, implementation is subject to both how updated the job descriptions are and, especially, to how hiring processes are carried out.⁸

In countries where the civil service has a medium level of development, certain elements predominate over others. Manuals may be available, although they are often out of date and do not include competencies.⁹ In these cases, the descriptions are quite useful for workforce structuring but not so helpful for selecting candidates.

Finally, countries with low levels of development often lack the three elements mentioned above. In some cases, the scoring arrangements are subject to severe distortions, as in Paraguay;¹⁰ the manuals are completely out of date, as in Honduras;¹¹ or the manuals either fail to include competencies or do so only haphazardly. Consequently, the manuals are of little use for either workforce structuring or hiring.

Employment Management

The regional average in this subsystem increased from 33 to 40 points. Since 2004, scores have increased in most countries (Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Nicaragua, Panama, Paraguay, Peru, and Uruguay). In Brazil and Guatemala, the scores have remained the same and, in Mexico and Bolivia, the scores have decreased (Figure 2.7).

⁷ Brazil has a centralized model that has mutated over time into a mosaic of organizational models and job descriptions. In contrast, in Mexico and El Salvador, each institution drafts its own descriptions.

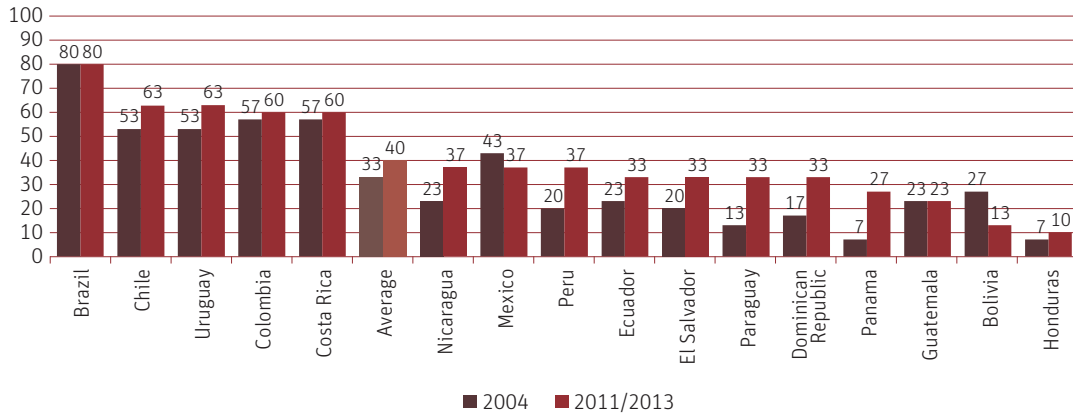
⁸ In Chile, in recent years there has been a deliberate policy of not forcing the civil service to fill vacant posts based on outdated job descriptions (see Llano, 2014b).

⁹ Starting in 2004, all of the civil service Work Organization subsystems with medium levels of development, with the exception of Bolivia, began the gradual process of including competencies in the manuals, although there is room for improvement.

¹⁰ This distortion is mainly the result of an intervention by Congress that created subcategories or, in other words, interference in technical instruments by criteria that were essentially political in nature (see Iturburu, 2014a).

¹¹ The job description that was still in use at the time of the last assessment (2012) was drafted by a consulting company approximately 15 years ago, based on a sample of only 25 percent of the positions and on interviews with only senior level civil servants (see AECID and SICA, 2012).

FIGURE 2.7: EMPLOYMENT MANAGEMENT, 2004–11/13



Source: Authors' elaboration.

The distribution shows polarization between the systems with high and low levels of development. There are five cases in the first group, and the rest are in the second group.

The professional systems are characterized by the presence of different elements, some of which are crucial when it comes to building a merit-based system:

1. **Merit-based competitive hiring.** Although there are many ways of becoming a civil servant—for example, by direct hire¹²—the competitive hiring process is the main way, and it is vitally important. With some variation in each case, the use of competitive hiring is already widely institutionalized (i.e., in Brazil and Costa Rica)¹³ or has been reinforced in the last 10 years (i.e., in Chile, Colombia, and Uruguay).¹⁴

¹²One paradigmatic example is the use of so-called contractual services in Chile, which are not necessarily subject to competition but fall under the authority of the procuring agency. However, given the fact that this model has been more widely applied over the last decade, the National Directorate of the Civil Service (Dirección Nacional del Servicio Civil) is seeking to apply open, transparent, and merit-based principles to this selection process (Llano, 2014b).

¹³In Brazil, merit-based entry became generalized toward the end of the 1980s, whereas in Costa Rica the practice dates back even further (Llano 2014a; AECID and SICA, 2012, respectively).

¹⁴In both Chile and Colombia, competitive hiring was one of the main priorities set after public employment legislation was passed (New Labor Relations Law of 2003 and Law 909 of 2004, respectively). In Colombia, it was put in practice by a public announcement issued in 2005 aimed at filling all vacant administrative career posts in the three levels of government and by various specific competitions for particular positions. In total, from 2004 to 2013, approximately 250 public job announcements were made, and 116,000 civil servants were hired through a competitive process—the highest figure achieved since 1938, when

2. **Widely publicized open competitions.** In all of the advanced systems, the competitions are open (although not exclusively) and are publicized through various media (particularly the electronic media). To strengthen the process, these countries have invested in information systems that are able to advertise job openings, receive online applications, and publish the bases and the results.¹⁵
3. **Competitions based on technical selection tests (that include competencies).** Selection for vacancies is carried out via technical selection tests that are designed to choose the most suitable candidate for the position. In general, the tests emphasize qualifications and experience, but recently there have been notable attempts to evaluate competencies.

In the less developed systems, competitions are much less frequent compared to non-competitive and/or discretionary mechanisms. In some cases, the main reason is the fact that meritocratic reform is only recent:¹⁶ Nicaragua in 2007, Paraguay in 2008, Peru in 2008, and Ecuador in 2010. In others, the explanation is that despite reform having been undertaken a decade ago, it has suffered setbacks that have hampered its consolidation, as in Mexico¹⁷ and Panama.¹⁸ A third cause is linked to the fact that these cases started out from a weak baseline, such as in Panama and Paraguay.¹⁹ Regardless of the explanation, the effect is the same: meritocratic reform has failed to achieve the sufficient effectiveness and range needed to neutralize, or at least substantially reduce, non-competitive and/or discretionary selection.

The situation is even more critical in Bolivia and Honduras, where hiring competitions are either not held or are extremely rare. In both cases, there is a noticeable institutional weakness, which is one reason for, and gives rise to, the absence of merit-based criteria in hiring processes. The consequence is a public administration that may lack the capacity to face multiple management challenges.

the administrative career was first established (Strazza, 2014b). In Chile, a competitive hiring process was used in the selection of 1,147 Senior Public Management positions at the first and second hierarchical levels (an increase of 170 percent since it was initially put into place) and 2,778 contractual personnel, which was also far above the initial average. In spite of this evolution, competition-based hiring for contractual staff is still not a common practice, except for certain services (Llano, 2014b).

¹⁵ On this point, it is worth highlighting “Uruguay Concurso” and the various technological applications developed in Brazil, Colombia, and Costa Rica.

¹⁶ Uruguay is an exception because although the reform is also new, it started out from a higher baseline.

¹⁷ After three years in which hiring competitions were strongly encouraged in the PPSC, in 2007 implementation of the PPSC law was a lower political priority for the new government (Strazza, 2014c).

¹⁸ After the establishment of the first hiring competitions, the mechanism was suspended by law in 2009 and direct hiring was established (AECID and SICA, 2012).

¹⁹ In both countries clientelism, politicization, and nepotism are endemic problems in the public administration that have hampered performance (AECID and SICA, 2012; Iturburu, 2014a; Lafuente and Schuster, 2014; Strazza, 2013: 25).

Performance Management

Although the average score for this subsystem rose from 25 to 30 points, it remains one of the most underdeveloped. Since 2004, scores have improved for Costa Rica, the Dominican Republic, Guatemala, Honduras, Nicaragua, Panama, and Peru, although they all started from a relatively low baseline. Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, and Paraguay remained the same. Only in El Salvador and Uruguay were the scores lower for this subsystem (Figure 2.8).

The distribution is representative of the generally low level of this subsystem. Only Chile (73) scored high, while another five countries were in the medium range. Most countries (10 cases) scored low.

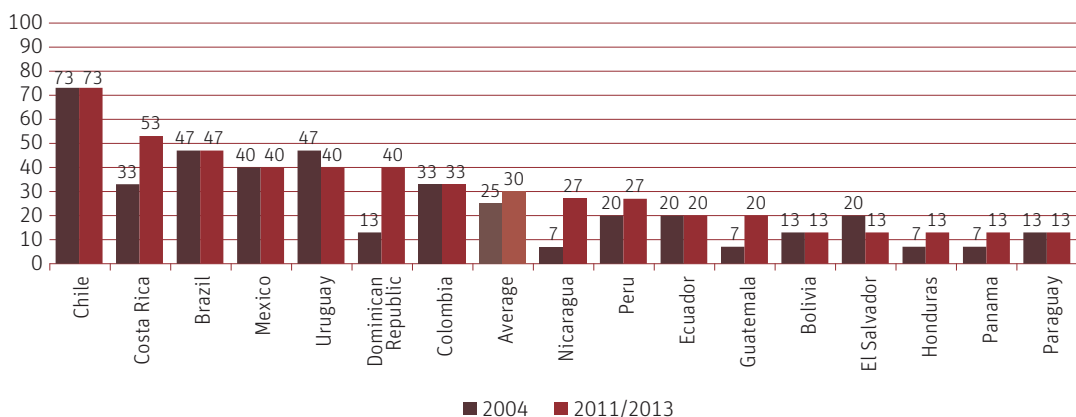
Chile, the country with the most highly developed civil service, applies complementary instruments that make full use of evaluation and help to decrease typical costs. These instruments, which are relevant for future reforms in the region, are the following:

1. **Institutional evaluation as a complement to individual evaluations.** The Management Improvement Program (Programa de Mejoramiento de la Gestión, or PMG) and Collective Performance Agreements (Convenios de Desempeño Colectivo, or CDC) complement traditional individual evaluations. Compared to the latter, they are less subject to distortionary practices (benevolent bias, regulatory capture, and so on).²⁰
2. **Evaluation of senior executives.** Conducted on a small but strategic segment and based on performance agreements. Although initially called into question due to their excessively formal approach and adherence to processes, the evaluations eventually became more results-oriented, and the general agreement guidelines were therefore included in the selection profile.²¹
3. **Individual evaluation.** Although benevolent bias has been its principal limitation (World Bank, 2014), it enjoys wide coverage given that it is applied to both permanent and contractual staff and can, with certain modifications, help strengthen the culture of the evaluation.
4. **Performance evaluation strategic management model.** The General Regulation on Qualifications (Reglamento General de Calificaciones), the Performance Management Policy (Política de Gestión del Desempeño), and the Special Regulation (Reglamento Especial) provided greater systemic coherence and helped consolidate the transition from a concentrated, bureaucratic, and low-value system to a more integrated and agile one.

²⁰ However, institutional evaluation in Chile also faced difficulties, such as strategic disconnection, easily achievable goals, and increasing discontent with so-called free rider behavior. For its part, the individual evaluation's main problem is benevolent bias, given that 98 percent of civil servants received the maximum score between 2004 and 2010 (Llano, 2014b).

²¹ These instruments were developed with the support of the IDB and the Pontifical Catholic University's Center for Public Policy (Centro de Políticas Públicas).

FIGURE 2.8: PERFORMANCE MANAGEMENT, 2004–11/13



Source: Authors' elaboration.

In the remaining countries, Performance Management has two major shortcomings, to varying degrees. The first is the formal or ritualistic character of evaluations that are conducted annually in accordance with the rules, but for various reasons fail to add any value. Consequently, the second weakness emerges: evaluation becomes an inefficient instrument for decision making.

There are three factors that affect evaluation effectiveness. First, automatic dismissal for poor performance and the loss of monetary bonuses for failing to reach targets provide incentives for benevolent bias by evaluators, as they prioritize a good working environment over the generation of outputs.²² Second, there are usually inconsistencies, deliberate or not, in establishing objectives, goals, and indicators.²³ Third, due to the high cost involved and because of the emphasis placed on HR policies (for example, entry competitions), evaluations are not always a priority for the officials.²⁴ Nonetheless, most countries have begun putting the need to strengthen evaluation on the agenda by reviewing the technical instruments and/or pilot experiences.

²² This is true of Colombia and Mexico (Strazza, 2014b and 2014c).

²³ This is the case, for example, in Bolivia (Strazza, 2014a), Ecuador (Iacovello, 2014:25), El Salvador (AECID and SICA, 2012), Mexico (Strazza, 2014c), and Panama (AECID and SICA, 2012).

²⁴ One example is Colombia, which from 2004 onward prioritized the establishment of the CNSC and competitions over evaluation (Strazza, 2014b). Another is Paraguay, where the authorities have traditionally been reticent when it comes to evaluation due to the “cultural restrictions” raised by those who oppose evaluations (Iturburu, 2014a). A third is Panama, where the problems with evaluation are due to the fact that the Technical Board (Junta Técnica) has yet to approve the instruments designed by DIGECA (AECID and SICA, 2012).

Compensation Management

The regional average for this subsystem rose from 29 to 34 points, the smallest increase of all the subsystems. Since 2004, Compensation Management progressed in Costa Rica, Ecuador, El Salvador, Nicaragua, Panama, Paraguay, and Peru, and maintained the same value in Bolivia, Chile, Colombia, the Dominican Republic, Guatemala, Honduras, and Uruguay. Brazil and Mexico received a lower score in the recent assessment relative to the one carried out in 2004 (Figure 2.9).

The distribution by level reflects this subsystem's current delicate situation, since 11 countries show low development, 3 medium, and 2 high.

The countries with the highest score are those that, in relative terms, exhibit the greatest strength in the following three factors:

1. **Horizontal and vertical internal inequity.** This is one of the most prevalent problems in the region, and it is evident in all cases although with some nuances. In some countries (Honduras, Paraguay, Panama, Guatemala, and Bolivia), the seriousness is apparent and takes the form of disproportionate salaries that encourage civil servants to move to the agencies that pay the most. On occasion, the problem occurs at the agency's headquarters because of the distinction drawn between critical and non-critical jobs.²⁵ Vertical inequity causes distortions in other countries, such as Mexico and Panama, where some civil servants are paid more than their superiors in the hierarchy.²⁶ A similar problem can be seen in the civil service in the countries with the highest scores,²⁷ although the gap has been lessened thanks to mitigation strategies.²⁸

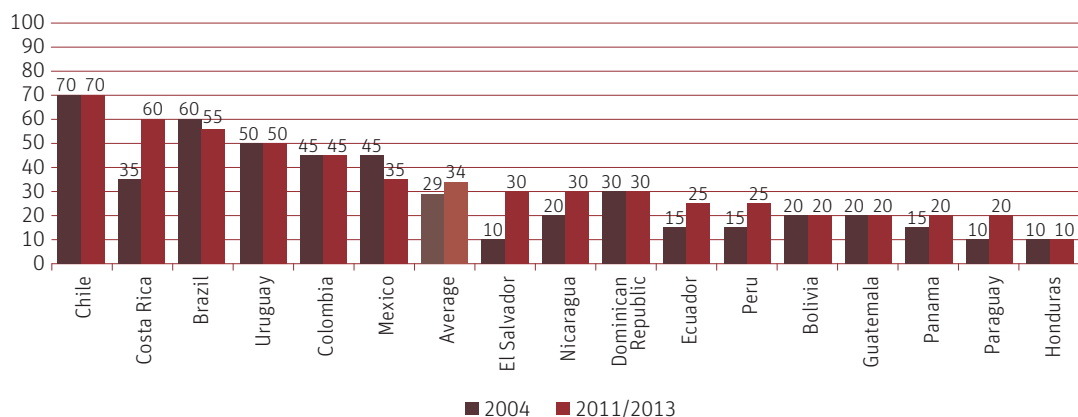
²⁵Two countries in which inequity arises from the distinction between critical and non-critical jobs are Chile and Paraguay. In the first case, the inequalities caused by this distinction might even represent 100 percent of the wages (Llano, 2014b). In the second, the so-called responsibility bonus (*bonificación por responsabilidad*) might represent up to 80 percent of the basic wage (Strazza, 2013).

²⁶In Panama, the distortion is a consequence of the political influence exercised by some civil servants when negotiating their salaries, which is often the case in Paraguay (AECID and SICA, 2012; Iturburu, 2014a, respectively). For its part, in Mexico the origin of vertical inequity (which often occurs among the highest basic operational grades and their immediate superior, the level PPSC liaison level) is the wage freeze imposed on the PPSC since 2003 and on the annual pay increases received by the basic operational grades (Strazza, 2014c).

²⁷For example, in Chile the pay level for contractual staff is fixed—with a high degree of autonomy—by those responsible for service provision, but only when it does not exceed the highest legally established pay grade for staff (Llano, 2014b; World Bank, 2014). However, there is nothing to stop situations of vertical inequity from occurring beneath this level. For its part, in Costa Rica the add-ons for years of service has led to situations in which civil servants with longer years of service have been paid higher salaries than their superiors (AECID and SICA, 2012).

²⁸For example, as previously mentioned, in Costa Rica a technical review of salary add-ons was conducted in 2011 in order to link them to productivity and value added, rather than just to experience (AECID, FLACSO y SICA, 2009), albeit without achieving the desired results (Academia de Centroamérica, 2014).

FIGURE 2.9: COMPENSATION MANAGEMENT, 2004–11/13

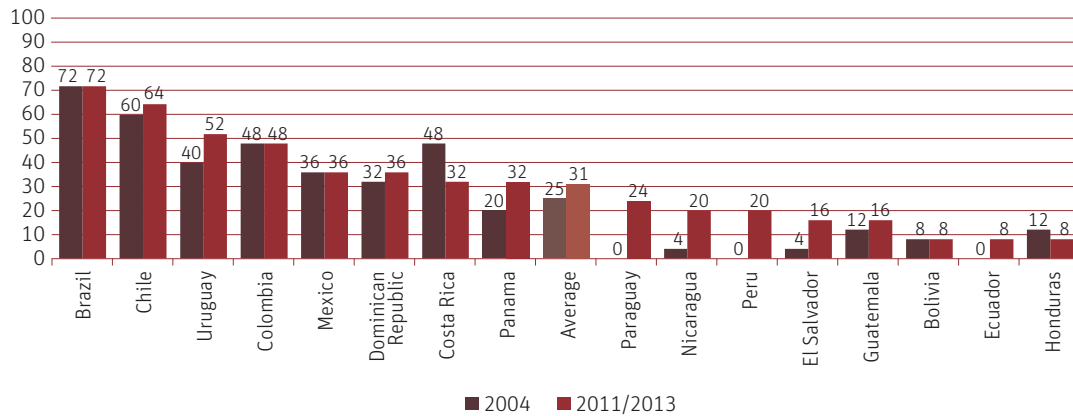


Source: Authors' elaboration.

2. **External pay competitiveness.** Two trends stand out in this area. The first is the improvement in pay competitiveness for the lowest grades due to pay adjustment policies carried out by governments. In some cases this has helped to remedy the serious discrepancy in salaries, some of which were even below the legal minimum, such as in Paraguay (Iturburu, 2014a). Thanks to pay increases, in many cases workers at the medium and low levels earned more competitive salaries than those of their private sector counterparts. The second trend, common throughout most of the countries, is the low pay competitiveness of senior management in the public sector when compared to that of their counterparts in the private sector. In this sense, for these positions there is limited capacity to attract and retain highly qualified professionals, in contrast to the low and medium level positions. The strategic character of this segment has led some countries to establish specific practices for pay structures.²⁹
3. **Strategic coherence.** This factor encompasses all of the others and is the main difference among the civil service in the countries analyzed herein. Although even the most solid systems are not immune to unfairness, low competitiveness, and inefficiency, they rest on four pillars: (i) political

²⁹Basically, there seem to be two strategies. The first is the introduction of add-ons/bonuses linked to management performance (for example, in Chile for Senior Public Management and in Peru for the Public Managers' Cadre [Cuerpo de Gerentes Públicos], or to time in service (for example, in Colombia for top managers via the so-called automatic bonus [*prima automática*]), and for professional civil servants in Costa Rica via the "Percentil 50" policy. The second strategy is to authorize a special pay grade for these positions. For example, a rule in Bolivia has recently granted exceptions for certain senior managerial positions, which prohibits salaries from exceeding that of the President of the Republic (IDB, 2011; Strazza, 2014a).

FIGURE 2.10: DEVELOPMENT MANAGEMENT, 2004–11/13



Source: Authors' elaboration.

will on the part of the Executive branch and the Legislature to place the issue on the agenda and address it; (ii) the existence of a strategic view of the pay system, which includes goals and ways to achieve them; (iii) the availability of the technical tools necessary for managing the various pay incentives; and (iv) coordination between the budgetary authority and the civil service HR agency. The countries supported by these four pillars achieve greater strategic coherence regarding pay than the others.³⁰

Development Management

The regional average for this subsystem increased from 25 to 31 points, which ranks it as the second least-developed index after Performance Management. Since 2004, Development Management has improved in more than half the countries: Chile, the Dominican Republic, Ecuador, El Salvador, Guatemala, Nicaragua, Panama, Paraguay, Peru, and Uruguay; it maintained the same score in Bolivia, Brazil, Colombia, and Mexico and achieved a lower score in Costa Rica and Honduras (Figure 2.10).

³⁰ Although Chile and Costa Rica face pending challenges in this aspect, both countries have made efforts in recent years to improve compensation management. In both cases, coordination between the budgetary authority (DIPRES or Treasury Ministry, respectively) and the civil service agency (DNSC or DGSC, respectively) plays a key role. Honduras, Panama, and Paraguay are at the extreme opposite end of the spectrum, as the lack of strategic coherence dates back a long way due to processes not being sustained over time, the absence of a strategic vision, outmoded instruments, limited fiscal capacity, a high degree of politicization and discretionality in determining pay rates (AECID and SICA, 2012). Chapter 4 herein summarizes the experiences of Costa Rica, Honduras, and Paraguay in this regard.

The distribution by levels is very similar to that seen in the less advanced subsystems. The great majority of the countries (12) reveal low development, and only the systems of Brazil and Chile have reached a high level. The remaining two countries have medium levels of development.

The heterogeneous nature of this subsystem has two main causes:

1. **The career development model and managing development expectations in accordance with this model.** The highest-ranked systems have two characteristics: (i) they clearly define the career development model for civil servants (either a career system or an employment system) and (ii) they manage expectations better by complying in practice with what is set out in the rules and the model, as occurs in Brazil and Chile.³¹ However, in recent years, the administrative career has been losing ground in relation to contractual employment models. This is the opposite of what is occurring in countries with a less developed civil service. In those cases, it is more common to find: (i) the absence of a career model and a traditional employment system that lacks structure (Guatemala, Honduras, and, to a lesser extent, Ecuador); (ii) widespread directionality in deciding on promotions (Bolivia, Guatemala, Honduras); and (iii) the scarcity or lack of institutional channels for managing civil servants' career development expectations. Finally, mid-level civil service systems, such as those in Colombia and Mexico, present a combination of these characteristics, where the career systems have clear rules but fail to function properly and fulfill civil servants' expectations, since the actual number of advancements and promotions is limited.
2. **Training activities that are based on assessments, and are segmented, evaluated, and coordinated by a specific agency.** First, the most consolidated systems tend to structure training schemes based on assessments that identify the gaps and help to draft training plans accordingly.³²

³¹ Brazil's career system enables civil servants to advance within a grade and via promotion, or else change grades to the one that is immediately above. Advancement depends on a combination of criteria that include performance, training, and, especially, time served. Given that there were problems in making this work, a career development system law was approved in 2008 (Law 11,890). However, the system has yet to be regulated due to resistance from civil servants themselves, who fear it will make attaining the highest positions more difficult (Llano, 2014a). Two employment systems coexist in Chile: public managers and contractual staff, and a career system (Cortázar Velarde, 2011; Llano, 2014b). In all models, the rules governing entry and career development are clear and respected. Therefore, for public managers, open hiring is envisaged for certain posts (rather than for an occupational grade), which allows for rotation or an internal career with a fixed three-year contract that can be renewed twice by the authority. For contractual employees, there is lateral hiring and grade promotion via a new contract, which are not generally based on competitive processes. As far as the career is concerned, the process begins with access to a vacancy and is extended vertically, either through competition or promotion, up to the positions immediately below the positions of trust or executive director (Llano, 2014b; Lafuente, 2014).

³² For example, in Brazil, the annual training plans are determined in a decentralized way by the agencies and monitored by the National Staff Development Policy Management Committee (Comité Gestor de la Política Nacional de Desarrollo de Personal) (Llano, 2014a). In Chile, planning for training is promoted at three levels: (i) over the midterm to define the capacities needed to complete the four-year institutional strategy; (ii) on an annual basis; and (iii) based on a contingency plan for confronting emerging requirements (Llano, 2014b). In Uruguay, although various agencies have their own training centers, in 2008 a strategic plan was drafted with the participation of different actors; implementation in 2012 was based on this plan (Iturburu, 2014b).

Second, to tailor training to the various segments, there have been important attempts to segment the supply.³³ Third, training activities are evaluated to establish their impact, quality, and the degree of consumer satisfaction, although this practice is still developing.³⁴ Fourth, it is common for a specialized agency to coordinate and, on occasion, directly implement policies.³⁵ All of these characteristics are less significant in the weaker civil service systems, in which there are plans based on some sort of detection and a specialized agency for coordination and provision, but where segmentation and evaluation are rare. Moreover, certain obstacles stand out in the least developed systems but, to varying degrees, are also distinguishable in the others, including the following:

- a. When operating under a decentralized model, the quantity and quality of the training supply depends on the agencies' budgetary capacity.
- b. In contexts of fiscal restraint/restriction, training might become one of the first adjustment variables.
- c. Planning does not rule out the possibility of regulatory capture of the most attractive activities.
- d. Competencies are still poorly represented in the programs, which are more oriented toward substantive or mission-based issues.
- e. Commitment to training is not homogeneous, which is reflected in a failure to comply with mandatory training hours and in under-execution of the approved budget.

Human and Social Relations Management

The regional average of this subsystem increased from 27 to 34 points. From 2004 onward, it improved in more than half the cases: Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Honduras, Mexico, Panama, Paraguay, and Peru, and the score remained the same in Bolivia, Ecuador, Nicaragua, and Uruguay, and only Guatemala recorded a lower score (Figure 2.11).

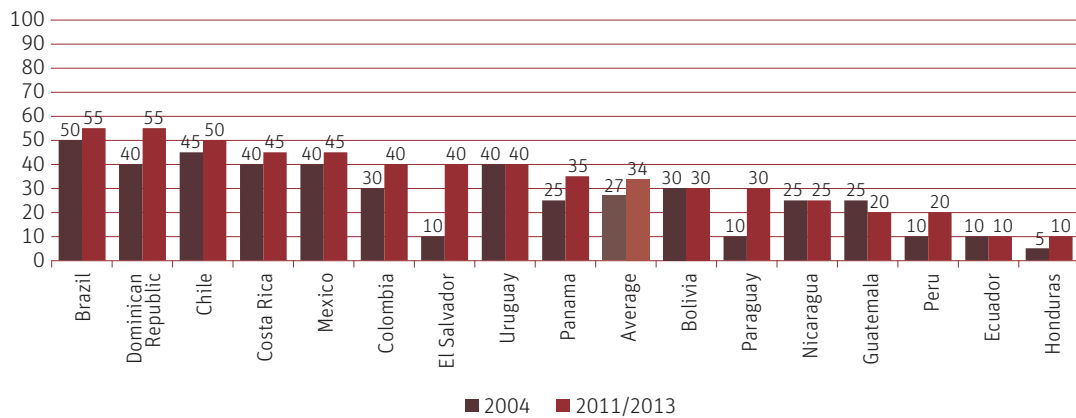
This is the only subsystem that fails to register any cases at the highest level. Eight countries score in the medium level, and the remaining eight at the low level. This is an indication of the low priority given to this issue in the regional agenda.

³³ Management training stands out in Brazil (Llano, 2014a) and in Chile, where, for example, permanent activities, such as induction days, are held for the first and second tiers, and regional, territorial-based seminars and workshops are offered for general training (Llano, 2014b).

³⁴ For example, in Brazil training is subject to satisfaction evaluations, but only in certain cases to impact evaluations (Llano, 2014a).

³⁵ This is true of the National School of Public Administration (Escuela Nacional de Administración Pública, or ENAP) in Brazil, the ENAP in Uruguay, and Colombia's School of Public Administration (Escuela Superior de Administración Pública, or ESAP), among others.

FIGURE 2.11: HUMAN AND SOCIAL RELATIONS MANAGEMENT, 2004–11/13



Source: Authors' elaboration.

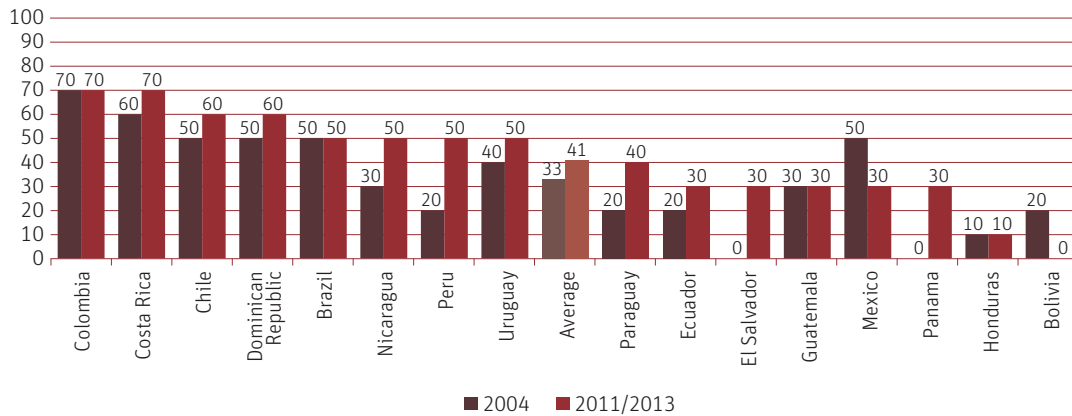
The countries with better levels of development in this subsystem share a common denominator in terms of the presence and use, to varying degrees, of three kinds of instruments:

1. **Work environment management tools.** The most common are work environment surveys, motivational surveys, suggestion boxes, and group workshops. Their function is to provide inputs for activities to help improve the work environment, which are occasionally grouped into plans. However, in most cases these tools are still in an early stage of development and fail to go beyond the assessment stage.³⁶
2. **Internal communication tools.** These include institutional meetings, talks, recreational activities, news bulletins, and IT platforms.³⁷
3. **Labor relations management tools.** The most common are discussion groups, working groups, and reconciliation committees. Their function is to offer opportunities for negotiation, representation of workers' interests, and conflict management. They are typically made up of representatives of the agencies and civil servants. The issues frequently dealt with in these arenas are salaries and social

³⁶ The exceptions are Chile and Mexico, where initiatives are ongoing to draft improvement plans (Llano, 2014b; Strazza, 2014c). In Costa Rica, the DGSC promoted the incorporation of psychologists and social workers to help improve the internal climate (AECID and SICA, 2012).

³⁷ One example is Colombia's *Sirvo a mi país* platform, an instrument aimed at strengthening communication both inside and outside of the civil service. The platform contains guidance in family life, work life and culture, recreation, and training (Strazza, 2014b).

FIGURE 2.12: ORGANIZATION OF THE HRM FUNCTION, 2004–11/13



Source: Authors' elaboration.

benefits, positions, promotions and advancements, working conditions, and disciplinary actions. In some cases, specific agencies with expertise in this area have been created.³⁸

One common failing among the countries is the absence of general guidelines for these issues. Consequently, the initiatives suffer from broad decentralization and heterogeneity.³⁹

These instruments, particularly those dealing with work climate management and communication, are lacking in the countries whose civil service is the least developed. In contrast to performance or compensation management policies, this weakness does not appear to be the result of high implementation costs; rather, it is due to the low priority given to them. There are two main causes: (i) the decision to focus on other policies and (ii) underestimation of the value of these instruments for the agencies.

Organization of the HRM Function

The average regional score rose from 33 to 41 points. This is one of the strongest areas of HRM in Latin America. The dynamic seen since the assessment in 2004 justifies this emphasis, since the majority of countries improved in this area: Chile, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Nicaragua,

³⁸ In 2012, Brazil set up the Labor Relations Secretariat (Secretaría de Relaciones de Trabajo) (Decree 7675) to act as an interlocutor between the government and the trade unions (Llano 2014a). In 2011, Colombia created the Ministry of Labor (Ministerio de Trabajo) (Strazza, 2014b).

³⁹ The clearest exceptions are Brazil and Chile, where the civil service agency is more advanced in these areas (Llano, 2014a and 2014b).

Panama, Paraguay, Peru, and Uruguay. Scores in Brazil, Colombia, Guatemala, and Honduras remained constant, and only Bolivia and Mexico recorded lower scores (Figure 2.12).

The distribution reveals an interesting level of development among the countries in this area, with four high-level cases and five mid-level ones. There are still seven, however, that demonstrate a low level of development.

The systems that have progressed the most since 2004 share greater consistency with respect to the following points:

1. **Civil service agency.** The strength of the civil service agency is vital for the system's effective and efficient operation. This strength depends on the degree of development of four complementary capacities.
 - a. **Political.** This refers to the agency's ability to put HRM on the government's political agenda and/or influence its content. The most robust civil service systems in this area (Brazil, Chile, Colombia, Costa Rica, and the Dominican Republic) all boast this capacity. On the other hand, the weakest systems (Bolivia, Guatemala, Honduras, Mexico, and Panama) find it very difficult to make an impact in this area, and their role in the public debate is secondary.
 - b. **Technical.** This refers to the capacity to define a strategic framework (in other words, where the civil service is heading, how, and with what means) and to design and, in some cases, implement policies.⁴⁰ At the other end of the spectrum are civil service systems that have the legal mandate to design and implement policies, but lack the technical resources to do so.⁴¹ In those cases, de facto policies become decentralized and increasingly dispersed.
 - c. **Coordination.** The highest-ranked systems demonstrate better coordination between the "center" (civil service agency) and the "executive periphery" (agencies). For this purpose, they develop arrangements for communication, receiving consultations, and monitoring. However, this is still the least developed capacity of the four; there are often problems in terms of coordination and the presence of informal channels of interaction.⁴²

⁴⁰ This is true of the Administrative Department of Public Service (Departamento Administrativo de la Función Pública, or DAFP) and the CNSC in Colombia, the DGSC in Costa Rica, and the DNSC in Chile. The Ministry of Public Administration in the Dominican Republic, SERVIR in Peru, and the Public Service Secretariat (Secretaría de la Función Pública, or SFP) in Paraguay have evolved the most since 2004.

⁴¹ The most prominent examples are the DIGECA in Panama and the DGSC in Honduras and Bolivia, which are technically incapable of designing and implementing policies.

⁴² This is true of Colombia, where one that needs strengthening is coordination between the DAFP and the Staff Development Units (Unidades de Desarrollo de Personal, or UDP), which is currently linked more to people than to formal channels (Strazza, 2014b).

- d. **Budgetary.** This is a necessary but not sufficient condition for efficient technical capacity and infrastructure. Although the civil service agency budget depends on many factors, the less-developed systems are characterized by civil service agencies with limited budgets.⁴³

Taken as a whole, these four capacities are directly proportional to the civil service agency's strength, legitimacy, and prestige.⁴⁴

2. **Management capacity.** A capable senior management strengthens the agencies' strategic management, helps accumulate institutional capacities, and contributes to more intertemporal policies.⁴⁵ Although strengthening the civil service agency has been a priority in the region in the last decade, the development of senior management capacity has been inconsistent. Only a handful of countries have carried out effective policies to strengthen management, albeit to varying degrees and with different emphases.⁴⁶ Most of the systems, however, still lack these kinds of initiatives.

Civil Service Quality Indices⁴⁷

Throughout the region, the five quality indices improved between 2004 and 2011/13. The greatest progress was recorded on the Merit and the Structural Consistency indices, each with a nine-point increase, followed by Efficiency and Integrative Capacity, both with a seven-point increase. The Functional Capacity Index saw the least progress (five points). This means that the Merit Index is currently the most solid (42 points) and the Functional Capacity Index and the Integrative Capacity Index are the weakest (34 points) (Figure 2.13).

⁴³In extreme cases, such as the DIGECA in Panama and the DGSC in Bolivia, budgetary shortcomings condition the agency's entire operational capacity.

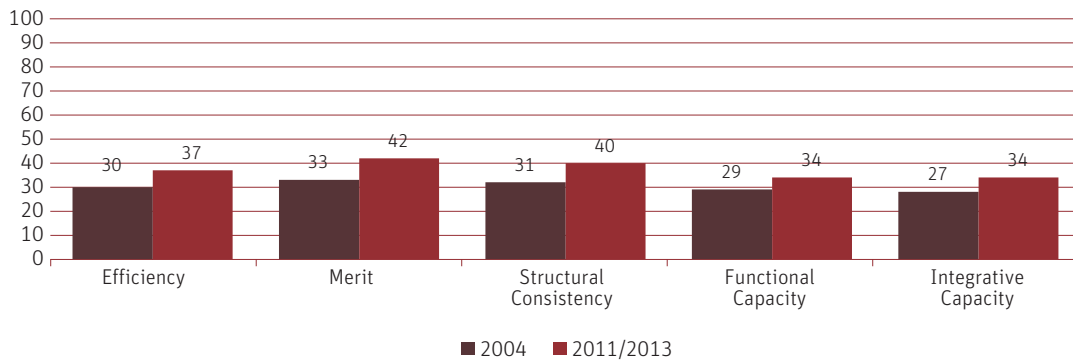
⁴⁴Good examples of strong civil service agencies are the DGSC in Costa Rica, the DNSC in Chile, and the DAFP and CNSC in Colombia, which in 2004 already displayed greater capacity than in the other countries to set an agenda, design and implement policies, and, to a lesser degree, coordinate their HR offices. As previously mentioned, the Ministry of Public Administration in the Dominican Republic, SERVIR in Peru, and the SFP in Paraguay became stronger between assessments. In contrast, in Mexico and Bolivia the senior management capacities were not prioritized and thus showed signs of deterioration. Finally, in Honduras capacities weakened and showed slight signs of recovery only in 2012 (AECID, SICA, and FLACSO, 2009; IDB, 2006).

⁴⁵For a more detailed analysis of the senior management function, see Iacoviello, Llano, and Strazza (2012).

⁴⁶In Chile, the Senior Executive Service Cadre was created by the New Labor Relations Law (2003) and affects a range of positions at the first and second-tier levels, which are hired via competitive processes despite being positions of trust (Iacoviello, Llano, and Strazza, 2012). In Peru, the Public Managers Cadre (Cuerpo de Gerentes Públicos, or CGP) was set up to attract highly qualified personnel to fill senior management positions in agencies at all three levels of government. Although Peru's experience is more limited and recent than Chile's, it has been useful in promoting the professionalization of senior management (IDB, 2011; Iacoviello, Llano, and Strazza, 2012). Colombia shows signs of development through Law 909, which envisages individual performance evaluations for public managers and the possibility of incentives for achieving targets, although this has yet to be fully implemented (Strazza, 2014b). Finally, Costa Rica is another country where senior management is strong due to merit-based hiring and the stability (AECID, FLACSO, and SICA, 2009).

⁴⁷Annex 3 herein contains the evaluations of the 33 critical points for the countries analyzed. As explained in the section on methodology at the beginning of this chapter, the final scores of the indices presented in this section are derived from these evaluations.

FIGURE 2.13: REGIONAL COMPARISON OF CIVIL SERVICE QUALITY INDICES, 2004–11/13



Source: Authors' elaboration.

Efficiency Index

This index measures the civil service system by taking into account the degree of optimization of investment in human capital, as well as the relationship of this investment to fiscal policy and its reference markets. It links the results obtained by the civil service system with the resources invested in its operation, as well as other considerations, such as expenditure efficiency in decision-making processes.

The average score rose from 30 to 37 points, making it one of the smallest increases (together with Functional Capacity). Between 2004 and 2011/13, scores increased in Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, Panama, and Peru. In the Dominican Republic, Guatemala, Paraguay, and Uruguay scores remained the same, and in Brazil and Honduras they fell (Figure 2.14).

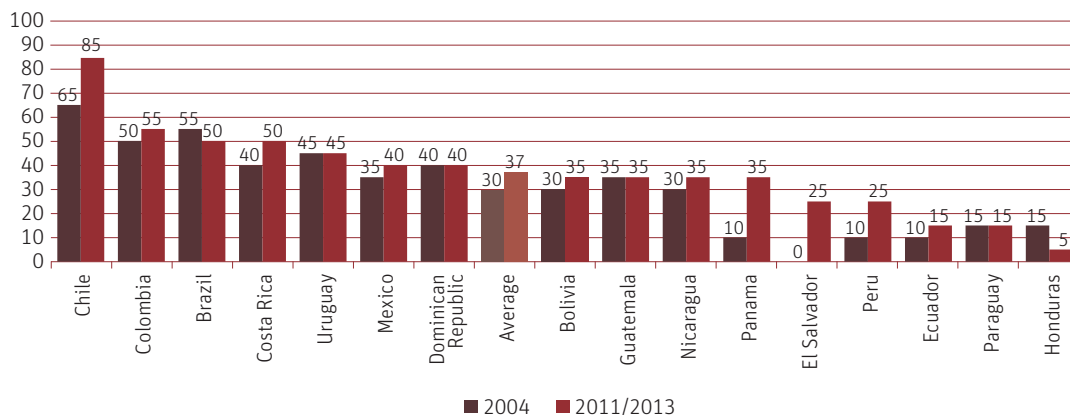
The distribution by levels reveals that only Chile reaches the high level (from 60 to 100 points). There are six cases at the medium level (from 40 to 59 points) and nine at the low level (from 0 to 39 points).

There are two main reasons that explain the way this index has evolved. The first is the improvement in the *staff expenditure/GDP* ratio, or the *staff expenditure/total public expenditure* ratio, which situates the index closer to, or even below, the standards recommended to maintain expenditure sustainability.⁴⁸ The second reason is the presence of a highly qualified workforce, such as in Brazil, Chile, Colombia, and Costa Rica.

In this context, there are three main challenges: achieving balanced workforces (Bolivia, Mexico and, to a lesser extent, Uruguay), evaluating training methods (Bolivia, Mexico and, to a lesser extent, Uruguay), and reducing the fiscal burden of the workforce (Costa Rica, Honduras, and Paraguay).

⁴⁸For the purpose of the *staff expenditure/total public expenditure* ratio, the suggested threshold for avoiding displacement of investment expenditure or other current expenditure is 25 percent (World Bank, 2001), and for the *staff expenditure/GDP* ratio, the regional average is around 6 percent. For detailed country-by-country information, see Chapter 1.

FIGURE 2.14: EFFICIENCY INDEX SCORE, 2004–11/13



Source: Authors' elaboration.

Merit Index

This index measures the guarantees of professionalism in the way that the civil service system works, and thus places a value on impartiality in decision making in each management subsystem. Specifically, the Merit Index measures the degree of effective protection against arbitrariness, political capture or clientelism, and the different ways that interested groups or sectors engage in rent-seeking.

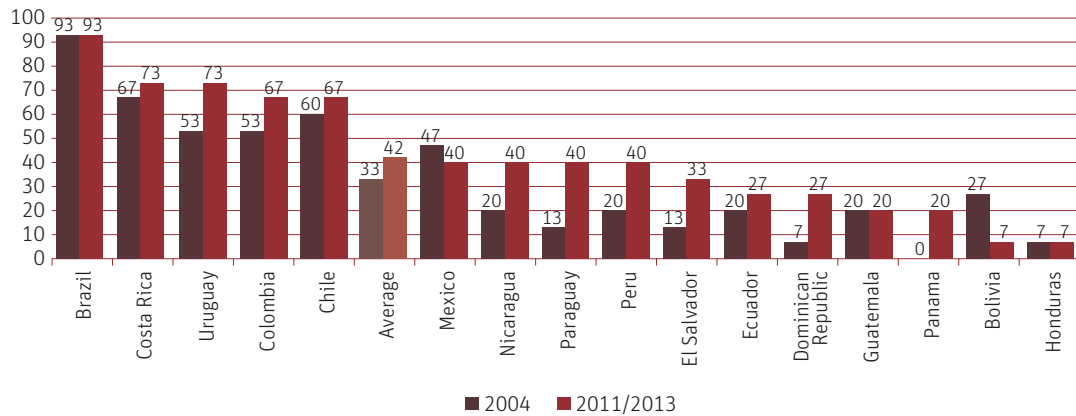
The average regional score for this index increased from 33 to 42 points. The score not only represents the most significant progress, but also makes it the highest scoring index. Its growth reflects the high priority given to this area in the last 10 years. The score rose in 11 countries: Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Nicaragua, Panama, Paraguay, Peru, and Uruguay; it remained constant in Brazil (although, at nearly the maximum score level), Guatemala, and Honduras; and it fell in Bolivia and Mexico (Figure 2.15).

The distribution reveals interesting performance at the peak, with five systems at the high level and four at the medium level. The remaining seven register a low level of development.

The index's general evolution and the particular ups and downs in each case are explained by the gradual strengthening of the pillars of the meritocratic system: hiring competitions that are open, widely publicized, and based on selection tests (see the section on Employment Management for a more detailed analysis of these issues).

However, general challenges also emerge in this context. The first is to extend the use of competitive hiring processes and to extend coverage, particularly in the countries with the lowest scores. The second

FIGURE 2.15: MERIT INDEX SCORE, 2004–11/13



Source: Authors' elaboration.

is to apply competitive mechanisms to the contractual workforce, which is in permanent expansion. The third is to continue to introduce competencies into the selection processes.

Structural Consistency Index

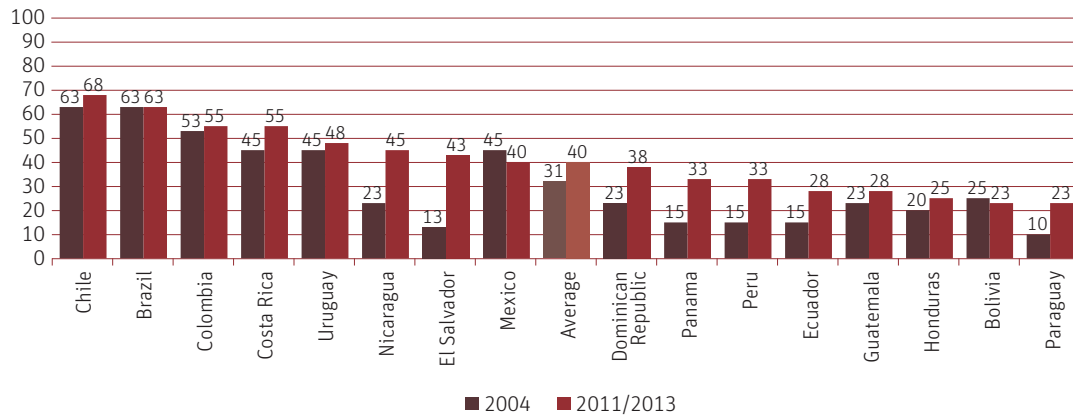
This index measures the civil service's systemic solidity and integration, taking into account the basic structural elements of which it should be composed. It includes the development of fundamental management processes, their coherence with other management systems, and the development of senior management.

The average for this index, which rose from 31 to 40 points, is the highest (together with the Merit Index). Between 2004 and 2011/13, most civil service systems made progress: Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay. Brazil maintained the same score, while the scores fell only in Mexico and Bolivia (Figure 2.17).

According to the distribution, only two cases demonstrate high levels of development, six medium, and eight low. If the critical points associated with the index are considered, the most common advances in the countries analyzed were the following:

1. **Improving information systems (in 12 of the 16 countries analyzed):** Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, and Peru.

FIGURE 2.16: STRUCTURAL CONSISTENCY INDEX SCORE, 2004–11/13



Source: Authors' elaboration.

- Strengthening the civil service agency and/or senior civil service (nine countries):** Chile, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Nicaragua, Paraguay, Peru, and Uruguay.
- Drafting training procedures according to identified requirements (nine countries):** the Dominican Republic, Ecuador, El Salvador, Guatemala, Nicaragua, Panama, Paraguay, Peru, and Uruguay.
- Developing or reviewing the job classification system (seven countries):** Chile, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Panama, and Peru.
- Strengthening the strategic consistency of pay policies (seven countries):** Bolivia, Costa Rica, Ecuador, El Salvador, Nicaragua, Paraguay, and Peru.
- Incorporating new planning instruments (six countries):** The Dominican Republic, El Salvador, Honduras, Nicaragua, Panama, and Paraguay.

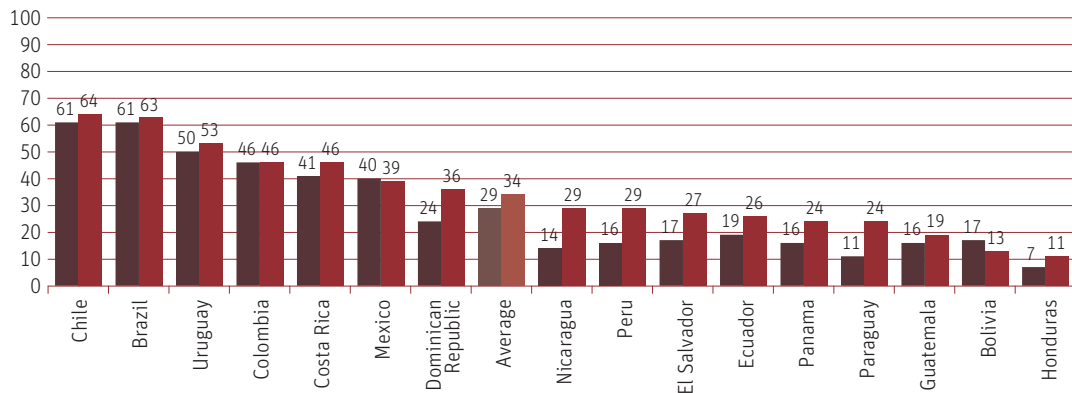
In some countries, however, these same critical points weakened between the assessments. This is the case of the job classification systems in Paraguay and Uruguay, and management capacity in Bolivia and Mexico.

Functional Capacity Index

This index measures the system's capacity to positively influence the behavior of public employees. It includes professional qualifications, the quality of incentives for good performance, and pay flexibility.

The region's average score on this index rose from 29 to 34 points, but it is still, along with the Efficiency Index, one of the weakest and has made the least progress. Between 2004 and 2011/13,

FIGURE 2.17: FUNCTIONAL CAPACITY INDEX SCORE, 2004–11/13



Source: Authors' elaboration.

scores rose in Brazil, Chile, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, and Uruguay, but the increase was generally minor. In Colombia, the index remained constant, while in Bolivia and Mexico it fell (by only one point) (Figure 2.17).

The distribution reveals the insignificant growth in the region as a whole in this index, given that only Brazil and Chile show high levels of development and only three countries indicate medium levels of development. On the other hand, 11 of the civil service systems analyzed demonstrate low levels of development in this index. The most common advances in the countries analyzed were the following:

- Inclusion of competencies in the job profiles (nine cases of the 16 countries analyzed):** Colombia, Chile, the Dominican Republic, Ecuador, El Salvador, Nicaragua, Paraguay, Peru, and Uruguay.
- Use of profiles in the selection processes (seven cases):** Chile, the Dominican Republic, Ecuador, Panama, Paraguay, Peru, and Uruguay.
- Job descriptions in line with organizational needs (seven cases):** The Dominican Republic, El Salvador, Mexico, Nicaragua, Panama, Paraguay, and Peru.
- Performance monitoring and evaluation processes (seven cases):** Costa Rica, the Dominican Republic, Guatemala, Honduras, Nicaragua, Panama, and Peru.

- 5. **Promotion linked to performance and to competency development (six cases):** Ecuador, Nicaragua, Panama, Paraguay, Peru, and Uruguay.
- 6. **Geographic and job mobility (six cases):** Chile, El Salvador, Honduras, Nicaragua, Panama, and Peru.

In contrast, the aspects that became weaker were workforce pay flexibility in Colombia and Uruguay, and effectiveness of the pay structure in attracting and retaining personnel in Bolivia and Mexico.

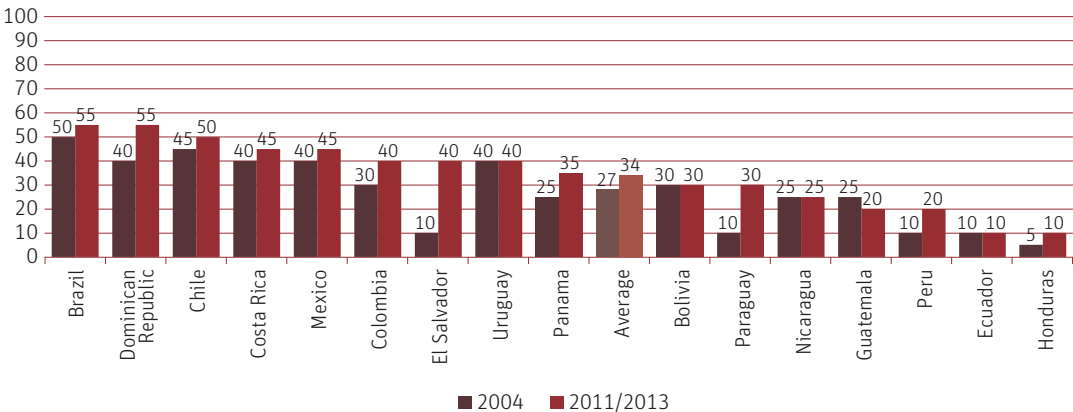
Integrative Capacity Index

This index measures the effectiveness of the civil service system in harmonizing the expectations and interests of the different actors, increasing the sense of belonging, and reducing conflict.

The average score rose from 28 to 34 points, in a very similar dynamic to the one observed with the Functional Capacity Index. Between 2004 and 2011/13, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Honduras, Mexico, Panama, Paraguay, and Peru improved their performance. The index remained stable in Bolivia, Ecuador, Nicaragua, and Uruguay. Guatemala was the only country in which the score fell (Figure 2.18).

In this index, the distribution also reveals a generally low level of development, given that there are no high-scoring countries. The group of countries as a whole divides down the middle, between the medium and low levels of development. The most common improvements in the countries analyzed were the following:

FIGURE 2.18: INTEGRATIVE CAPACITY INDEX SCORE, 2004–11/13



Source: Authors' elaboration.

1. **Initiatives to introduce or improve labor climate management tools (seven cases):** Chile, Colombia, Costa Rica, the Dominican Republic, Mexico, Paraguay, and Peru.
2. **Labor conflict and labor relations management (six cases):** Brazil, Colombia, El Salvador, Guatemala, Honduras, and Paraguay.
3. **Internal communications management (six cases):** The Dominican Republic, El Salvador, Nicaragua, Panama, Paraguay, and Peru.

At the time of the evaluation, labor relations management had worsened in three cases: Chile, Panama, and Uruguay.

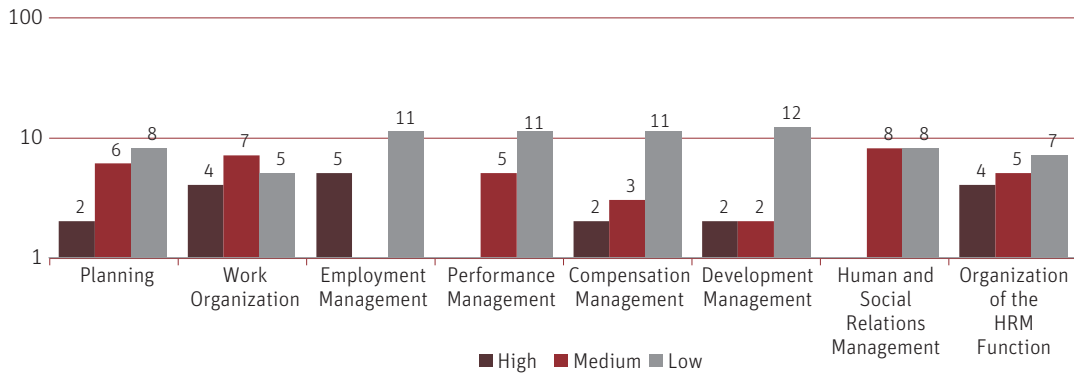
REGIONAL TRENDS IN CIVIL SERVICE PROFESSIONALIZATION

Although there are clearly defined nuances in different countries, certain regional trends can be identified in relation to HRM, based on the analysis outlined above.

1. **Encouraging progress in aggregate terms.** The CSDI average for the 16 countries included in the studies increased by eight points, rising from 30 to 38 on a scale of 0 to 100. In other words, incremental improvements were achieved in the civil service at the national level, although they started from a weak baseline. Modernization and professionalization of the civil service continue to be a challenge for the region: the average degree of development does not reach 40 percent on the scale. The incremental progress seen over the last decade, however, underscores the feasibility of achieving major progress in the region. Of the 16 countries, 11 recorded a higher score in 2011/2013 than in 2004, seven of which improved by more than eight points (Chile, the Dominican Republic, El Salvador, Nicaragua, Panama, Paraguay, and Peru) and four of which showed a more modest improvement (Colombia, Costa Rica, Ecuador, and Uruguay). Five countries earned practically the same score (Brazil, Guatemala, Honduras, and Mexico), and only one scored lower (Bolivia).
2. **Unequal development among HRM subsystems.** Overall progress is reflected unequally among the various HRM subsystems. This is reflected by the frequency of cases situated at the high development level (more than 60 points), the medium-high level (between 40 and 60), the medium-low level (between 20 and 40), and the low level (less than 20 points) (Figure 2.19).

The subsystems that register the most development in relative terms are **Work Organization, HR Function Organization, Planning, and Human and Social Relations Management**, given that more countries reach a high or medium-high score in these areas. The HR practices that have to be tackled during the first stage of the professionalization process are: guarantee basic information

FIGURE 2.19: FREQUENCY OF CASES ACCORDING TO SUBSYSTEM DEVELOPMENT LEVEL



Source: Authors' elaboration.

that enables decision making (Planning), organize the job classification systems to initiate professional public employment management (Work Organization), strengthen the civil service agency (Organization of the HRM Function), and establish a dialogue with labor representatives in order to make the process viable (Human and Social Relations Management). Likewise, these are the HRM practices where the civil service agency exerts the greatest influence and is also responsible for launching professionalization initiatives.

The practices linked to the day-to-day management of work life from hiring (Employment), progress in organization (Development), planning and performance evaluation (Performance), and payment in return for the employees' contributions (Compensation) all register a lower relative level of development in the region. Within these areas, the two greatest pending challenges are **Performance Management and Compensation Management**, where 10 and 11 cases, respectively, are in the low level of development. Difficulties persist in the region when it comes to implementing evaluation systems and overcoming unfairness and the lack of pay competitiveness in the public sector. For its part, **Development Management** has 12 cases at the low level of development, due to the difficulties of establishing systems for progressing through the organization via career or employment paths. Finally, **Employment Management** displays much better performance, given that five cases are in the highest level, which reflects the efforts of several countries to perfect their hiring systems by introducing open hiring competitions.

3. **The civil service has improved more in terms of Merit and Structural Consistency.** The Merit Index leads the way, with the region's highest average score (42 points) in this evaluation and with the highest increase in absolute terms between the two measurements (nine points) (Table 2.3). This

TABLE 2.3: CIVIL SERVICE QUALITY INDICES (REGIONAL AVERAGE)

	2004	2011/2013	DIFFERENCE
Efficiency	30	37	+7
Merit	33	42	+9
Structural Consistency	31	40	+9
Functional Capacity	29	34	+5
Integrative Capacity	27	34	+7
Civil Service Quality Index	30	38	+8

Source: Authors' elaboration.

index measures the degree of protection against arbitrariness in public employment and the dimension in which the countries that have begun to implement professionalization policies (or have invested in revitalizing them) have made the most effort.

The **Structural Consistency Index** (40 points) had a significant improvement of nine points between the evaluations. This result is a reflection of the gains in Planning and Work Organization— areas in which various strengthening programs have been implemented over the last 10 years.

In absolute terms, the **Efficiency Index** (37 points) comes immediately after, although in this case the improvement was slightly more limited than the regional average (seven points). This is mainly due to the fact that many countries find it hard to keep the burden of public employment expenditure within reasonable parameters and to establish rational incentive systems for promoting performance and developing competencies.

Finally, the **Integrative Capacity** and **Functional Capacity** indices remain at the same average level for all countries in the region (34 points), although between 2004 and 2011/13 the improvement was more significant for the Integrative Capacity Index (seven points) than for the Functional Capacity Index (five points). The former reflects the growing attention that work environment management and communication are receiving in the countries in the region, whereas the latter shows that job descriptions and hiring are beginning to use criteria that go beyond formal qualifications.

4. **Differences in terms of the vitality of the professionalization process.** Along with the levels of development achieved by the countries and the changes in scores between the two evaluations, it is worth recalling the extent to which improving HRM is a priority among countries in the region.

If events in Central America and the Dominican Republic are considered, then the general trend reveals improvements in civil service professionalization in recent years. These gains are motivated, above all, by the achievements of **Costa Rica** (which was already at the medium level of development in 2004), but also by the progress made in the **Dominican Republic** and **El Salvador**, which

continue to work actively in this direction. For their part, **Guatemala, Nicaragua, and Panama**⁴⁹ remain trapped in the tension between professionalization initiatives and political change, which hinder—or even reverse—many of the actions undertaken. Finally, **Honduras** is in the most critical situation, since in both evaluations it demonstrated a low level of civil service development, in the midst of a serious crisis of governance.

In South America and Mexico, there is a group of countries in which **professionalization processes are active and have good prospects of continuing**, although they started from very different places: **Ecuador** and **Peru** from a low baseline, **Chile** from a regional leadership position, and **Colombia** and **Uruguay** from an intermediate position in the previous evaluation. As a counterpoint to these situations, there is another set of countries that has undertaken intense professionalization processes but whose rate of progress is currently decelerating: **Mexico** and **Brazil**, in the latter case with a highly meritocratic public service staff but with few notable changes since the previous evaluation. Finally, **Paraguay**, with an intense professionalization process that was under review following the change of government in 2013, and **Bolivia**, which gave up on these initiatives several years ago, require special attention due to their low starting points.

In reviewing the aims of the region's efforts to professionalize, the ICPS is still a significant tool for professionalization policy. The countries that make these initiatives a priority on their agendas guide their efforts according to the principles of merit and flexibility enshrined in the ICPS.

With respect to the results, there have been small but significant improvements in professionalization in recent years, although part of the progress can be attributed to reforms introduced into systems that started out from extremely low baselines.

When overall civil service performance is examined, three groups can be identified according to their level of development: a large group that continues to struggle to construct the bases for a professional system and countermand the dominance of patronage practices, a medium-sized group where these conflicting trends meld into a mixed system in which professional and clientelist segments exist side by side, and a few cases where more progress has been made in building flexible meritocracies in the sense enshrined in the ICPS.

The profiles of the civil service systems examined, even within these three main categories, are very different. An appraisal of the results in terms of the relative development of HRM subsystems and

⁴⁹ Although Nicaragua achieved a net improvement between the 2004 and the 2012 surveys, it was due to the development of methodologies and instruments throughout 2008. From 2009 onward, there were no noticeable improvements in the effective use of these instruments in government agencies at the national level. Similarly, there was a concerted policy of professionalization in Panama in the period 2004–2008, which was subsequently deactivated. In Guatemala, in contrast, the situation has remained at the same level throughout the period evaluated.

civil service quality indices enables greater precision when it comes to detecting progress and the areas where improvement is still pending in the region.

Finally, the fact that the civil service is necessarily rooted in the political and institutional context means that, to design strategies and define professionalization policies, the comparative regional perspective must be complemented by a detailed analysis of the country assessments.

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Behind the Results: A Snapshot of the Progress Made and Opportunities for Enhancing the Civil Service in Latin America

Francisco Longo and Koldo Echebarría

- The human resources subsystems that record the most progress are those that depend more on the central civil service agency (Planning, for example). There are many opportunities for improving the subsystems that depend more on the line agencies, such as the Performance, Employment, and Development Management subsystems.
- Center-led advancements in professionalization are natural, considering that the initial stages of regulations, information systems, and structures tend to be more accessible than those needed to consolidate an effective and efficient system throughout the civil service.
- All indices show progress. The Merit Index shows the greatest gain and the highest score. This is followed by Structural Consistency, which also registers significant progress.

To avoid repeating the comparative analysis of the results, which is presented systematically and in detail in the previous chapter, this chapter focuses on emphasizing its most important aspects. Therefore, it will analyze the human resource management (HRM) subsystems, as well as the indices, in greater depth.

RESULTS BY SUBSYSTEMS

The main conclusion worth highlighting is that there is clear, generalized improvement throughout all subsystems, without exception. This statement, however, ignores the significant diversity of improvements among countries and the uneven distribution among the subsystems themselves.

The Most Positive Aspects

One area of improvement that deserves more positive appraisal is the progress made in the Planning subsystem. It centers mainly on enhancements to staff information systems—the basis of significant progress in any HRM area—and on the strengthening of the civil service agencies.

Strengthening planning is important, since it is an essential requirement for the strategic coherence of human resource (HR) policies and practices. This positive assessment does not ignore the fact that planning is often determined by concerns about financial restrictions or cost reductions resulting from

budgetary policies. The function of a Planning subsystem is to place HR design policies at the disposal of government strategies—whatever they might be and regardless of their intrinsic value.

One noteworthy aspect of the Employment Management subsystem is the significant extension of merit-based hiring competitions for public employment, with regard to both the frequency with which they are used and the number of countries that have adopted them. Despite the limitations that competitions may present in many cases, the fact that their use is growing is a significant indicator that the commitment to professionalizing the public service is becoming established throughout Latin America.

Another positive aspect that indicates improvement in the quality of HRM is the emergence of competency models. The assessment detects this phenomenon in both job descriptions (Work Organization) and, albeit in an earlier stage of development, hiring procedures (Employment Management). Nevertheless, the lack of interconnection between these two subsystems often gives rise to disjointed practices and reduces their impact; neither have had any positive repercussions with respect to promotion and training practices (Development Management).

Finally, among the elements related to Organization of the HRM Function, there has been progress in strengthening the civil service agencies responsible for the system. Although these central units often share responsibilities for public employment with the units responsible for implementing budgetary policies (this happens most frequently within the Compensation Management subsystem), their strength is a necessary but not sufficient condition for progress.

The assessment finds that civil service agencies are being strengthened in various dimensions: political (the range and influence of the units inside the government), strategic (the central units' capacity to take action based on an overarching view of the public employment system), technical (the introduction of specialized capacities in different areas of HR management), and budgetary (more funding available, in general, although it is frequently limited by fiscal policy restrictions).

The Main Opportunities for Improvement

The analysis of the subsystems reveals both progress and areas of limited development among the countries. The following shortcomings are the most noteworthy:

- With regard to Employment Management, the steps forward in civil service recruitment are not clear when analyzing practices related to job mobility and dismissal. These areas still show signs of excessive rigidity and have not been significantly addressed by the recent reforms.
- Performance Management continues to be a clearly deficient subsystem. Although there has been some improvement, it is weaker than the other subsystems and progress is limited to certain efforts by civil service agencies to build centralized performance evaluation systems (generally with limited results). Numerous challenges remain in defining the aims connected to institutional strategy and in

devising suitable measurement indicators. Mainly, however, what is still lacking is effective commitment by the service providers and their managers. This means that evaluations are frequently routine and formalistic, with a tendency toward homogeneity in individual evaluations.

- With regard to Compensation Management, lack of strategic coherence is the main shortcoming revealed in the assessment. This translates into pay policies that are at odds with government priorities. Furthermore, excessive wage compression frequently keeps earnings down among the high grade employees where specialized talent, as well as managerial capacity, is concentrated. The result is a loss of pay competitiveness and more difficulty attracting qualified professionals.
- Development Management is another subsystem with limited improvement. Here, the main challenges are improving equity and transparency in the promotion process by combining hierarchical with competency-based advancement and by designing training processes that are more strategic and easier to evaluate.
- With regard to Organization of the HRM Function, the improvements in civil service agencies mentioned above have not been matched by similar progress in two very important areas. The first is strengthening the HR units in the agencies and public service organizations. The second is developing the management function, which, with some exceptions, continues to show signs of weakness in the professionalization process and limited commitment to management-related tasks by the responsible parties.

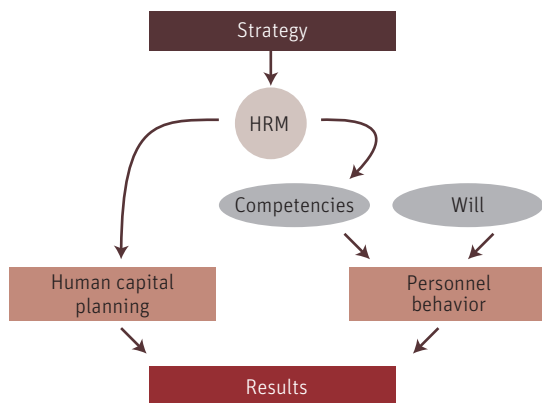
Where Improvements in the HRM Subsystems are Concentrated

Figure 3.1 shows the development of the theoretical model that underpins the analytical model on which the assessment is based (Longo, 2004b). It shows how HRM can create value for the organization or for the multi-organizational system in which it operates by having an impact in two basic areas.

The first of these areas is human capital planning—both quantitative and qualitative—which implies ensuring that staffing levels are correctly set (in other words, neither under nor over-staffed) and that employees have the right qualifications to carry out the tasks entrusted to them.

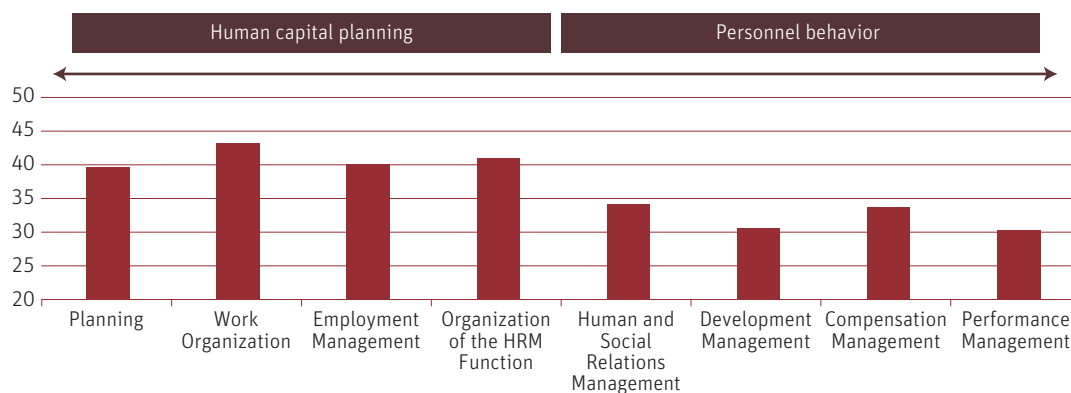
The second area relates to personnel behavior, which means ensuring that individual conduct is in accordance with what is expected in each case, and that the civil servants are capable of helping to achieve the desired results.

FIGURE 3.1: HOW HRM CREATES VALUE



Source: Longo (2004a).

FIGURE 3.2: IMPACT OF THE SUBSYSTEMS ON VALUE CREATION AREAS



Source: Authors' elaboration.

This conduct depends on two variables, which HR policies should seek to promote: having the right skills for the position and being sufficiently motivated to guarantee the necessary effort.

Therefore, if the subsystems analyzed are classified according to their impact on these two core value-creating areas and are placed on a continuum on which these two variables are at the opposite extremes, the resulting positions will be those shown in Figure 3.2. Thus, the Planning subsystem is the one that has the most impact on HR planning, which means that it appears closest to this variable, whereas Performance Management is situated at the other extreme, as it exerts the greatest influence on personnel behavior.¹

It is notable that when the average scores obtained in the assessment of the 16 countries of the region evaluated between 2011 and 2013 are incorporated into this continuum, the subsystems whose impact tends to be concentrated near the first variable have achieved substantially greater development than those whose influence is greater on the second one. Thus, a decreasing straight-line sequence is observable, with a single exception. This distribution is repeated if, instead of using scores, the number of countries recording a high score in each subsystem is used, according to the analysis carried out by Iacoviello and Strazza in Chapter 2 herein.

Based on the above, it is clear that advances in professionalization seem to be concentrated in employment management policies and the people who are more concerned with general and systemic aspects, and less in those that shape how effectively civil servants operate in their respective service

¹ Although the Planning subsystem is more associated with HR planning, given that this is the way it operates in Latin America, this function might have an impact on policymaking by establishing competencies or aspects of motivation, which are more related to behavior.

environments. As demonstrated below, this inference is consistent with the literature and with some of the conclusions drawn from the analysis of the indices.

RESULTS BY INDICES

All five indices defined in the evaluation methodology showed improvement during the period between 2004 (IDB, 2006) and 2011/2013, according to the data obtained from the assessment. It is possible to identify the points where the improvement is concentrated in each by summarizing the analysis of Iacoviello and Strazza in Chapter 2 herein.

The gains in the Efficiency Index are concentrated in improvements to the *staff expenditure/total public expenditure and staff expenditure/GDP* ratios—due in part to the region’s improved macroeconomic and fiscal situation, as mentioned in the introduction—as well as to a clear evolution of human capital toward reaching higher skill levels.

The improvement in the Merit Index is fundamentally related to the aforementioned extension of merit-based hiring competitions. This process, however, has been slightly tainted by the fact that only in some cases are they completely open, widely publicized, and genuinely competitive, as well as by the widespread use of temporary or precarious service contracts, or simply because the competitions were not governed by meritocratic criteria.

The Structural Consistency Index shows significant improvement in information systems and in job classification, as well as advances in the planning and strengthening of civil service agencies. The assessment also identifies improved organization of pay structures, which includes progress on internal equity.

The higher scores on the Functional Capacity Index are the result of the increasing inclusion of competencies in job descriptions and their use, although still at an early stage, in the hiring process. The implementation of performance evaluation systems by civil service agencies also had a positive impact.

Finally, the Integrative Capacity Index has improved as a consequence of greater concern for strengthening the work environment and internal communication. The development of new tools to improve labor relations has had a positive effect on integrative capacity, although, in some cases, they have failed to prevent occasional labor disputes.

The Indices and the Performance of the Various Actors in the System

Based on experiences in Latin America and consistent with recent analytical studies of institutional reforms (e.g., Andrews, 2009 and 2013; Pritchett, Woolcock, and Andrews, 2010), it is often easier to introduce *de jure* changes or regulations driven by the central civil service agency than to ensure they are

TABLE 3.1: SELECTED CRITICAL POINTS AND THE POSSIBLE IMPACT OF THE CENTRAL AND LINE AGENCIES BY INDEX

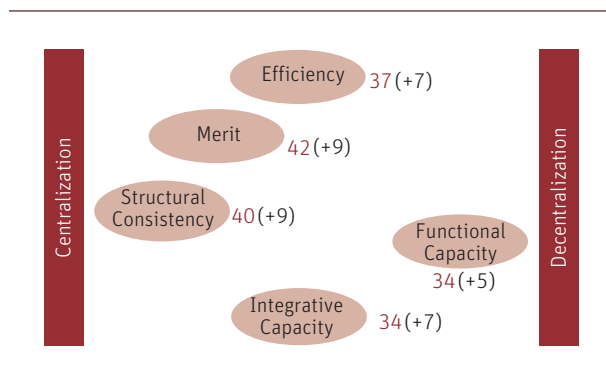
INDICES				
GREATER CENTRALIZATION		GREATER DECENTRALIZATION		
STRUCTURAL CONSISTENCY	MERIT	EFFICIENCY	INTEGRATIVE CAPACITY	FUNCTIONAL CAPACITY
Staff planning aligned with government planning	Open, merit-based hiring	Under or over-staffing	Knowledge of the work environment	Adequate workforce technical skills
Central services create value	Procedures and mechanisms to prevent arbitrariness	Wage bill costs	Agreement-based labor relations	Inclusion of key competencies in job descriptions
Information systems provide reasonable knowledge about the workforce	No dismissals for political reasons	Pay differential between the public and private sector	Manageable level of labor conflict	Staff performance evaluated by the organization
Classification based on rational criteria		Evaluation of training cost effectiveness	Communication tools for reinforcing a sense of belonging	Promotion criteria and mechanisms linked to performance and potential

Source: Authors' elaboration.

implemented by the line agencies, which are largely responsible for executing public management and administrative policies. In the case of the civil service, although no exclusive role can be attributed to the central or line agencies in the indices, if the critical points of each index are considered, the relative importance of each type of agency is quite different (Table 3.1).

As Table 3.1 shows, achieving results in the Structural Consistency Index is overwhelmingly linked to performance by the centralized agencies (basically, the civil service agencies of the public service system). On the other hand, results

FIGURE 3.3: RELATIONSHIPS OF THE INDICES TO MANAGEMENT CENTRALIZATION OR DECENTRALIZATION



Source: Authors' elaboration.

in the Functional Capacity Index are primarily related to the actions of line ministries, such as HR units, and to those of line managers. The Merit, Efficiency, and Integrative Capacity Indices would be situated along the *centralization-decentralization* continuum. Therefore, if this arrangement is compared to the aggregate scores for each index (numbers in red in Figure 3.3) and to the progress between 2004 and 2011/2013 (numbers in parentheses in Figure 3.3), the indices related to central agencies performance receive, in general, higher scores and improve more than those linked to the actors from the line agencies.

As previously indicated, these conclusions are consistent with the analysis carried out for the subsystems. The improvements seen in the Planning subsystem usually proceed from the central areas, meaning that the lower influence on human behavior is fundamentally attributable to the performance of units and management in line agencies.

MAIN CONCLUSIONS OF THE ASSESSMENT

After a comparative analysis of the 2004 and 2011/13 evaluations, the first noteworthy conclusion is that Latin America is advancing in the professionalization of public employment. Progress, however, is limited and affects different countries in significantly uneven ways. This unevenness, however, has not increased in the last decade, given that the degree of dispersion (the distance between the countries with the highest and the lowest scores on the aggregate index) has remained constant: 67/12 compared to 64/11. None of the countries analyzed has significantly regressed, although some continue to achieve only modest and precarious levels of professionalization, which seriously undermines their institutional solidity.

Notable Improvement and Progress Pending

As mentioned, improvements are concentrated in those aspects that operate mainly in the centralized agencies, primarily as a consequence of their reinforcement. This strengthening is both a symptom and a cause of the greater awareness that professionalization is an important issue for governments. Although there are significant differences between countries on this point, it is clear that professionalizing the civil service is higher on the public agenda now than it was in 2004.

Strengthening the centralized agencies, however, is a necessary but not sufficient condition for progress. Professional public employment management requires policies and practices that are duly coordinated between the government's strategic leadership, the responsible central institutions, the specialized HR units in the public agencies, and the managers in charge of them. Without this coordination, professionalization will develop unevenly, which could lead to stalled or failed processes.

The advances made in Planning are among the systemic improvements worth highlighting. These are mainly attributable to strengthening information systems. In general, progress has been most

evident where resources have been invested in improving quantitative knowledge of public employment, identifying the different administrative and contractual situations, organizing staff and pay levels, and designing systems to effectively maintain and update information. As previously mentioned, progress in this field is an indispensable condition for achieving strategic coherence throughout the management system.

The Merit Index has largely remained the same, and has fallen in only a few countries. However, a large majority still fails to achieve a positive rating, which is fundamental when it comes to taking professionalization seriously. Moving beyond clientelism and political patrimonialism in public employment continues to be a challenge in the region. To employ a substantive rather than a formalistic notion, in terms of merit, the advances need to combine regulations, capacities, and culture. Those countries that already boast meritocratic regulatory frameworks still face significant challenges in the other two areas.

The weakest subsystems with the least progress (Performance, Compensation, and Development) are related to HR practices and policies that are connected to the least satisfactory of all the indices: Functional Capacity. This index concentrates the critical points that are most closely linked to the management of talent, commitment, and performance. In other words, it is still difficult to translate the improvements noted into an effective capacity to influence HR policies on personnel behavior.

This is, without a doubt, the most complex challenge and the most difficult one to solve, given that it does not imply designing new regulations or changing structures and procedures. Rather, it is about instituting and developing advanced workforce management systems in civil service agencies and in the specialized HR units that support them.

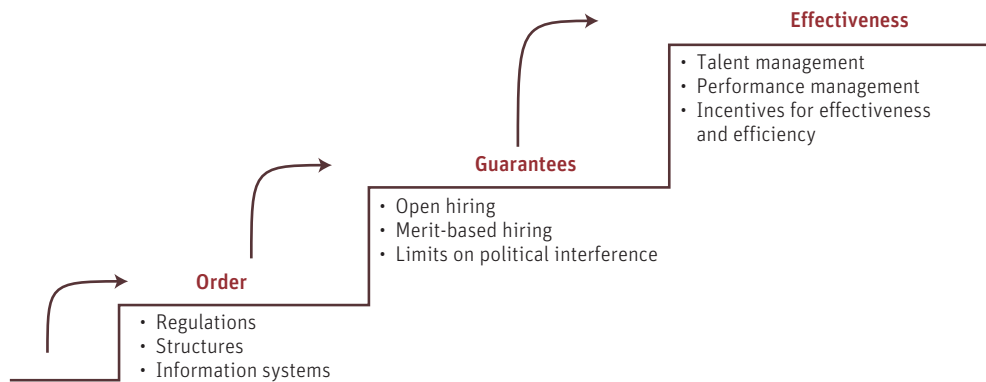
The Professionalization Ladder

The above seems to suggest that progress in professionalizing civil service in Latin America is not developing in a linear and gradual sequence, but rather in a discontinuous fashion, in which each segment encounters an even greater difficulty. This means that initial gains can often come faster than later ones.

Figure 3.4 illustrates this discontinuous sequence in the form of a ladder. The first step, which is relatively lower and more accessible, would be formed by those initiatives and measures that are basically aimed at organizing the system. Becoming aware of the often fragmentary and chaotic nature of public employment, controlling its main flows, and installing the necessary capacity to manage it would be the main objectives of this initial phase. Establishing regulations, redesigning structures and processes, and building and developing information systems are the ideal instruments for achieving these objectives.

Getting beyond the first step is neither easy nor cheap, but it does imply dealing with formal and tangible instruments, installed capacities (or those that might be installed in the near future), and resources that might be available or could be obtained with external support. Therefore, when action is taken in the right direction, progress can be relatively quick.

FIGURE 3.4: THE PROFESSIONALIZATION LADDER



Source: Authors' elaboration.

The second stage involves building and introducing basic merit guarantees. This step is considerably higher, which is due to the fact that establishing open, competitive, and merit-based hiring, as well as the remaining conditions that are safeguards against clientelism, nepotism, and political patrimonialism implies overcoming inertia and traditions that are still deeply rooted in many countries.

Although formal instruments such as regulations and competitions further this objective, ensuring that these instruments are not abused implies tackling areas that are less tangible and more challenging and resistant to change, such as the rules that govern political operations or the dominant traditions in social culture. In other words, in this phase, the political economy of reform is decisive, and managing change becomes a central element of the professionalization processes.

The third step implies achieving effective operation. It also implies the transformation of formal merit into material or substantive merit. Furthermore, it means that the technical capacities of civil servants must be translated into real behavior, which translates into better service provision for citizens. To achieve this, advanced HR practices should be introduced into the public service system and to the organizations that comprise it. These practices include competency-based management, performance evaluations, variable pay scales, and horizontal promotion, among others. It also means introducing career mobility and flexible guidelines that are compatible with merit guarantees in the employment relationship itself.

One of the greatest difficulties faced by reformers with respect to this point is that, as previously mentioned, they are obliged to evolve toward decentralized public employment management designs and to associate the effort to professionalize with actors, such as the managers in charge of the service-providing units, who are often removed from the process in the previous stages but who then become

indispensable if progress is to be made. All of these difficulties mean that this step is at the highest level, where progress is the most costly and the task of overcoming difficulties moves slowly.

The increasing difficulty in climbing the professionalization ladder provides certain insight into the slow progress—which the assessments clearly reflect—in those institutional environments that, having achieved the most basic objectives in a reasonably satisfactory way, currently find themselves facing even more difficult challenges.

All countries, of course, face the challenges encountered in the three stages, and it is not possible to break down the professionalization strategies by taking a mechanical view of the stages. However, the scheme should clarify some of the dynamics of the process and provide guidance for reformers about what the principal focus of their concerns and initiatives should be at each step.

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Strategies to Modernize the Civil Service in Latin America

Juan Carlos Cortázar Velarde, Mariano Lafuente, and Christian Schuster

- Understanding the dynamics of the reform process is crucial to increase the probability of success in the future. In the last decade, three areas on the civil service agenda have undergone important reforms—with varying results—providing interesting cases for analysis: (i) professionalization of the senior civil service cadre (Chile, Peru, and Uruguay); (ii) introduction of safeguards against politicization (the Dominican Republic and Paraguay); and (iii) reform of compensation management/public pay policy (Costa Rica, Honduras, and Paraguay).*
- The main lessons learned for increasing the chances of successful civil service reforms are: (i) to promote cooperation between the civil service agency and the fiscal institutions, and build broad pro-reform coalitions in the Executive branch; (ii) to design gradual reforms that take into account both the possibilities and the technical and political limitations in each national context; (iii) to prioritize effective improvement of human resource management (HRM) practices rather than merely perfecting the legal framework; (iv) to enhance the technical capacity for reform, both in the central civil service agency and in the HRM units of the sector agencies; (v) to promote pro-reform political incentives; and (vi) to promote learning through continuous review and adjustment of reform measures.

After an examination in detail of how the civil service in Latin America has evolved by comparing two “snapshots” in time, one in 2004 and another between 2011 and 2013 (depending on the country), this chapter presents an analysis of specific reform experiences, emphasizing their political economies. Despite the benefits of professionalizing the civil service (see Chapter 1) and recent progress in the region in certain aspects (see Chapters 2 and 3), the major reforms have yet to be successfully implemented in Latin America or, for that matter, in most developing countries. This is explained in part by the technical and political challenges inherent in civil service reform and institutional reform in general (Andrews, 2013; Pritchett et al., 2010; World Bank, 2008).

*This chapter draws in part on the technical notes describing the reform processes carried out in the Dominican Republic (Schuster, 2014a), Paraguay (Lafuente and Schuster, 2014), and Peru (Cortázar Velarde, 2014).

This was the motivation for a range of studies on the political conditions that either facilitated or hampered civil service reform (see, for example, Folke et al., 2011; Lapuente and Nistotskaya, 2009; Schuster, 2014b). However, few studies have examined the processes that enable public administration reform to be pushed forward (Echebarría and Cortázar Velarde [2007] and Grindle [2012] are among the notable exceptions), despite the importance that lessons on *how* to successfully manage the processes of civil service reform might have for the region.

Given the nature of civil service reform, there are various obstacles. For example, collective action presents tough challenges when it comes to mobilizing the ultimate beneficiaries—in other words, the citizens who would benefit from improved public services—in favor of the reform. At the same time, those who benefit from the status quo tend to be better able to mobilize against reform, driven by the fear of losing their privileges. The multiple veto points—within the Executive branch, the Legislature, the Judicial branch, or the bureaucracy—during reform development, approval, and implementation offer multiple opportunities for opponents to block, dilute, or reverse the changes. Consequently, successful reforms require creative strategies to mobilize those backing them, neutralize the opposition, and avoid a possible veto. Thus, the lessons that can be drawn from studying the dynamic and the strategy of reform processes in the region will be particularly useful in guiding future civil service modernization efforts.

This chapter identifies some of these lessons by comparing eight recent reform processes. It is based on case studies that contain information gathered from more than 200 semi-structured interviews with key actors in the reforms, the authors' experience providing technical assistance in these cases, and a review of the secondary literature available for each case. It therefore draws on sources of information that are parallel to those used to evaluate the different subsystems and indices analyzed in Chapters 2 and 3.

The experiences selected provide general lessons on civil service reform processes and identify specific lessons about three particularly significant areas of reform: professionalization of the senior civil service cadre, the introduction of safeguards against politicization of the civil service, and pay policy reform. The choice of these three areas is justified by their high impact on improving public sector performance, the wide variety of recent reform initiatives in these areas, and the pending challenges that they represent for many countries in the region.

For each of the aforementioned areas of reform, the chapter looks at selected experiences that have taken place over the last decade.¹ It is worth highlighting that the countries selected are not the only ones in the region with experiences in these areas and that modernization initiatives were not necessarily confined to them. Overall, however, these cases encompass a significant proportion of civil service reforms

¹ Case selection was carried out according to the theoretical and practical relevance of each experience for the area of reform in question, counterbalanced by the significant limitations of the information sources, which led to the inclusion of experiences about which there were previous extant studies and/or with which the authors were directly acquainted.

TABLE 4.1: SELECTED COUNTRIES AND REFORM PROCESSES

TYPE OF REFORM	PROFESSIONALIZATION OF THE SENIOR CIVIL SERVICE CADRE	SAFEGUARDS AGAINST POLITICIZATION OF THE CIVIL SERVICE	PAY POLICY REFORM
Selected cases	<ul style="list-style-type: none"> • Chile (2003–13) • Uruguay (2005–10) • Peru (2008–13) 	<ul style="list-style-type: none"> • Dominican Republic (2004–13) • Paraguay (2008–12) 	<ul style="list-style-type: none"> • Costa Rica (2006–13) • Paraguay (2008–12) • Honduras (2010–13)

Source: Authors' elaboration.

undertaken in the region in the last 10 years (see Table 4.1). The analysis that follows is based, for three of the cases, on technical notes that examine the reform processes in detail based on primary and secondary sources (the Dominican Republic [Schuster, 2014a], Paraguay [Lafuente and Schuster, 2014], and Peru [Cortázar Velarde, 2014]). For the remaining cases, the chapter is based on the authors' first-hand experiences, complemented by interviews with the actors involved and the limited literature available.

The chapter is organized in three sections. Section 1 analyzes the processes to develop and implement a professional senior civil service cadre in Chile, Uruguay, and Peru. Through an analysis of reforms undertaken in the Dominican Republic and Paraguay, Section 2 examines the safeguards against politicization of the civil service. Finally, Section 3 discusses the pay policy reform in Costa Rica, Paraguay, and Honduras.

PROFESSIONALIZATION OF THE SENIOR CIVIL SERVICE CADRE: LESSONS FROM CHILE, URUGUAY, AND PERU

The senior civil service is strategically important with respect to state capacity. It is responsible for designing and implementing public policies, and it functions as a coordinating mechanism between elected politicians and the civil service. In addition to its strategic importance, satisfactory management of the senior civil service cadre calls for striking a balance between various aspects of civil service system quality: *responsibility* (to elected authorities, meaning that policies respond to the mandate bestowed by the citizens), *autonomy* (in the face of political interests and power groups, to safeguard the neutrality of state action and guarantee citizens' rights in the face of possible government arbitrariness), and *technical capacity* (indispensable for the proper exercise of the executive function).² Although the widespread tendency to reserve most—or even all—senior executive positions as positions of political trust might

²With regard to these aspects of quality, see Echebarría and Cortázar Velarde (2007).

strengthen the sense of responsibility for the mandate received, it goes against the fact that senior executives should enjoy a reasonable amount of autonomy in the face of political power and very often fails to guarantee that they will possess the qualities needed to run complex organizations.

Professionalization of the senior civil service cadre seeks to weaken the consequences of having executives with little autonomy and insufficient abilities, while ensuring that they coordinate satisfactorily with the agenda of the incumbent authorities. At the same time, it seeks to counteract the lack of policy continuity within a context of changing leaders and fragmented departmental agendas.

Focusing professionalization on a distinct, differentiated senior executive level is a relatively recent innovation in the public sector management agenda. The United States was the first country to adopt this approach, through its Senior Executive Service Cadre in 1979. Since then, more than 75 percent of Organisation for Economic Co-operation and Development (OECD) member countries have introduced a formally differentiated senior executive service (Lafuente, Manning, and Watkins, 2012). At the same time, the organizational designs adopted for managing the senior executive level vary between countries; hence, there are noticeable differences in, for example, administrative cultures and constitutional potentialities (OECD, 2008). Despite the diversity of possible organizational designs, senior civil service cadres continue to be limited in Latin America. In addition to the technical complexity of a professional senior executive system, the political system usually resists measures that, over the long term, will reduce its influence in choosing the people who exercise executive functions.

Perhaps because it is a relatively recent phenomenon, there is no index or subsystem in the Ibero-American Charter for Public Service (ICPS) exclusively dedicated to professionalization of the senior civil service cadre. It is, therefore, useful not only to identify the processes and factors that might induce leaders to accept limitations on their own discretionary powers when it comes to appointing senior executives and to subject a proportion of the senior civil service cadres to merit-based hiring, but also to analyze recent experiences in the region that have focused on this reform. The following is an examination of the recent reforms in Chile, Uruguay, and Peru.

Chile: Effective Implementation of a Radical Reform of the Senior Executive Service Cadre (2003–13)³

The most recent process of civil service reform in Chile got underway with the passage of the New Labor Relations Law (*Ley de Nuevo Trato Laboral*) in 2003. The formulation of this law dates back to an agreement reached in 2001 between the Budget Office (*Dirección de Presupuestos*, or *DIPRES*) of the Ministry of Finance, and the National Association of Fiscal Employees (*Asociación Nacional de Empleados Fiscales*). The draft legislation was strongly supported thanks to a political pact between the government and the

³This section is based on Cortázar Velarde (2011), Costa and Weissbluth (2007), and Garrido Vergara (2010).

opposition parties in response to accusations of corruption and cases of irregularities related to the payment of off-budget top-ups to senior public servants. The pact resulted in a modernization of the State agenda that included setting up a Senior Executive Service System (Sistema de Alta Dirección Pública, or SADP). The idea of an SADP had been under consideration since the 1990s in academic circles and think tanks, as well as in certain government arenas, such as the Modernization of the State Program. The proposal was strongly influenced by public service systems in the Anglosphere countries and was taken up as part of the modernization agenda, which sought to reduce the discretionality associated with senior executive appointments. Instead of drafting entirely new legislation, the SADP was included in the draft of the New Labor Relations Law that was already making its way through Congress. Thanks to cross-party support for the political pact, the law was passed in 2003. The law also created, within the supervision of the Ministry of Finance, the National Directorate of the Civil Service (Dirección Nacional del Servicio Civil, or DNSC), responsible for managing the new system via the Deputy Directorate of the Senior Executive Service. The new system included the following elements:

1. The Senior Executive Service Council (Consejo de Alta Dirección Pública, or CADP), presided over by the director of the DNSC, and made up of four members nominated by the President of the Republic and ratified by the Senate of the Republic, which is responsible for nominating between three and five candidates for first- and second-level senior executive positions.
2. Political authorities that can select a candidate from the nominations made by the CADP, or reject the entire slate.
3. A special recruitment and selection mechanism, open to candidates from both inside and outside the public sector, led by the CADP and operationally managed by the DNSC.
4. A new contractual regime, by which senior executives can hold a management position for a period of three years (twice renewable), but are also subject to dismissal by the political authorities, in which case the replacement would have to be selected by the CADP.
5. A performance agreement associated with a special allowance, a small variable pay component linked to compliance with the Agreement, signed by top-level senior executives and the corresponding ministers.

One important assumption of the system was that the senior executive positions were those responsible for implementing public policies, on the understanding that policymaking was the responsibility of politically trusted civil servants.

Implementing the new system required many new tasks. First, DIPRES identified the services or agencies to be included in it. The law included 100 public agencies (of the 141 existing ones at the time) in the new system, which had a total of 750 senior executive management positions (99 first- and

651 second-level).⁴ Of these, 415 were to be immediately incorporated into the new system while the rest were to be incorporated gradually by 2010. The DNSC met its goal of selecting these senior executives, albeit with some difficulty in the healthcare area, where mandatory exclusive dedication to the health service proved a disincentive to many doctors who would normally also have private practices. In 2007, due to a management crisis in Chiledeportes that was widely reported in the media, all of the services covered by the law entered into the system ahead of time.

Preparing job profiles for candidate selection was the second task of implementation. A competency-based approach was adopted (rather than the traditional approach centered on technical knowledge), and generic profiles emphasizing management and managerial capacities were developed. In its early years, implementation was characterized by a steep learning curve for the DNSC and by efforts to refine and simplify senior executive position profiles based on lessons learned, combining generic competencies related to executive or managerial capacity with specific competencies for the positions open to competition.

Third, the CADP and the DNSC designed and implemented a recruitment and selection system that included the following:

1. A job announcement published in the press and the hiring of headhunting agencies.
2. An online application system, which prevents the DNSC and the CADP from finding out candidates' identities during the initial stages of the selection process.
3. Private firms hired to preselect and draw up a list of 10 to 20 candidates to be interviewed by the CADP before drawing up the final list of nominees⁵ to be sent to the respective authorities.
4. A model for performance agreements between senior executives and the corresponding ministers, using indicators from the Management Enhancement Program (Programa de Mejoramiento de la Gestión), among other elements. These agreements frequently turned into formal compliance, although without incorporating adequate indicators that would reveal the results of management efforts.

In December 2010, the SADP covered 915 senior management positions (corresponding to levels I and II). Of the total number of civil servants in executive roles (positions of trust, the SADP, or level III managers), the SADP represented 20.7 percent. Since 2003, the positions included in the SADP that had been open to competition increased from only 4 percent to 80 percent. At the same time, staff turnover remained relatively low, with the exception of a rise in 2010 caused by a change in the ruling political coalition. Therefore, whereas between 2006 and 2009 removals of level I senior managers reached a maximum of 8 percent per

⁴Under Chilean legislation, the term “public services” is given to those state agencies that directly provide services to citizens. The ministries and sub-secretariats are responsible for policymaking, and the services fall under them.

⁵For level II senior management positions, the interview is conducted by the Selection Committee, on which a representative of the CADP sits.

year, and just 4 percent per year for level II managers, 64 percent and 24 percent of the managers in each level, respectively, were removed in 2010.⁶ This situation triggered a debate about the SADP's sustainability within a context of political change, leading the government to draft legislation aimed at improving senior executive service. It included measures for increasing the permanence of level II senior managers, improving the senior executive agreements, and strengthening the DNSC's role and capacity.

Finally, with regard to the SADP's impact on improving service delivery in its first years of operation, an empirical study in the healthcare area revealed—controlling for other variables—that there was effective improvement in hospital management in those establishments that fell under the SADP, compared to those not in the system (Lira, 2012). Although this example is highly significant due to the number of positions in the health sector, at the beginning of 2014, the benefits of the senior executive service system to the Chilean public sector had yet to be documented.

Uruguay: Reform of the Senior Civil Service as part of an Overall but Impracticable Reform (2005–10)⁷

In 2005, the Frente Amplio took office after promising substantial improvements in the civil service as part of its platform. The National Budget Law (Ley de Presupuesto Nacional, 2005–09) mandated that the central government develop an integrated system organized around a new pay scale and restructure the civil service. The law empowered the Planning and Budget Office (Oficina de Planificación y Presupuesto, or OPP), the National Office of the Civil Service (Oficina Nacional del Servicio Civil, or ONSC), and the Ministry of Economy and Finance (MEF) to advise the President and the Council of Ministers on reform of the State policy, specifically, public administration reform.

In 2006, in a move to bestow greater political significance on public administration reform, President Vázquez presented general guidelines to his cabinet ministers, describing it as “the mother of all reforms.” One year later, the OPP presented its reform proposals, emphasizing worker participation. For the government, gaining the support of public sector trade unions was of paramount importance, since civil servants make up a large share of its power base.

For its part, in 2005 the ONSC requested technical and financial support from the Inter-American Development Bank (IDB) to assist it in taking on the role assigned to it in the National Budget Law. Among the most significant problems identified were: (i) the workforce structure and the career civil service system were too rigid and hardly merit-based, and (ii) the compensation system was not fully consistent with the job structure and acted as a disincentive to senior civil servants. To solve these problems, the

⁶The following year, dismissals among level I managers fell by 6 percent and by 11 percent among level II managers. A similar scenario occurred in 2014 with regard to staff turnover, when there was a change in the governing coalition, which prompted a heated debate on this issue.

⁷This section is based on Narbono, Fuentes, and Rumeau (2010), Panizza (2010), and Ramos and Scrollini (2013).

ONSC proposed developing a new employment structure organized around an appropriate pay scale, via the so-called Integrated Compensation and Employment System (Sistema Integrado de Retribuciones y Ocupaciones, or SIRO). This proposal was based on an experience previously implemented by the Frente Amplio in the Municipality of Montevideo.

To prepare the SIRO, the ONSC drafted a new structure that included a job classification table and a job descriptions manual based on an assessment of the jobs in the civil service at the time. A new pay scale was drawn up based on an assessment of the current compensation system and organized in conjunction with the occupational structure, which had to be coordinated with the MEF and the OPP.

In the new career structure, the previous category of highly specialized jobs (Cargos de Alta Especialización) was replaced by senior civil service grades (Alta Conducción), which became the highest positions in the civil service career. These were the civil servants that assumed responsibility for management and advising, beneath the first level of the administrative structure comprising positions of trust held by executive unit managers (Directores de Unidades Ejecutoras). Members of the senior civil service cadre would therefore be below the political level, which is where decision making on policies and services took place, without there being a significant degree of differentiation between the functions of formulating and delivering services in the civil service. With regard to design, it was decided that the new sub-rank would consist of four grades, to be added above the highest existing grades.⁸ The first grade (grade 17) would be accessible from any of the other ranks, via competition, whereas the other three (grades 18 to 20) were considered to be functions (not jobs), and could only be competed for from grade 17.

The competition system chosen was the three envelopes system, in which each position would have three simultaneous public job announcements, the first inside the agency with the vacancy, the second inside the civil service, and the third open to any candidate. If in the first announcement the ideal candidate was not found, then it would pass to the second and thereafter to the third. To gain access to the senior management sub-rank, the SIRO would require the candidate to have a specialized background and hold a master's degree in public administration. To perform the functions of grades 18 and above, exclusive dedication was required, as well as a signed performance agreement, and the individual was subject to a decrease in pay if its objectives were not achieved. In the event of an unsatisfactory evaluation, the senior manager would return to grade 17, and thereafter undertake complex but not executive functions. In this way, the guarantees of stability that an administrative career offers could be balanced with incentives for better general performance.

Congress approved the creation of the SIRO as part of the Accountability Law (Ley de Rendición de Cuentas) in 2006. By virtue of this mandate, the ONSC began the process of regulating the law and designed the process whereby employees could move from the old system to the new. The OPP suggested

⁸ Before the SIRO was established, the public administration career was comprised of 16 grades.

that this transfer would be impossible until each agency in which the new system was implemented had completed its organizational restructuring. Therefore, the jobs and organizational units would first be defined, followed by the required numbers of staff and job profiles and, finally, steps would be taken to begin the change from the old system to the new. However, the civil service's lack of a systematic restructuring plan and the agencies' delay in tackling the process meant that the SIRO could not, in practice, be implemented.⁹ Added to the lack of support from the agency's senior civil servants were critical voices from the trades unions, who claimed to have had little participation in the SIRO formulation process.

However, the senior civil service cadre was completely new and it managed to avoid the relative restrictions of the restructuring. Using the three envelopes method, it was determined that 87 positions needed to be filled. In any case, the ONSC lacked the capacity to develop a complete and homogenous profile design, draft the tests and set up the evaluation panels in each ministry, and seek the support of the OPP and the MEF. Finally, ad hoc negotiations between the central agencies and each ministry became the order of the day, resulting in competitions being declared for 54 positions. The public job announcement was heavily subscribed, with 1,131 candidates participating; however, only 31 positions were filled. Although the job descriptions manual was published in 2008, the SIRO project was, in practice, discontinued. In the case of the senior civil service cadre, the National Budget Law of 2010 finally abolished the positions that had not yet undertaken the competitive process.

Peru: The Limited, but Practical, Reform Option (2008–13)¹⁰

The reform process in Peru got underway after a congressional initiative in 2007 to introduce a draft Public Employment Law (*Ley del Empleo Público*), which consolidated the idea of a closed and rigid civil service career. The initiative provoked the government's fear that significant pressure would be exerted on the fiscal budget by the incorporation of a large number of temporary contractual workers into the public service. Faced with this risk, the President urged the Cabinet to draw up an alternative proposal. The labor minister took the lead because of his long experience in employment matters, setting up a panel of experts and requesting assistance from the IDB through its Modernization and Decentralization of the State project.

In 2008, the panel of experts concluded that, given the history of frustrated reform attempts,¹¹ it would be more appropriate to undertake a less ambitious reform program. Two priority aspects were highlighted: renewing the senior civil service and establishing an agency with the capacity to lead the reform. With regard to the first point, and taking the reform in Chile as a reference point, a recommendation

⁹The Ministry of Housing completed the necessary reconstruction but still, however, decided to maintain its old staffing structure.

¹⁰This section is based on Cortázar Velarde (2014) and Corrales (2010).

¹¹Between 1995 and 1997, President Fujimori gave up on attempts to push forward his ambitious reform program (Cortázar Velarde, 2007). In 2004, Congress approved the Public Employment Law (*Ley del Empleo Público*), which, however, had little impact on effective public service management, as the combination of specific regulations envisaged by the Law was never approved.

was made to introduce transparent and meritocratic processes for selecting mid-level managers. Since it was not feasible to clearly differentiate the positions of trust from the professional positions at the senior civil service, a special cadre of public managers was proposed, similar to the Government Administrators Corps (Cuerpo de Administradores Gubernamentales) set up in Argentina in the 1980s. The importance of establishing an agency with executive power to lead the reform was also stressed.

The labor minister gathered support from Cabinet colleagues and met with the head of the Presidency of the Council of Ministers (PCM), the MEF, and President Alan García. During the meetings, the proposal regarding the cadre of public managers focused on the positions directly responsible for executing public investment.¹² Added to this idea was the insistence on establishing a fixed and known cost for the new cadre, with the lowest possible fiscal impact. The meetings achieved both involvement by the Public Management Secretariat in the reform design process and the explicit support of the MEF.

The legal strategy agreed to was to draft a decree for each of the five measures proposed to avoid extensive legislation where a veto of one aspect in particular could obstruct the legislation as a whole. Finally, it was decided to use the legislative powers delegated to the Executive branch by the Free Trade Agreement with the United States, as they included general modernization of the State measures.

The team of experts drafted the decrees, and it was decided that the new agency should be an independent organization, since its mission was to guarantee meritocratic selection for the public managers cadre. The Executive Power Law (Ley del Poder Ejecutivo) established that the Specialized Technical Agency (Organismo Técnico Especializado) would become the lead civil service agency for both the central and subnational governments. The Board of Directors (whose members would be chosen by the President) would be made up of public management and HRM specialists. As a way of guaranteeing its technical independence, it was suggested that renewal of the Board members' terms should be staggered and that the grounds for removal and incompatibilities should be clearly defined beforehand.

With respect to the Public Managers Cadre Decree (Decreto sobre el Cuerpo de Gerentes Públicos), the idea was to progressively select a group of professionals to be trained in public administration and expenditure execution, who would take up mid-ranking management positions in state agencies within a new career and pay framework that would be applicable only to these positions. The "professional cadre" model was chosen because it was considered that, without the support of a technical agency other than the destination institution, managers would find it hard to improve management in the destination institutions or to exercise the autonomy that a professional senior civil service requires. Members of the Public Managers Cadre would be rotated through various jobs over time, while maintaining their

¹²The slow execution of investment expenditure was a notable and frustrating problem for the President, given the greater availability of resources due to economic growth (GDP grew in 2007 and 2008 by 8.9 percent and 9.8 percent, respectively), as well as to mining revenues. Therefore, although the investment budget increased by 72 percent between 2007 and 2008, reaching US\$8.6 million, only 51.7 percent and 53.3 percent of the budget, respectively, were executed.

own, to which they would return after completing a stipulated period elsewhere. Both the civil service agency and the destination institution would pay the managers' salaries, which meant that it would be higher than the salaries for non-rotational jobs. It was also agreed that the Public Managers Cadre would be temporary, since at some point managers would have to be redeployed to a regular, albeit renewed, public sector career. Moreover, a voluntary regime was decided upon, in which public agencies would solicit managers, and with a special employment regime for members of the Public Managers Cadre, so that these managers would not remain immobile; instead, they would be given three-year contracts, renewable according to performance. Furthermore, these senior civil servants would receive a salary that took their opportunity costs, among other aspects, into account.

Publication of the draft decree prompted further observations from the MEF. The competencies to be given to the new agency in terms of salaries had always been the MEF's exclusive purview. Furthermore, there were discussions about which budget lines would provide the funds to finance the new agency and the Public Managers Cadre. The former concern was resolved by making the MEF's Public Budget Director a permanent member of the new civil service agency's Executive Board. With regard to financing the latter, it was the President's clear show of support that proved decisive.

In 2008, the government approved the decrees that created the National Civil Service Authority (Autoridad Nacional del Servicio, or SERVIR) and the Public Managers Cadre, which was dependent on the former. The package also included decrees on civil servant training and evaluation, a new regime for temporary staff contracts, and the creation of a Civil Service Tribunal (Tribunal del Servicio Civil).

For the purpose of implementing the Public Managers Cadre, SERVIR drafted the Decree Regulations (Reglamento del Decreto), which also included a detailed design of recruitment, staff selection, support and evaluation processes, and an innovative direct pay proposal negotiated with the MEF. During the design process, the SERVIR civil servants borrowed from senior executive service experiences in other countries, particularly Chile.

Before the first selection process took place, the following decisions were made:

1. For each position a baseline would be established, with indicators and goals, as an input for the public manager assignment agreement between the public manager, the destination institution, and SERVIR.
2. The managers' labor relationships would be with the destination institution and not with SERVIR.
3. Recruitment would be conducted for categories of positions rather than for individual positions (categories of positions were an abstraction of the common positions, which coincided with the characteristics of the jobs linked to the expenditure cycle).
4. SERVIR would be responsible for selection, but private sector firms would independently execute the recruitment and pre-selection phase (review of CVs and technical tests, for example), and would then deliver a shortlist of candidates to SERVIR for each position announced.

5. Selection would be competency-based.
6. The candidates selected would participate in an introductory course (with final evaluation), during which an analysis of competencies would be conducted and an interview scheduled with the SERVIR senior management.
7. Pay would be divided into five grades, defined not only according to the complexity of the positions, but also considering the complexity of the level of government in which the position was located, equivalent salaries in the open market, and the opportunity costs for candidates (with regard to their pay history in the most recent year).

Using these definitions, the first public job announcement was made via a made-to-measure IT system, which resulted in 3,200 candidates coming forward. In a selection process overseen by the Transparency Civil Association (Asociación Civil Transparencia), the consortium responsible submitted a shortlist of 89 candidates to SERVIR. Finally, the introductory course and the personal interview led to the selection of 49 professionals. The process of assigning managers to their positions was not free from difficulties, and in some cases SERVIR lacked the legal tools necessary to ensure that prior agreements with the destination institutions were met. Finally, 36 public managers were assigned to their new jobs.

In subsequent years, SERVIR made good use of lessons learned from the implementation process to make improvements that accelerated selection and discouraged the destination institutions from refusing to accept the manager requested. Between 2009 and 2013, six additional public job announcements were made, through which 295 managers were selected, of whom 143 had been assigned by July 2013.¹³ Of these, 63 percent were assigned to agencies of the Executive branch, 18 percent to the Legislative branch, and 19 percent to subnational governments. With regard to the latter group, SERVIR evaluated the public managers' impact on improving expenditure execution at the regional government level and documented an average improvement of 88 percent in investment budget execution after the managers were incorporated (SERVIR, 2014).

Lessons Learned from the Dynamics of Senior Civil Service Reform Processes

The common factor in all three of the cases examined is an explicit effort to reform the senior civil service, which progressively advances until finally obtaining legislative approval. However, whereas the approved measures were implemented in Chile and Peru, in Uruguay, implementation has been limited. This difference reveals some interesting lessons with respect to promoting management reforms.

¹³The difference corresponds to the public managers that are no longer in service—in other words, those managers who, as members of the cadre, have concluded an assignment or have yet to begin one. The design of the Public Managers Cadre does take this into consideration, limiting this non-active period to a maximum of one year. According to this arrangement, 43 managers ended up being removed for not occupying an effective management position.

1. **Coordinate the reform with other political priorities.** Professionalization at the management level requires that politicians relinquish the privilege of discretion to choose these senior civil servants. However, enthusiasm for this type of reform, based on the benefits of professionalizing the management function, may not be sufficient. The cases suggest that combining the reform with other important and urgent political objectives—such as improving the execution of public spending—is an indispensable mechanism for ensuring that the momentum of reform does not slow down.

In Chile and Peru, this momentum was a response to situations that carried political risks for the governments, and reforms were coordinated as a response to specific problems on the government's agenda (e.g., deficiencies with regard to public integrity and the need to accelerate expenditure execution). This coordination with priorities that were outside the area of HRM did not occur in Uruguay, where the motivation arose from political commitments assumed by the new government that did not carry a specific political risk.

2. **Fiscal institutions must participate.** Any reform that affects the civil service will have important implications for public spending. Divergence between the perspectives of maintaining the necessary financial discipline and calling for improvements in the civil service can hinder reforms. Although senior civil service reforms can have a limited impact that can be readily calculated, fiscal authorities may understand them as the first step toward a broader transformation, which does have significant budgetary consequences. Therefore, coordination between reform proponents and the departments responsible for the budget and financial management is essential. This is true not only to avoid potential obstacles, but also to foster the necessary coordination, between, for example, pay policy and HRM.

For example, in Chile and Peru, coordination between the responsible departments was active and relatively solid—in the first instance due to the DIPRES's clear leadership and, in the second, to successful management of a conflictive relationship. In the Uruguayan process, this coordination was more lax. Nevertheless, in all three cases coordination meant that any premature vetoes, triggered by the possible financial costs of workforce structure reform, were avoided.

3. **Protect the senior civil service reforms from even broader reforms in HRM.** Senior civil service reforms can be included within a broader set of reforms in HRM (as occurred in Uruguay and, to a lesser degree, in Chile), or, conversely, can be conducted in a relatively isolated fashion within a limited agenda (as occurred in Peru). However, guaranteeing some degree of autonomy for senior civil service reform with regard to broader public sector reform can be the right path to facilitate its progress. This is because the points of possible discrepancy and veto regarding broader reforms are more numerous, further impeding senior civil service reform.

For example, in Chile and Peru, senior civil service reform was isolated from more significant modifications in HRM: in the Peruvian case, by creating a public managers cadre disconnected from the civil service and in the Chilean case, by a senior executive service cadre that was disconnected

from the career system and an institutional framework—the CADP—that was independent from the rest of public service management. In Uruguay, the option of a management level directly coordinated with the civil service agency (and managed via the SIRO system itself) led to a different result. Although the entirety of the reform embodied in the SIRO was accepted, the senior civil service cadre was practically the only aspect that survived the requirement that organizational restructuring had to be completed before the new regime could be implemented. In other words, whereas the senior civil service reform in the first two countries was maintained as a priority goal, in the Uruguayan case it was a survivor of the practical limitations imposed by the general reform.

In more general terms, the option of including a public managers cadre reform within the overall reform of the civil service has the advantage of ensuring that the final results are coherent and consistent. However, one possible disadvantage is that the reforms can be blocked. The incremental reform option, in which the initial gain is limited to measures upon which consensus, or at least significant support, can be achieved, leaving the more controversial measures for later, has a greater chance of success. On the downside, this can lead to results that lack internal coherence. The Uruguayan case has more to do with the first option, while the Peruvian case more closely resembles the second. Whatever the strategic option chosen, it is important to recognize the advantages of each path and to make provisions to overcome the envisaged disadvantages. Furthermore, it is essential to consider civil service reform as a long-term process in which specific measures can open the way for broader ones.¹⁴

4. ***Clear regulatory and operational control of the process.*** Selecting and assigning senior civil servants is a task of high technical complexity and is subject to political and corporate pressures. Regulatory and operational control over selection and assignments must therefore be in the hands of a limited and coordinated group of actors. In Chile and Peru, the new agencies clearly controlled reform implementation (in Chile, this control was shared with the CADP, whereas in Uruguay each ministry controlled its own management selection and assignment processes). Therefore, while SERVIR and the DNSC were able to push forward selection and assignment processes relatively quickly, the ONSC had to engage in complex negotiations with each ministry.

Second, an operational tailor-made system for selecting and assigning managers can favor reform, since it normalizes selection processes, enhances their transparency, and discourages opportunistic negotiation. A similar system was developed in Chile and Peru. This did not occur in the Uruguayan case, which meant that the few processes that did take place lacked homogeneity and

¹⁴In Peru, the incremental and limited reform of 2008 served—mainly due to the creation of SERVIR and the establishment of a coordinating framework between SERVIR, the Presidency of the Council of Ministers, and the MEF—as a necessary basis for approval, some years later, of a legal framework that would attempt to completely reform the civil service in its entirety (Civil Service Law 30057, passed in 2013). An incremental process thus established the basis for a subsequent overall reform effort.

failed to give the impression of being either cohesive or solid. These cases also revealed that control of the system by the executive agency is of the utmost importance. Moreover, it is also clear that gradual implementation is recommended, as it allows time to develop the necessary technical capacity and enables progressive adjustment of the system.

5. ***Leave space for learning.*** The complexity of the task of selecting and assigning senior civil servants calls for a long process of capacity development. This is only possible if sufficient space is allowed for the agencies responsible for the reform to learn—in other words, for testing, recognizing errors, and subsequently making improvements to the different processes. In the three cases analyzed, the lessons were learned mainly via two mechanisms: experimentation and problem solving during implementation (Leonard-Barton, 1995). Thus, in both Peru and Chile, the new agencies found themselves having to create selection procedures and systems in the corresponding public apparatus, to test them along the way during the initial selection process, and then to embark on a path of successive improvements and corrections based on the limitations and problems encountered during implementation. It is worth highlighting that these agencies were not called into question either by the political authorities or by the citizens because of these early shortcomings (or, in any case, any such questioning was readily countered), which meant that there was sufficient space to continue along the learning curve.

This significant experimentation process was based on two central learning processes: one arising from the experience of others (indirect learning) and the other derived from interpreting their own past experience (Levitt and March, 1988). It is obvious that Chilean reform was informed by experiences in the Anglosphere countries, whereas implementation of the SADP in Chile shared some characteristics of the Peruvian reform process. With regard to the second process, Uruguay could only promote the SIRO by learning from its own reform experiences, such as the reform undertaken in the Municipality of Montevideo. Another, even more obvious (and in this case, critical), example of learning from the past occurred in Peru, where the knowledge gained following a long line of failed attempts in previous decades meant that a consensus had at least been built around the need to do something. It is possible that exhaustion caused by previous failures contributed to legitimizing the option of the “minimum reform agenda.”

SAFEGUARDS AGAINST POLITICIZATION OF THE CIVIL SERVICE: LESSONS FROM THE DOMINICAN REPUBLIC AND PARAGUAY

A growing number of statistical analyses highlight the importance of professionalizing the civil service as a way of fostering economic growth and particularly of introducing safeguards against politicization, such as a merit-based system for managing the hiring process and subsequent progress in the public

service (for example, see the recent work by Dahlström, Lapuente, and Teorell, 2011). In the opinion of the authors of this chapter, politicization occurs when elected officials and their delegates have too much discretionality in making decisions about human resources (HR), rather than observing established rules based on merit and professionalization. These points are taken from the methodology set out in the ICPS, specifically its Merit Index.

In this context, various recent studies have examined the dynamics underlying this reform (e.g., Grindle 2012) although, according to this paper's assessment, they often fail to focus on the countries that record low scores on the Civil Service Development Index (CSDI). As there are 10 countries in the region found within this subgroup, it is particularly useful to understand the dynamics of the processes aimed at introducing safeguards against politicization and to extract useful lessons. The following section presents a comparative analysis of two recent reform experiences in the Dominican Republic and Paraguay.

The Dominican Republic: Legal Reforms and Implementation Challenges (2004–13)¹⁵

As in many other countries with a similar level of development, civil service reform in the Dominican Republic has met with significant political challenges: mobilization of the electorate is partly based on the delivery of patronage, including discretionary appointment to public sector jobs (Kitschelt and Singer, 2009; UNDP, 2004). Despite this adverse context, from the 2000s onward, significant public sector reforms got underway, particularly during the terms of Presidents Leonel Fernández (2004–12) and Danilo Medina (2012–present). Numerous assessments carried out in 2003 contributed to the design of reforms, especially those addressing the shortcomings of the Civil Service and Administrative Career Law 14-91 (Ley 14-91 de Servicio Civil y Carrera Administrativa). The reforms sought to strengthen the legal foundation for reform, the institutionality of the civil service agency, and management practices, specifically, safeguards against politicization. Five main reform objectives can be highlighted:

1. Passage of a new law on public service, aligned with the ICPS.
2. Incorporation of the public employment principles of merit and labor stability in the new Constitution.
3. Passage of new legislation on pay policy.
4. Implementation of a new policy framework, which includes incorporation of civil servants into the administrative and special career system,¹⁶ introduction of performance evaluations, implementation of merit-based hiring procedures, and implementation of the Civil Servants Administration System (Sistema de Administración de Servidores Públicos, or SASP).

¹⁵This section is based on Schuster (2014a).

¹⁶The Public Service Law of 2008 (Law 41-08) established four categories for civil servants: free appointment, simplified status, temporary, and career. The law also granted a period of time (which will expire in 2016) to evaluate the suitability of all civil servants currently holding positions to formally enter the career system.

5. Institutional strengthening and increased importance of the former National Office of Administration and Personnel (Oficina Nacional de Administración y Personal, or ONAP), the agency responsible for civil service regulation and monitoring.

At the regulatory level, the Dominican Republic has taken significant steps toward achieving these objectives. In 2008, the country passed a new Public Service Law (Ley de Función Pública), followed by a new Constitution in 2010 that enshrines the principles of merit and labor stability for career civil servants, and a Public Sector Salary Regulation Law (Ley de Regulación Salarial del Estado Dominicano) in 2013. Moreover, a series of guidelines and instructions that included various civil service management subsystems were established.

In that same period, the Dominican Republic's civil service benefited from several significant changes. For example, the civil service agency—now known as the Ministry of Public Administration (Ministerio de Administración Pública, or MAP)—was elevated from a national office to ministerial rank. Between 2005 and 2012, 259,138 performance evaluations were carried out; 59,300 civil servants joined the civil service in that same period (Schuster, 2014a), and the SASP began to compile information on the gender and age of civil servants, types of contracts, and pay grades, among other aspects, for a group of 220,000 civil service employees (MAP, 2013).

However, with some exceptions, by early 2014 these changes had only had a scant impact on modifying public employment management practices. Although the establishment of the civil service career system has standardized organizational charts and job descriptions and strengthened labor stability—which will always pose a challenge in any state with weak governance—94 percent of recruitment is still evaluation-based rather than done through a competitive process, thereby ensuring only *de facto* compliance with minimum educational requirements and experience for the job in question (Schuster, 2014a). The number of employees recruited through open competitions supervised by the MAP was marginal, reaching 18 in 2011 and 39 in 2012, in a period in which the workforce grew by 27,676 civil servants in those two years (Schuster, 2014a).¹⁷ According to an expert survey, party affiliations, followed by personal connections—rather than professional qualifications—were the main criteria used to select employees for vacancies not filled through competitions (Schuster, 2014b). Moreover, career paths had yet to be established. With regard to performance evaluation, and in line with what occurs in most other countries in the region, 96.4 percent of civil servants were classified in the good and excellent categories (from 2005 to 2012) (Schuster, 2014a). The implementation of the pay policy reform passed in July 2013 was still a major challenge in early 2014.

¹⁷ This figure does not include the competitions conducted without MAP supervision and outside of the Public Service Law (Ley de Función Pública). Some 21,223 teachers were recruited via competition (2007–11) by the Ministry of Education, for example, as well as 248 judges (2002–11) by the Supreme Court (Corte Suprema) and 1,223 employees (2006–12) by the Directorate General of the Inland Revenue (Dirección General de Impuestos Internos) (Schuster, 2014a).

In summary, during the period analyzed, there was a wholesale reform at the regulatory level, although in practice limited progress was registered in several of the subsystems. Although progress was only partial, it should not be underestimated given the local context: it was achieved despite an adverse political economy and with limited technical capacity.

The success of the aforementioned legal reforms was based on three key factors: the forging of a polycentric, pro-reform coalition, the leadership of an influential minister, and institutional strengthening of the MAP. When it came to drafting the new public service law, what was then the National Office of Public Administration (ONAP) became involved in the national dialogue to foster a polycentric, pro-reform movement. The national dialogue, started by an initiative of President Fernández, gathered together the country's principal economic and social agents, from nongovernmental organizations (NGOs) to religious organizations and business associations. As part of the dialogue, each article and chapter of the draft law was debated for several months, and a consensus was reached on each one (Delmas, 2007). The collective action of the party caucuses facilitated subsequent parliamentary negotiations, which included the opposition parties and their leaders. Seminars held to discuss this law, for example, drew up to 140 legislators (Schuster, 2014a).

Similarly, the implementation process was characterized by the formation of broad coalitions demanding that reform should proceed. Implementation was debated in one of the 10 working tables set up by the Participatory Anti-Corruption Initiative (Iniciativa Participativa Anticorrupción, or IPAC). Between 2010 and 2012, driven by a coalition of 13 donor and international organizations in response to a call for support from President Fernández, the IPAC grouped together 260 key actors. Moreover, it received widespread media attention. A traffic light system for monitoring the MAP's progress toward meeting short-term incremental objectives helped orient the social demands for civil service reform (World Bank, 2012). As these goals were consistent with those of the MAP, the social demands increased and in practice enhanced the MAP's and, especially, its minister's negotiating power within the government. Politically influential—an ex-senator and member of the ruling party's political committee—the minister used the external demands for reform to influence his colleagues. The combination of external influence and the minister's own political authority were key factors in a context of internal resistance to the reform and the MAP's limited powers to sanction. Failure to comply with the new rules and regulations, for example, frequently entailed no punishment for the offending institution. In this context, resistance to compliance was particularly strong in the subsystems that clashed with the traditional ways of doing politics. The minister of public administration, for example, noted that “it's fair to say that I am not always well received [...] sometimes they tell me: well, fine, but afterwards you'll have to find someone else to do the campaigning” (quoted in Schuster, 2014b).

The MAP's institutional strengthening was the third factor that facilitated reform. The civil service agency's operational capacity was enhanced by technical and financial assistance from donor and

international organizations, whose contributions made up around 25 percent of MAP's budget. Despite MAP's enhanced capacity, however, at the beginning of 2014 implementation of certain reforms still posed technical challenges: entry competitions, for example, sometimes lasted more than six months, in part due to the limitations of the MAP's support capacity (Schuster, 2014a).

These reform initiatives have enabled the Dominican Republic to make progress on the critical points of reference for the practices promoted by the ICPS (see Chapter 2 and Annex 2). Its CSDI score was among those that recorded the most progress in the region, rising from 27 to 39 points between 2004 and 2012. The Merit Index rose from 7 to 27 points, and the Organization of the HR Function subsystem improved from 50 to 60 points, a considerably high score in relative terms.

In summary, passage of the new rules and their partial implementation were possible thanks to the formation of a broad-based coalition beyond the government that demanded civil service reform, combined with a civil service agency that sought to push them forward and that had benefited from significant institutional strengthening. Advances in implementation focused specifically on creating organizational charts and the SASP, and on training, formal evaluation, and incorporation of civil servants into the positions identified. However, electoral support is often mobilized by discretionary access to public sector jobs, and there have been only limited changes to employment management practices that might help counteract this. There appears to have been no progress, for example, on meritocratic recruitment, promotions, or pay raises.

Paraguay: Targeted Introduction of Meritocracy (2008–12)¹⁸

Until 2008, various studies considered Paraguay to be a classic case of civil service politicization (e.g., Nickson and Lambert, 2002). As seen in Chapter 2, in the first regional assessment of public administration (2004), Paraguay was ranked near the bottom on the CSDI and held a similar position on the specific Merit Index. At the same time, Paraguay was characterized by having kept the Colorado Party—the National Republican Association (Asociación Nacional Republicana/Partido Colorado, or ANR)—in power for 61 years. In 2008, the country experimented with political alternation when a political outsider—ex-bishop Fernando Lugo—was elected president with the support of the Authentic Liberal Radical Party (Partido Liberal Radical Auténtico, or PLRA), a traditional opposition party.

The Lugo administration promoted overall civil service reform with the aim of transitioning from a patrimonialist State to a modern, democratic one (SFP, 2010). In this context, and in order to introduce safeguards against politicization and modernize the civil service, the new government proposed the following initiatives:

¹⁸This section is mainly based on Lafuente and Schuster (2014).

1. Improve the Public Service Law (Ley de la Función Pública, or LFP) (1626/2000).
2. Develop an integrated HRM policy, guided by the ICPS, and regulated by an executive decree.
3. Design and implement an information system for monitoring the civil service career (SICCA).
4. Implement open competitions as the basis for merit-based hiring and promotion management.
5. Strengthen the Public Service Secretariat (Secretaría de la Función Pública, or SFP) and the units responsible for HR in the line institutions as a crosscutting measure.

In the formulation stage, progress was made on all of these measures. For example, draft reform projects were prepared for the public service law, integrated HRM, and the SICCA. However, approval of universal measures—such as legal reform, the decree that made the new HRM policy obligatory, and the decree regulating the SICCA—would require presidential or legislative support. When this support failed to materialize, the efforts were hindered.¹⁹ In contrast, certain targeted measures that were successfully introduced into the civil service—specifically, merit-based competitions for hiring and promotion—did advance toward implementation.

Between 2008 and 2012, according to the limited data available, 24,235 positions were filled through competitions with the support and supervision of the SFP, ranging from a minimum of 434 in 2008 to a maximum of 11,173 in 2012. It is worth noting that before 2008, only seven competitions had been supported and supervised by the SFP since it was legally established in 2000.²⁰ There was considerable interest on the part of the public, with 76,885 candidates competing for the positions. It is estimated that 26 percent of the total vacancies between 2008 and 2011 (Schuster, 2013) were filled using this competitive entry mechanism. The empirical evidence suggests that, in a context of weak institutionalization, most of these competitions were not mere formalities undermined by personal or party preferences, but processes that did fulfill the vacancies through an objective selection. Two facts underpin this perception: first, complaints were lodged in only 0.5 percent of the competitions, and second, an expert perception survey suggests that between 2008 and 2012, 22 percent of total vacancies were filled via competitions that were perceived to be not only formally, but also substantively, competitive and meritocratic, out of the 26 percent of total vacancies that were open to competition (Schuster, 2013).

The possibility of carrying out targeted reforms in specific institutions, coupled with the difficulty of making progress on wide-ranging overall reforms, is partly explained by the number of actors with veto power confronting the Lugo government, which lacked a majority in either Congress or the Supreme

¹⁹See Schuster (2013) for an analysis of the political factors that stood in the way of presidential and legislative support for universal civil service reform.

²⁰This figure does not include the competitions conducted without supervision by the SFP, such as those open to teachers and judges.

Court and with a Cabinet divided between left-wing parties and the Liberal Party. As such, the SFP had a de facto mandate to pursue targeted professionalization of the civil service, while lacking real power to sanction institutions that failed to comply with the resolutions on HRM. In response, the SFP deliberately opted to use the full potential of the existing legal framework—which envisaged professionalization in a large proportion of civil service subsystems, although without ensuring its enforcement—in order to support institutions that embraced professionalization voluntarily. At the same time, the SFP sought to incentivize collaboration among the remaining institutions by taking legal actions against discretionary and clientelist recruitment practices. In this context, for example, it lodged its first accusations of influence peddling against legislators to the Prosecutor General’s Office (Fiscal General del Estado). These accusations helped to focus the media’s attention on clientelism in the civil service and to exert some pressure on the remaining institutions at fault (Schuster, 2013).

The combination of collaboration and pressure (but without the power to sanction) exerted by the SFP and resistance by politically motivated actors—which was reflected, for example, in the prolonged legislative impeachment of ministers who were pushing reforms forward in their respective institutions—led to a significant but targeted increase in the acceptance of competition in the Paraguayan State. While 50 out of 113 institutions finally organized competitions (SFP, 2012), 95 percent of the vacancies were concentrated in six institutions. In some of them, merit became the main criterion for HR recruitment. For example, a ministerial instruction given by the Ministry of Health to adopt the merit-based system except in cases of emergency (such as an epidemics), when on-the-spot hiring might be required, helped ensure that more than half of the vacancies were opened to competition between 2008 and 2011 (Schuster, 2013).

As a requisite to support and supervise line institutions in undertaking competitive processes and other related policies, the SFP benefited from previously strengthening its capacity. Financial support from international cooperation and deployment of staff from other institutions (among other factors) enabled the SFP to almost double the number of staff at its disposal during the previous presidential term, and it was also able to hire the technical staff that the reform required (Schuster, 2013). This strengthening was accompanied by a 77 percent increase in its budget allocation (from 2008 to 2011) (SFP, 2011).

Due to the SFP’s regulatory centralization and the fact that HRM units is operationally decentralized, the need arose to invest in capacity building in both the civil service agency and the HRM units in the ministries and agencies. Once strengthened, the SFP collaborated with public sector institutions’ HRM units through various channels. Technical assistance for implementing competitions was accompanied by training and educational opportunities in SFP management instruments and staff development practices. The significance of this HRM training effort derived from the range of action that HR managers had previously enjoyed in public sector institutions, which was frequently limited to processing the payroll and contracts. Many of them had never organized a staff selection competition. Another important action consisted of implementing the HRM Index—an indicator designed by the SFP with the help of some donors based on

the IDB assessment carried out in 2004—in 32 institutions that participated voluntarily in the initiative. This index helped to ascertain how much progress had been made in the civil service management subsystems of each agency, facilitating the development of goals and work plans for improving HRM at the institutional level. Similarly, the SFP intervened by increasing the hierarchy of HRM units that had previously held a relatively low rank in the organizational structure of their respective institutions (SPF, 2009).

There was no recorded use of merit-based recruitment and staff selection during President Franco's brief term of office—following President Lugo's impeachment in 2012. In its Management and Development Policy Plan 2013–18 (Plan de Políticas de Gestión y Desarrollo de las Personas), Horacio Cartes's administration has once more made the introduction of safeguards against politicization a priority, specifically by establishing merit-based personnel management in state institutions with support from the SFP (Peralta, 2013).

Finally, the aforementioned reforms had a significant impact on bringing Paraguay closer to the best practices promoted by the ICPS, which are included in the methodology, and whose results are mainly detailed in Chapter 2 of this book and Annex 2. Paraguay achieved a score of 40 points on the Merit Index (compared with its 2004 score of only 13). Efforts to strengthen the civil service agency to support the reform also improved the Organization of the HRM Function, which rose from 20 points in 2004 to 40 points in 2013. These and other efforts led to an increase in Paraguay's overall CSDI rating from 12 points in 2004 to 26 points in 2013.

Some Lessons Learned from the Dynamics of the Processes of Introducing Safeguards against Politicization

An analysis of the dynamics of reform in the two cases examined yields five lessons on introducing safeguards against politicization and, more tentatively, on professionalization in civil service systems with a low level of development (for more details, see Lafuente and Schuster [2014] and Schuster [2014a]).

1. ***Advances in civil service management practices—rather than merely perfecting existing rules—are often the key factors in creating safeguards against politicization.*** Public service laws that incorporate best international practices run the risk—especially in contexts where there is a low degree of professionalization and weak governance—of widening the gap between the legal mandate and the real capacity to implement these practices and enforce the law. These wider gaps and the lack of compliance, coupled with a failure to sanction transgressions, can damage the reform's credibility.

In contrast to excessive trust in perfecting laws, changes in HRM practices often underpin reforms and their institutionalization. The comparison between the Dominican Republic and Paraguay in terms of their progress toward a meritocratic system is paradigmatic. In the period analyzed, the

Dominican Republic achieved legal and constitutional changes but in practice made only marginal progress in this area. For its part, Paraguay failed to issue a single executive decree but did achieve significant progress early on, especially considering the starting point, by introducing merit-based hiring in various institutions.

The recommendation to prioritize changes in practice is particularly valid for Latin America, since all of the countries in the region now have civil service laws that make professionalization possible—via merit-based recruitment, for example—without the need for additional legal modifications (except for regulations to implement the law). This lesson is also supported by empirical studies. Grindle (2010: 2), for example, concludes that “implementation, not the law itself, determines whether patronage persists or not.”

2. ***Regardless of whether comprehensive legal changes are approved, their implementation is necessarily progressive or partial.*** Owing to the number of actors that usually veto reforms of management practices in contexts in which the civil service is not professionalized, universal reforms can end up being reduced during implementation to partial reforms targeted at specific subsystems, institutions, or segments. Therefore, whereas in the Dominican Republic there were exhaustive changes to the law, actual implementation was limited, both there and in Paraguay, to specific subsystems and a limited number of public sector institutions. This finding is in line with previous studies that emphasize the long-term nature of public administration reform processes (Grindle, 2012). Similarly, more progress is made with limited resources if incremental reforms, which take into account existing technical and political restrictions, are designed a priori, rather than overall reforms.
3. ***Strengthening civil service agencies and human resource units is a prerequisite to make progress in implementing safeguards against politicization.*** Due to their very nature, civil service systems without safeguards against politicization are often characterized by a lack of management capacity for the function of personnel management. At the same time, and as the Dominican example and various other cases demonstrate (Grindle, 2012), opponents of professionalization often disguise their opposition by limiting the budgets of civil service agencies. The support of donor and international organizations can be vital in confronting this challenge and ensuring at least a minimum capacity for reform. For example, as previously noted, external financial support was essential in guaranteeing the MAP’s operational capacity in the Dominican Republic and in fostering the technical and financial capacity required for reform of the SFP in Paraguay. The Paraguayan case also demonstrates that when this enhanced capacity coincides with political interest, targeted professionalization can take place very quickly at the institutional level.
4. ***Building broad-based, pro-reform coalitions is feasible and advantageous in advancing the professionalization of less-developed civil service systems.*** Whereas problems with collective action often complicate social mobilization at the grassroots level, the Dominican experience suggests

that negotiating and implementing reform can be promoted via broad-based coalitions comprising NGOs, universities, the private sector, international organizations, and the media. This statement is particularly valid when the coalitions provide de facto political support to civil service agencies facing internal opposition within the government, and when interest groups outside the government that might use their veto power to block or capture decision making within the coalition itself (such as certain public sector civil service trade unions) are weaker. Moreover, the Dominican case suggests that coalitions are particularly effective if their demands and their monitoring are focused on progressive objectives that can be achieved in the short term, and if public opinion is engaged through repeated media exposure in favor of reform.

5. ***Progress in implementing safeguards against politicization requires a different political commitment than do reforms of other civil service subsystems.*** Reforms in the various civil service subsystems seem to be characterized according to their respective political economies. As such, the subsystems in which advances are politically feasible differ in each case. At the same time, a comparison of the reforms in the Dominican Republic and Paraguay suggests that implementing safeguards against politicization—by pushing forward meritocratic management of staff recruitment, promotion, and pay raises, for example—is particularly likely to provoke political opposition. These safeguards go against the tendency of electorates to be swayed by discretionary access to public employment or promotions. Their introduction, therefore, calls for firmer political commitment than do reforms in other subsystems—such as training or performance evaluation systems—which usually provoke less political resistance.

PAY POLICY REFORM: LESSONS FROM COSTA RICA, PARAGUAY, AND HONDURAS

Compensation management, or pay policy, is a key aspect in building a high-performance organization, as it impacts three of the main goals of public sector HRM: (i) attracting and retaining suitable human capital, (ii) building a motivated workforce oriented toward improving institutional performance, and (iii) achieving a fiscally sustainable wage bill (Reid, 2008). This importance is reflected in the methodology based on the ICPS, which devotes a specific subsystem to it and whose critical points have an impact on the Efficiency, Functional Capacity, and Structural Consistency indices.

Effective public sector compensation management is particularly relevant in the professional and management segments, in which retaining qualified staff is, according to some studies, the main factor for improving public sector performance (Ketelaar, Manning, and Turkisch, 2007). There is something equally important, however, for any civil service segment that is either professionalized or on the way to being professionalized: a merit-based hiring process that promotes public sector professionalization will not go far unless (i) these ideal candidates accept the offer; (ii) after they have been hired, their pay is

sufficiently competitive; and (iii) adequate incentives are provided for retaining competent staff and stimulating good performance. Failure in any of these aspects will imply the beginning of a new merit-based hiring process that has high transaction costs for the State.

Most job classification and compensation systems in Latin America were designed several decades ago and have been subjected to ad hoc minor adjustments and modifications over time, mainly as a result of wage negotiations and taking into account political incentives rather than technical aspects to deliver the aforementioned objectives. This has led to systems in which pay inequities—both horizontal (same responsibility, different pay) and vertical (hierarchically superior positions with lower pay)—abound. It has also led to systems with inadequate wage compression (little difference between the positions with the most and the least responsibility, which acts as a disincentive to taking on a post with greater leadership), and to payroll management systems that are both complex and nontransparent, and therefore more difficult to administer.

In line with most of the Latin American civil service modernization agenda, pay policy reform is still pending. Various countries have led initiatives to improve compensation management, although these have been mainly aimed at establishing a fiscally sustainable wage bill by tailoring labor costs to the public sector's financial capacity. This is to be expected when in the majority of systems the merit principle is not the main gateway to a professional civil service. However, not all cases have pursued solely this objective. It is therefore relevant to analyze and learn lessons from certain recent experiences, specifically, those of Costa Rica, Paraguay, and Honduras.

Costa Rica: A Reform Designed as Targeted but Universal in Practice (2006–13)

When the new government took office in 2006, Costa Rica's public sector workforce experienced high salary discrepancies between those professionals working under the civil service regime (which is how public employment solely in the Executive's central administration is categorized in Costa Rica) and their peers carrying out similar jobs in the numerous autonomous agencies, a product of the high discretionary factor in pay setting in the latter (DGSC, 2007).

The existence of these two worlds—central government institutions and the autonomous agencies that were far more competitive and paid more attractive salaries (Aguilar Montoya, 2010)—meant that the civil service had limited capacity to attract and retain professional staff. Moreover, it undermined morale due to the marked loss of employees' purchasing power in an inflationary environment (DGSC, 2007). This limited capacity to attract and retain workers mainly affected the professions that enjoyed greater demand in the wider public sector labor market (outside the central administration, such as lawyers and economists) and in the private sector (engineers), and caused problems for ministers in the new government in setting up work teams (in portfolios such as Public Works, Industry, and Trade). Due to Costa Rica's consolidated civil service career system, the cost of staff turnover was very high, since positions were filled through time-consuming competitions.

There were also vertical inequities within the civil service—that is, high wage compression or reduced differences between salaries at the professional and the lower hierarchical levels (technicians and administrators). Likewise, the higher salaries offered in leadership or management positions were not sufficiently attractive in view of the additional responsibilities. These differences had been narrowing over time due to pay raises awarded on the basis of absolute amounts.

Managers at the General Directorate of the Civil Service (Dirección General del Servicio Civil, or DGSC)—who in Costa Rica are career civil servants with a high degree of stability even at the highest levels—had been carrying out studies to document this problem. They began a process of consultations with the ministers of the new Cabinet (who faced this problem on a daily basis), the Vice-Presidency, and parliamentarians. They received support from all of them, including the finance minister, who promised to back the reform if the budget would allow it (interview conducted in 2013). This process led to the adoption of the reform by the Ministry of the Presidency, the Ministry of Finance, and the Ministry of Planning, under the objective of “improving the ability to recruit specialized teams at the managerial and professional level with competitive salaries” as a central component of the Institutional Reform pillar of the National Development Plan 2006–10 (Plan Nacional de Desarrollo, or PND).²¹

The presentation of the PND in January 2007 was accompanied almost in parallel by the publication of the DGSC’s technical studies, which analyzed the evolution of salaries for these specific segments in comparison with the technical, administrative, and operational segments of the civil service. These studies put forward a proposal to the effect that civil service professional and management salaries would rise from the 25th to the 50th percentile of the overall public sector, to be gradually achieved between 2007 and 2010.

In August 2007, the Public Sector Pay Commission (Comisión Negociadora de Salarios del Sector Público), presided over by the Ministry of Labor, and comprising the Ministry of Finance and the DGSC on behalf of the government, and public sector workers’ representatives, discussed the report. At the same meeting, via Agreement No. 4, Minutes of August 9, 2007, the Ministry of Finance and the DGSC were instructed to draft a technical study to analyze the pay situation of the professional sector and evaluate the financial viability of making an improved offer through December of the same year.

As a result of this study, the Commission accepted the pay proposal put forward by the government with regard to Title I (Título I) civil service professionals, and a period for introducing the changes between 2008 and 2010.²² Moreover, the agreement clearly identified the group of civil servants whose

²¹ According to the PND 2006–10: “4.1.4.4 Actions will be taken aimed at modernizing the current public employment regime, to bring it into line with the HR needs of the Public Administration. New categories will therefore be created in the central government civil service ranking for the management and professional levels, to recruit highly specialized professional teams by offering compensation that is competitive with similar positions in the market” (MIDEPLAN: Plan Nacional de Desarrollo, Jorge Manuel Dengo Obregón 2006–10: 95).

²² Agreement of the Public Sector Pay Commission, minutes from the 26 November 2007 meeting.

classification would be standardized and whose base pay would be increased as a result of this proposal (Title I of the Civil Service Law, and professional civil servants from the autonomous agencies with pay regimes linked to the core civil service regime), estimated at 7,400 civil servants.

Following this analysis, and with the support of the Ministry of Finance in the years when the country enjoyed a fiscal surplus after a long time without one, in November 2007 the Commission decided to approve the “restructuring of the professional and management employment model.” According to the DGSC’s original proposal, this new public sector pay policy was based on a reassessment of the relative value of different jobs. Implementing pay raises was to occur gradually in order to cushion its impact. The targeted segment of civil servants would increase from the 30th percentile in January 2008, to the 40th at the beginning of 2009, and to the 50th percentile of the public sector labor market in Costa Rica by January 2010.

After the implementation of the first round of pay raises in 2008, the Secondary Education Teachers Association (Asociación de Profesores de Segunda Enseñanza, or APSE) called a strike protesting the exclusion of professional teachers from the deal (Title II of the Civil Service Law). The justification for having focused on professionals and managers had been the difficulties in the recruitment and retention of these employees, which did not affect teachers. The government, faced with the seriousness of the strikes, agreed to mediate between the unions with the participation of the Ministry of Public Education, the Ministry of Finance, the Ministry of the Presidency, and the DGSC. During the talks, the unions presented a decree dating from 1990 and signed by the then president (Oscar Arias) to put an end to a teachers’ strike, which established that future pay raises to employees under Title I must also be applied to employees in the Title II category.²³ The Ministry of Education, which had until that time managed its own payroll and had the financial means to pay for the increases due to the country’s fiscal surplus, accepted the demand, and the wage increase was awarded to professional teachers retroactive to January 2008.

Once the issue of the professional teachers was resolved, another protest began, this time by public sector workers’ unions. Why did the DGSC fail to analyze the situation of nonprofessionals? Faced with demonstrations by various unions, the ombudsman (Defensoría de los Habitantes) called for mediation between all parties concerned (government and unions),²⁴ and during the talks the DGSC was called upon to assess the market for nonprofessionals, which had to be concluded before the end of 2008.²⁵ This analysis (DGSC, 2008), which was not based on percentiles since it was not a retention issue, ended with a pay settlement of 4.88 percent for all nonprofessionals in June 2009.

²³ “The teachers will also be entitled to the salary increases and benefits that are conceded in future to the professionals included in Title I of the Civil Service Statute (Título Primero del Estatuto de Servicio Civil).” Executive Decree No. 19671, April 30, 1990, published in Gazette No. 97, May 23, 1990.

²⁴ Oficio DH 179-08.

²⁵ Minutes of the meeting held on May 13, 2008. This agreement would later be formalized in the Public Sector Pay Committee (Comisión de Negociación de Salarios del Sector Público) minutes on August 20, 2008.

Finally, due to the lack of a civil service agency for the public sector as a whole and to the autonomy of the decentralized agencies, parallel increases were approved in the wider public sector, either through pay raises or increments in the percentages granted for yearly bonuses. Therefore, although recruitment and retention of professionals in the civil service improved following the salary increases according to anecdotal evidence (and this is observed in the fact that there was a notable increase in this subsystem's score in 2012 compared to 2004), these further actions represented a step backward with regard to the reform's original intent—to achieve greater pay equity within the public sector—with the added drawback of establishing a new equilibrium that would entail more government spending.

The reform's fiscal impact, although not reflected in a decrease in the score in the Efficiency Index, probably because the 2004 wage bill baseline was not too low, has been significant. At the end of 2013, Costa Rica still maintained this policy, which—combined with many other factors in its fiscal policy—had a negative impact on wage bill sustainability. In fact, the fiscal consolidation plan presented by the Ministry of Finance before the presidential elections of 2014 highlighted public sector compensation management as one of the main challenges to be solved (Ministry of Finance of Costa Rica, 2013).

Paraguay: Institutional Fragmentation as an Obstacle to Reform (2008–12)²⁶

As previously analyzed in the section on professionalization experiences, until 2008 Paraguay stood out as a country where politicization rather than professionalization prevailed in the civil service, particularly with regard to hiring processes. As might be expected, this characteristic also exerted significant influence on compensation management for civil servants, which not only caused distortions in remuneration—thereby certainly making it more difficult to attract and retain suitable personnel—but also represented a significant portion of the fiscal burden. Since 2000, personnel expenditures have fluctuated between 45 and 50 percent of central government spending—way above the 25 percent ceiling internationally accepted as a best practice—and have begun to have a crowding-out effect on other fundamental expenditures (Green and Lafuente, 2010; Lafuente and Manning, 2010).

The politicization of pay management was mainly channeled through the important legal prerogatives enjoyed by the Paraguayan Congress, which sets the pay rates for both the public sector in general and for specific institutions, without following the guidance of those responsible for pay policy in the Executive branch: the SFP and the Ministry of Finance.²⁷ Congress intervened in civil service compensation,

²⁶ This section is based mainly on Lafuente and Schuster (2014).

²⁷ According to Law 1626/2000, the SFP is the civil service agency for public employment, including with reference to compensation management. At the same time, as in other countries, the Ministry of Finance has legal responsibility for the financial sustainability aspects of pay policy and has also traditionally controlled aspects of job classification systems (specifically, it drafted and issued Decree 196/2003, which contained the existing classification criteria).

even on an individual basis, by deciding on promotions and regrading of staff via the personnel annex contained in the Budget Law (Arrobbio and Lafuente, 2008; Lafuente and Manning, 2010).

Due to the fiscal burden of the wage bill, the vertical and horizontal inequities, high wage compression, and the existence of fixed pay points—which allowed an individual’s pay to be modified only by generalized increases or regradings approved by Congress—the government that took office in 2008 recognized that pay policy posed an enormous challenge that negatively affected public sector capacity. It requested the support of international organizations to find a solution to the issue.

Despite this concern, the Executive branch failed to present a unified reform strategy. Instead, and due to the fragmentation of responsibility for pay policy in the Paraguayan public sector, the SFP and the Ministry of Finance advanced along parallel paths, in some cases with collaboration between the agencies but in others with initiatives characterized by partially conflicting objectives. For its part, the Legislature continued to act as it had always done.

The SFP focused on three initiatives, mainly targeted at recruiting, retaining, and motivating staff: (i) ensure that no full-time civil servant earns less than the minimum wage; (ii) ensure that Public Service Law 1.626/2000 is enforced with regards to (a) the obligatory nature of the eight-hour work day, as opposed to the six-hour day established prior to the law, and (b) the elimination of double salaries; and (iii) design a new job classification system and compensation policy that would replace Decree 196/2003, rendered obsolete by the constant interventions of Congress.

On the first point, the SFP identified nearly 30,000 civil servants (approximately 12 percent of all personnel) who were earning below the minimum wage in 2008. To achieve this objective, support was enlisted from the Presidency and from ministers with various portfolios, including finance, to ensure that future budget proposals would not include wages below the legal minimum level. Congress accepted this modification. Simultaneously, the SFP lobbied the authorities of the public agencies to increase adherence to the minimum wage of contractual civil servants as well as for permanent staff, whose pay was more easily controlled via the aforementioned personnel annex. By 2010, wages had been increased to the legal minimum level for two-thirds of the 30,000 civil servants (SFP, 2010). With regards to the second objective, relating to greater compliance with the Public Service Law, the SFP worked in coordination with the Ministry of Finance to identify and successfully freeze 3,641 illegitimate double salaries (Schuster, 2013; SFP, 2012). Both agencies also exerted influence on the President to veto a congressional amendment to the Public Service Law proposing a return to the six-hour workday.

Finally, the SFP designed a proposal for new job classification systems and pay scales, which it presented to the Cabinet in early 2012 as part of the draft decree on regulation of the civil service. This proposal sought to unify and classify pay according to job descriptions, level of responsibility, and the production profile (Iturburu, 2014), although it was highly complex because of the number of categories (more than 100). This proposal failed to receive Cabinet backing, mainly because it was framed within a

broader reform that implied substantial changes in HRM, but also because it lacked the support of the Ministry of Finance (the proposal even failed to include a financial estimate of the costs of implementation, and the Ministry of Finance had not been involved in its design).

For its part, the Ministry of Finance took various measures to tackle the dilemma of wage bill sustainability. First, it sought to limit the generalized pay raises agreed during negotiations with the unions by ensuring that increases could only be granted by Congress (which, in any case, usually awarded a raise surpassing that proposed by the Executive). Furthermore, in association with the SFP, it made progress on more limited measures, such as eliminating double salaries.

Simultaneously, but without involving the SFP, the Ministry of Finance put forth a pay policy reform proposal for improving recruitment and retention based on the current structure of seven categories (Iturburu, 2014). The proposed plan simplified the existing regime, linked pay to the local labor market, allowed promotion within each category, and ensured that the base pay was the main component of total earnings to reduce excessive discretionality. Furthermore, it proposed gradual implementation with a neutral impact on expenditure, and that the Ministry of Finance should be ultimately responsible for compensation management, thereby reducing the existing fragmentation of responsibilities (Green and Lafuente, 2010). The proposal was sent to the Presidency as the Ministry of Finance's potential technical response to the question of pay policy, but this submission was never made public, nor was sufficient political capital invested to promote it. This was likely due to political sensitivities in reforming public sector pay owing to the power of the unions and the ability of Congress to amend any reform once it had been passed (as occurred with Decree 196/2003), which meant going back to square one to find a solution and to the potential financial consequences once the option to amend compensation and job classification systems was offered. Consequently, it failed to receive the necessary political backing from the Presidency.

In the end, Congress followed its usual practices and, instead of rationalizing pay policy, its actions led to an increase in both inequity and the wage burden during this period. The subcategories rose from 435 in 2007 (Arrobbio and Lafuente, 2008) to more than 1,400 in 2010 (Green and Lafuente, 2010). Furthermore, significant pay raises were awarded, reaching an annual average of around 15 percent between 2008 and 2011, and up to 35 percent in 2012, way above the rate of inflation, which fluctuated between a minimum of 2 percent (2009) and a maximum of 9.8 percent (2011) in the same period (Ministry of Finance of Paraguay, 2013). A large part of this increase derived from greater personnel expenditures that the Legislature added to the Executive's budget. Following these measures, central government compensation made up 58 percent of public expenditure in 2011 (Lafuente, 2014). Efforts to reform compensation management in the period 2008–12, therefore, failed to achieve the expected results. These challenges are reflected in the low scores achieved by Paraguay in the ICPS methodology, both in the Compensation Management subsystem (20 points)—one of the lowest scores in the region—and in the Efficiency Index, which registers the second lowest score.

Honduras: Containing the Central Government’s Teacher Wage Bill (2010–13)

After the Supreme Court of Honduras removed President Zelaya from power on June 28, 2009, Porfirio Lobo, of the National Party (Partido Nacional), won the November 2009 elections with 55 percent of the vote. At that time, a combination of the global financial crisis and the country’s political crisis had had a disastrous effect on the central government’s fiscal deficit, which reached 6 percent of GDP. This deficit was related to a sharp increase in public expenditure, particularly in terms of wages.

From 2005 to 2010, the central government wage bill had grown from 8.2 percent to 10.9 percent of GDP, one of the highest in Latin America (World Bank, 2011). The highest increase occurred in 2009, when salaries rose by 22.1 percent. The wage bill represented nearly 71.3 percent of total current revenues and tripled the investment budget.

This situation arose due to the proliferation of special regimes in which groups competed to increase their own salaries, and especially due to effective lobbying by teachers, who managed to get the value of an hour/class index linked to the private sector’s minimum wage, among other benefits (IDB, 2011). This led to automatic pay raises, regardless of the government’s financial capacity to pay for them.²⁸ At the same time, the payroll was administered by the Education Secretariat (Secretaría de Educación), but sent to the Finance Secretariat (Secretaría de Finanzas, or SEFIN) for payment, although the SEFIN had no control over the number of teaching positions. Although a census of teachers and job classification systems had been conducted in 2007 by the Supreme Audit Institution (Tribunal Superior de Cuentas, or TSC), which published its findings in 2008 on numerous abuses and irregularities (World Bank, 2009), a lack of political will meant that the measures needed to rectify these shortcomings had yet to be taken.

In 2010, with the change in government and faced with an entirely adverse, almost critical, financial situation, the Executive branch was forced to make important decisions to limit the wage bill in the education sector. Under the leadership of the Planning Secretariat (Secretaría de Planificación, or SEPLAN), a geo-referenced database was created containing all of the teaching positions and the people occupying them by updating and expanding the information obtained by the TSC in its audit of teaching positions. This database revealed astonishing irregularities, among which were teachers occupying more than five positions, or fewer positions but in different regions of the country, as well as payments of unwarranted allowances (such as the rural allowance being paid to teachers based in Tegucigalpa), among others. This database, which strengthened the government’s negotiating position, was used in meetings with the unions to address pay issues, as well as in negotiations on a reform of the teachers’ pensions system, passed in 2011 by the Legislative Assembly.

²⁸In 2010, teachers’ salaries in Honduras were among the highest in Latin America and were approximately seven times higher than the minimum wage in the private sector (World Bank, 2011).

Simultaneously, the government released information to the press that provided source material for numerous articles exposing high teacher salaries (comparing them with the minimum wage in the private sector and in other Central American countries) and the dismal results obtained on standardized tests, as well as the many irregularities encountered by the census of educational establishments and in remuneration at the National Institute for Teachers' Pensions (Instituto Nacional de Previsión del Magisterio, or INPREMA). This information, combined with numerous protracted teachers strikes calling for even higher pay raises, led to a general decline in public satisfaction with the way that public education was operating, and created a politically favorable climate to take the measures needed to rein in expenditure on the education sector wage bill.²⁹

In this way, and with the support of various international organizations that financed part of the high fiscal deficit and backed the measures to restrain the wage bill in the education sector through their programs, the government proceeded to temporarily de-link teachers' salaries from the private sector minimum wage, and nominal salaries were frozen between 2010 and 2012.³⁰ At the beginning of 2012, index linking to inflation was introduced for the remaining public sector regimes, and teachers were included from June of that year onward.

Furthermore, SEFIN improved its monitoring of public sector payroll information systems, thereby strengthening its capacity to control the number of teaching positions. Teachers were thereafter incorporated into a single centralized staff payroll, which increased from 23 percent to 83 percent as a proportion of civil service personnel covered. In this way, the new controls aligned actual teaching jobs with those authorized by the budget and enabled a more accurate estimate to be made of possible errors when it came to calculating and processing payments. Finally, setting up the Teaching Administration System (Sistema de Administración Docente) and the Education Center Administration System (Sistema de Administración de Centros Educativos) led to enhanced HRM monitoring in the sector.

These measures, along with other more limited ones, meant that growth in the public sector wage bill could be contained in a relatively short time. Freezing salaries in the education sector in an inflationary environment of around 6 percent between 2010 and 2012, added to greater control over the number of positions, led to a fall in the wage bill, which declined from 10.9 percent of GDP in 2009 to 9.6 percent in 2012 (World Bank, 2013), mainly due to expenditure restraint, but also to a growth in GDP of almost 3.9 percent. At the same time, staffing costs fell from 49 percent of public expenditure in 2009 to 42 percent in 2012.

²⁹ According to Latinobarómetro, 70 percent of Hondurans were unsatisfied or very dissatisfied with the way that public education was operating in 2010, as opposed to 55 percent in 2009 (Latinobarómetro, undated; *La Prensa*, 2011).

³⁰ According to Legislative Decree (Decreto Legislativo) No. 224-2010, all measures relating to remuneration established in the statutes of the special regimes during the period October 28, 2010 to October 27, 2011 were suspended.

The scores achieved by Honduras in the Compensation Management subsystem and in the Efficiency Index, evaluated in 2012 with the support of the Spanish Agency for International Development Cooperation (AECID) and the Central American Integration System (SICA), are the lowest in the region in the latest series of measurements, taken between 2011 and 2013. This is not only due to the fact that the country's financial situation was critical and that institutional capacity was weak at that time (which continued until early 2014), but also because the aforementioned reforms were only then in the preliminary stage, and their results began to be visible starting in 2013. Reducing the wage bill/GDP ratio by almost one and a half points in four years, with the corresponding percentage decrease in expenditure and delivering the same services, clearly represents a significant improvement in public sector efficiency.

Lessons Learned from the Dynamics of the Compensation Management Processes

The dynamics of the reform processes in the three cases examined enable some lessons to be extracted on how to undertake initiatives to improve compensation management regardless of country context.

1. ***Building a coalition in the Executive branch, particularly of the civil service agency and the institution responsible for fiscal matters, is a prerequisite if pay policy reform is to be viable.*** This applies both to measures that attempt to improve attraction, retention, and motivation of personnel (normally driven by the civil service agency) and to those aimed at restraining the wage bill (normally driven by the fiscal institutions). This has been the case in compensation improvements for Costa Rica's managerial and professional segment, the measures to eliminate double salaries, and improving compensation for civil servants earning less than the minimum salary in Paraguay, and those actions for restraining the wage bill in Honduras. In contrast, in Paraguay, this coalition was absent in the broader pay and grading policy reform.
2. ***The way the government manages detailed information regarding employment and compensation—from both the public and the private sectors—as well as the existence of previous studies on this issue, are key factors in designing and negotiating pay reform measures.*** Any pay policy reform that seeks to have a positive impact on the objectives of HRM must be adequately backed up by statistical information and, if Ministry of Finance support is to be won, costs must be estimated *ex ante*. This was the case for the managerial and professional segment in Costa Rica where, although the problem of staff retention had been identified, it was the studies documenting the loss of salary competitiveness coupled with a financial analysis of the cost of the reform that enabled its approval. In Honduras, having a detailed database gave the government a better negotiating position and enabled it to effectively develop its communication strategy. At the same time, the existence of previous studies conducted by external institutions, which document the existence

of problems (marked inefficiencies in the education sector's human resources) provided a starting point for data gathering and clarified the kinds of measures that had to be taken.³¹

3. ***Making the information regarding public employment and pay more transparent—particularly the distortions and inequities, where they exist—as well as establishing their broader fiscal context, is crucial for providing grounds for conversations with unions and gaining the support of public opinion, thereby increasing political incentives for reform.*** Making pay levels transparent by each institution or sector brings to light possible distortions and inequities that, when exposed, stimulate the formation of pro-reform coalitions. This happened in Costa Rica, when agencies within the central administration were contrasted with other agencies. This was also seen in Honduras, where comparisons both within the State, between the State and the private sector, and even with teachers from comparable countries inclined public opinion in favor of reining in the growth of the teacher wage bill.
4. ***It is important to take the expectations of civil servants into consideration, involve them in the discussions at the right time, and establish political control and monitoring of expectations.*** As Honduras demonstrates, an effective communication strategy is fundamental for strengthening the necessary incentives to gain the political class's support for reform. Furthermore, Costa Rica serves as a reminder of the possible unintended consequences of civil service reform, when the design is primarily focused on providing responses to a technical problem rather than on the possible repercussions for employee expectations and their political and legal ramifications. In any case, if a reform is to be politically sustainable and the possibility of reversal avoided, then the support of the key actors must be enlisted, and trade unions are invariably key actors.

Although these lessons, which arise from the experiences described in these three subsystems of the civil service modernization agenda—professionalization of the senior civil service cadre, introduction of safeguards against politicization, and pay policy reform—may be a response to specific contexts and situations in each country analyzed, they can also prove very useful for the rest of the countries in Latin America in planning the design and implementation of future reforms. Civil service reform is far from being a purely technocratic exercise; it requires carefully planned political economy strategies to achieve the desired results.

³¹ In Honduras, an evaluation of the World Bank's 2011 loan program concluded that linking the loan program to an exhaustive prior analytical study was crucial for establishing the basis for satisfactory results (World Bank, 2013).

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The Future Agenda: Strategies and Key Tasks for Enhancing the Civil Service in Latin America

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- The future agenda includes 10 key tasks for enhancing the civil service in Latin America and 6 lessons learned about how they can be achieved.
- Each country in Latin America starts from a different baseline, and there is no one-size-fits-all solution. Thus, to reach higher stages of development, each country must tackle its pending challenges.
- Despite the empirical evidence that demonstrates the positive impact of professionalizing the public service, a professional civil service does not appear to cost more as a percentage of GDP (at least in the medium term) and is associated with more effective institutional capacity and increased control of corruption.

This chapter outlines a possible future agenda for continuing the efforts to strengthen the civil service in Latin America. It is worth mentioning, however, that this is not about offering a standardized recipe. Each country will determine what to do, and how and when to do it, according to its specific situation, its public policy priorities, and the political opportunities for taking action. The detailed assessments of the civil service in each country can contribute to this process of prioritization.

With respect to the question of *what* to do, this chapter identifies 10 possible key tasks for helping the civil service systems in Latin America to perform better. Obviously, these are not the only challenges the region faces, but they are certainly pending tasks in many countries included in the study. It is also clear that Latin America is not a single, homogenous region with respect to the development level of the public service: those challenges in one particular development level might be the opposite of what is needed in the previous or in the next level. Therefore, to align the recommendations more closely with each country's reality, the introduction to each task includes a recommendation about its application according to the three levels of civil service development identified in Chapter 2: high, medium, and low. With regard to *how* to do it, this chapter puts forward some ideas for increasing the viability and the chances of success of civil service modernization reforms, which derive from the experiences studied in Chapter 4. The recommendations on what to do and how to do it are summarized in Table 5.1.

TABLE 5.1: THE FUTURE AGENDA: STRATEGIES AND KEY TASKS FOR ENHANCING THE CIVIL SERVICE IN LATIN AMERICA

10 KEY TASKS*	STRATEGIES
<ol style="list-style-type: none"> 1. Reduce excessive reliance on generic measures of merit, and introduce more flexibility into HRM. 2. Reduce the emphasis on uniform and centralized procedures for the entire administration and allow institutions to take measures to attract, recruit, motivate, and retain staff with the appropriate skills for their organizational needs. 3. Gradually and selectively introduce characteristics of employment systems for certain sectors or positions, thereby complementing existing career paths. 4. Professionalize the senior civil service. 5. Institutionalize management and information systems. 6. Implement competency-based management, avoiding overly complicated designs. 7. Improve performance appraisal by developing a realistic and strategic vision. 8. Enhance pay policy to attract, retain, and motivate human capital. 9. Improve compensation management to contain the wage bill. 10. Attract and retain young talent in the public sector. 	<ol style="list-style-type: none"> 1. Promote cooperation between the civil service agency and the fiscal institutions, and build broad pro-reform coalitions in the Executive branch. 2. Design gradual reforms that take into account both the possibilities and the technical and political limitations that exist within each national context. 3. Prioritize effective improvement of HRM, rather than merely perfecting the legal framework. 4. Enhance the technical capacity for reform, both in the central civil service agency and in the HRM units of the sector agencies. 5. Promote pro-reform political incentives. 6. Promote learning through continuous review and adjustment of reform measures.

Source: Authors' elaboration.

* The relevance and prioritization of each of these recommendations will clearly depend on the level of civil service development and the context in each country.

WHAT TO DO: 10 KEY TASKS FOR ENHANCING THE CIVIL SERVICE IN LATIN AMERICA

RECOMMENDATION 1: REDUCE EXCESSIVE RELIANCE ON GENERIC MEASURES OF MERIT, AND INTRODUCE MORE FLEXIBILITY INTO HRM.			
Level of civil service development	High	Medium	Low
Relevance	Important	Perhaps	Risky

One of the first objectives on the future agenda of Latin American civil service reform is to provide public managers with greater flexibility in the area of human resource management (HRM). This factor, which on the surface might appear to contradict the principle of merit guarantees, is one of the objectives set out in the Ibero-American Charter for Public Service (ICPS), the road map that continues to enjoy widespread support throughout the region.

When it comes to public service system design, the ICPS recommends the introduction of a combination of two types of ingredients:

1. Those that involve guarantees that are part and parcel of a meritocratic system and that are essential for preserving administrative professionalism, including safeguards against arbitrariness, nepotism, and political clientelism.
2. Those that seek to introduce greater flexibility into employment and HRM systems, with a view to building a public service that is receptive to government policy priorities, as well as effective, efficient, results-based, transparent, and responsible. These elements underpin most movements aimed at reforming civil service systems in advanced democracies (Longo, 2004) and are specifically opposed to bureaucratization, corporatism, the defense of privileges, and rent-seeking.

One of the important characteristics of the ICPS is that the introduction of this combination is understood to be simultaneous rather than sequential. In other words, it does not consider that public service reforms should necessarily progress in phases, in the sense that it is important to first build Weberian-style meritocratic bureaucracies to encourage flexibility in the reforms that follow. On the contrary, it assumes that it is necessary to develop both dimensions in parallel such that they feed into each other, thereby becoming institutional arrangements that make reciprocal progress possible.

The recommendation to seek a better balance between merit and flexibility already appeared in the conclusions of the previous assessment (IDB, 2006). In the noteworthy reforms undertaken over the last 10 years in many Latin American countries, there continues to be (with varying degrees of progress) an inclination toward introducing the traditional merit system safeguards. This preference is not surprising: in many LAC countries, there is a deep-rooted tradition of viewing public employment as a political resource and using clientelistic management practices. In the attempts to break with such traditions and in the search for more professional public service systems, expressions such as “professional civil service,” “competition-based,” and “administrative career” have gradually become the slogans that represent a transformation of the old state of affairs.

However, only some of these attempts have sought to introduce elements simultaneously that increase public policy effectiveness, the speed at which public bureaucracies respond to government programs, and incentives capable of stimulating civil servant dedication and productivity, into HRM and employment management systems. The latter are orientations common to public employment system reforms throughout the developed world and for which, several years ago, the Organisation for Economic Cooperation and Development (OECD) coined the generic term “flexibility” (Farnham and Horton, 2000; Longo, 2004; Pollitt and Bouckaert, 2000). Policies such as diversity of contracts, performance evaluation,

competency-based management and, to a lesser degree, performance pay, make up the repertory of management practices that the champions of public employment reform also seek to introduce in Latin America, alongside open recruitment and competency- and merit-based hiring.

In reality, the combination of merit and flexibility in public employment, and the discussion around the forms and contours that this combination should assume, are questions that are inextricably linked to the use that is made of the notion of merit and, more specifically, of the formal or substantive dimensions of that notion. It is therefore important to distinguish between the two perspectives.

As an attribute of public employment, merit is usually thought of fundamentally as a formal dimension. Thus conceived, a merit-based system is a combination of formal safeguards whose beneficial effects are produced by being projected outward by governments and public organizations and by taking into consideration the needs and expectations of society as a whole. Given that society requires a public service comprised of professionals capable of making decisions that are based on laws and protected from capture and corruption, creating these guarantees becomes vital.

However, with respect to the internal workings of these organizations—in other words, as far as the head of government or the public HR manager is concerned—these guarantees basically function as constraints on their HRM decisions and restrict their room for discretionary decision making. On this basis, it is easy to deduce that these limitations can compromise the effectiveness of HRM decisions and processes, and that they therefore need to be balanced with flexible policies in each case. From this perspective, merit and flexibility become part of a trade-off or a fundamental dilemma in which there is a conflict between the requirement that there must be professionalism in public action, on the one hand, and its pretense of effectiveness, on the other, in such a way that advances in one field might mean setbacks in another, and vice versa.

The question changes fundamentally if one approaches the notion of merit from its material or substantive dimension. In this approach, the guarantees of merit safeguard the professionalism of the administration by ensuring that HRM decisions lead to the most proficient people being selected (in other words, those with the highest degree of suitability in every capacity or, in the current HR jargon, in every competency) to carry out the tasks entrusted to them. To achieve this match, HRM instruments must guarantee that the best people are recruited, hired, motivated, and rewarded in each case. Considering the matter from this angle, one can concur that employment decisions in governments and public sector organizations must be meritocratic, not only to protect citizens and markets from arbitrariness and corruption, but also for the same reasons that make meritocratic arrangements advisable in other kinds of organizations, including private sector businesses—in other words, to achieve successful outcomes according to each organization's strategies and objectives.

When looking at merit in this way, a professionalized civil service can no longer be seen as a limitation on the effectiveness of governments and becomes, on the contrary, a prerequisite of the same. Going beyond rent-seeking, clientelism, and regulatory capture and substituting them with meritocratic models of public employment not only brings greater legal security to the societies that make such changes, but also leads to more effective and efficient central banks, tax inspectors, police forces, hospitals, and social services. The relationship between merit and flexibility is therefore no longer a contradictory one. In reality, to have suitable personnel working in contemporary environments, it is important to implement increasingly flexible formulas in terms of employment access, career path, training, and compensation. This flexibility will reinforce, rather than weaken, the meritocratic dimension of public employment.

It is not, therefore, about the influence of the latest trend, although influences of this nature should not be ignored altogether. Beyond these, the search for flexibility has to do with more important considerations. These include first, the need of governments to have responsive and effective bureaucracies; second, the common combination in Latin America of clientelistic practices and internal rigidity in employment management systems (excessive employee immobility, too much protection from trade unions and the legal system); and third, and especially, the need to manage public employment in environments of growing fiscal austerity and greater citizen demands. This leads to the search for greater effectiveness and efficiency—that is, more and better results achieved by smaller and more flexible workforces.

RECOMMENDATION 2: REDUCE THE EMPHASIS ON UNIFORM AND CENTRALIZED PROCEDURES FOR THE ENTIRE ADMINISTRATION AND ALLOW INSTITUTIONS TO TAKE MEASURES TO ATTRACT, RECRUIT, MOTIVATE, AND RETAIN STAFF WITH THE APPROPRIATE SKILLS FOR THEIR ORGANIZATIONAL NEEDS.

Level of civil service development	High	Medium	Low
Relevance	Decentralization is viable and advisable.	Decentralization might be beneficial.	Decentralization is riskier.

A second objective is to balance the benefits of uniformity and centralization, which are common during the initial stages of professionalization, against the counterproductive effect that excessive uniformity and centralization might have on the subsequent stages of reform. First and often second stage reforms (see the definition in Chapter 3) combat two serious dysfunctions of traditional management that are embedded in many countries: the fragmentation of personnel management and the lack of a solid agency that can provide the discipline and consistency that the system needs. As a reaction to these shortcomings, these reforms appear, in general, to have a unifying (uniform rules) and centralizing (strong

civil service agencies) philosophy, as these characteristics facilitate the first stages of the process of professionalization. This bias seems, at first, to be inescapable. Some statistical studies suggest that when it comes to staff recruitment in contexts where there is a high risk of abuse, for example, centralized competitions result in more meritocratic selections than do flexible and decentralized recruitment processes (Sundell, 2014).

At the same time, certain significant contraindications should not be underestimated. On the one hand, excessive regulatory uniformity can make the system burst at the seams. Building professional public employment in areas vested with public powers calls for different institutional arrangements than those needed for professionalizing the service areas. Managerial or highly specialized work needs to be treated differently than administrative or less-qualified work. The balance between merit and flexibility might require different approaches when they are applied in distinct sectors of public policy. Consequently, segmentation of the regulatory frameworks can be vital as soon as the process of professionalization gets off the ground (in other words, once the professional practices have been institutionalized in HRM).

On the other hand, too much centralization can overload the central agencies and at the same time alienate the support of the public services and organizations. Efforts to overcome this alienation are often aimed at investing in more regulations and monitoring instruments, rather than creating and introducing incentives that would encourage adoption of the changes. Moreover, as previously seen, beyond a certain degree of system development, advances in professionalization can only continue if the decentralized HRM units are strengthened and managers are given more decision-making power, without which it is difficult for them to effectively manage their staff.

RECOMMENDATION 3: GRADUALLY AND SELECTIVELY INTRODUCE CHARACTERISTICS OF EMPLOYMENT SYSTEMS FOR CERTAIN SECTORS OR POSITIONS, THEREBY COMPLEMENTING EXISTING CAREER PATHS.

Level of civil service development	High	Medium	Low
Relevance	Important	Important	Important, but with more caution

In Latin America, in most cases professionalization is understood as being equivalent to building career civil service systems. Although this institutional format (which is one among many) has brought noteworthy progress in certain countries (from Costa Rica to Uruguay, including the *carreiras* in Brazil) via the introduction of merit guarantees, it is equally true that it is usually associated with rigidity, making it difficult to effectively manage (the evolution of the Chilean civil service is a good example).

It is worth contemplating—by breaking, as previously proposed, with the excess of uniformity found in many countries in the region—the possibility of creating employment systems for certain public sectors and professions, which in general turn out to be more open and flexible, or at least to introduce elements of these systems into career organization, creating hybrid or mixed models that facilitate greater openness. This greater design flexibility might help to facilitate dialogue—which is currently rather difficult in more than a few countries—between the champions of professionalization and the political actors responsible for making the decisions. It is important to consider that, beyond the real difficulties that the patrimonialist and clientelistic traditions pose for these processes, the resistance that some governments put up can be attributed to their fear of creating employment models that are rigid, difficult to manage, and barely receptive to their policy priorities.

RECOMMENDATION 4: PROFESSIONALIZE THE SENIOR CIVIL SERVICE.

Level of Civil Service Development	High	Medium	Low
Relevance	Important	Important	Important

Among the capacities needed for promoting and establishing professionalization reforms, management strengthening occupies a central role. At the outset, it is difficult to imagine a professional public service if its senior level, which most influences its operation and outcomes, remains subject to political colonization. Furthermore, senior civil servants are crucial allies in the coalition needed to change the *status quo*. Without them it is very difficult for the reforms to get off the ground and go beyond their core advocates or the central civil service agency. Finally, public managers are the drivers of public organizations and their agreement and commitment are necessary to introduce and develop advanced HRM practices, as previously seen with regard to competency-based management, performance evaluation, and performance pay.

It is important to approach professionalization of the senior civil service cadre as a differentiated part of the reform project. It needs its own statute and a management model that is rigorous but more flexible than those that exist for other groups. In this framework, striking a reasonable balance between meritocratic suitability and political confidence becomes crucial for the viability of a professional senior civil service. There are different formulas for achieving this balance, which must be chosen in accordance with the characteristics of each institutional environment. Although it cannot be proposed as a strictly exportable formula, the experience of Chile’s Senior Executive Service Council (Consejo de Alta Dirección Pública, or CADP), which has been in existence for 10 years and to which improvements in public service

provision have been empirically attributed (Lira, 2012), may serve as an excellent reference model for Latin America in this field.

Professional public managers are still scarce commodities in the region. Therefore, efforts to properly define and regulate the management level must be accompanied by HRM strategies and policies (training, compensation, and so on) that seek to expand the human capital in this segment, which is crucial to the success of the reforms.

RECOMMENDATION 5: INSTITUTIONALIZE MANAGEMENT AND INFORMATION SYSTEMS.			
Level of civil service development	High	Medium	Low
Relevance	Important when absent.	Key	Key

According to the results of the assessments presented in Chapter 2, improvements in information and HRM systems are among the main achievements of the civil service in the region over the last decade. They are also reflected in the first step of the so-called ladder of professionalization seen in Chapter 3.

Considering that various countries have taken at least the first steps toward modern information and HRM systems, specifically with regard to payroll management, four priority tasks remain in the quest for institutionalization and more effective and permanent use of IT platforms. First, it is necessary to extend the range of HRM systems to the majority of state institutions and, in particular, to civil servants with different contractual arrangements within the Treasury-financed public agencies in each country.

Second, systems currently based only on payroll management must evolve to become human talent management platforms that would enable a cross-institutional and digitalized HRM. The generation, systematization, and use of statistics in attracting talent (for example, the number of candidates that apply for the job), retaining staff (work exit surveys and questionnaires), effective performance (see Recommendation 7), training, and other variables are fundamental but are absent in most countries in the region. One particular challenge to consider during the process of expanding IT systems is the technical capacity of their potential users in the line ministries.

Third, there is a need to make maximum use of the interfaces between the systems and the citizens, for example via web portals to apply for public jobs, which have already been installed in several countries, or by making the payroll more transparent. On one hand, these interfaces enhance the systems' impact on HRM, enabling citizens, for example, to be more capable of demanding accountability from civil servants. On the other hand, they mobilize non-state actors (the citizenry) to demand

and safeguard the continuity of these systems, which promote greater transparency in the context of changes in government.

Finally, it is necessary to make full use of evolving information technologies to continually improve HRM and information systems. In summary, it is crucial to develop, institutionalize, strengthen, and expand systems with a view to ensuring their impact on planning, control, and HRM.

RECOMMENDATION 6: IMPLEMENT COMPETENCY-BASED MANAGEMENT, AVOIDING OVERLY COMPLICATED DESIGNS.

Level of civil service development	High	Medium	Low
Relevance	Important	Less important	Too demanding administratively, and with lower returns

Competency-based management has come to public employment systems to stay, as it has, in general, to the sectors of business and education. Its contribution to improving HRM has made it into a compendium of advanced HR practices, which should be incorporated into the way that public organizations go about their business. The analytical framework on which the assessment under examination herein is based therefore includes competency-based management among the critical points of the Planning, Work Organization, Employment Management, and Development Management sub-systems.

In the countries analyzed, as previously seen, the presence of competency-based models in public employment job and profile descriptions and even, in a more limited fashion, in recruitment and hiring processes is growing. In any case, competency-based management obligates organizations to install much more sophisticated capacities than those needed for management using traditional qualification criteria (understood exclusively as possessing technical qualifications in a given area). Therefore, unless the models are accompanied by the installation and promotion of these capacities—to define, evaluate, and develop competencies—then management approaches will tend to be merely formalistic and bureaucratic, overloading both organizations and public managers with tasks they are not prepared to perform, thereby leading to perceptions of arbitrariness and dissatisfaction in terms of where the changes are leading.

Although the idea of progressively introducing these advanced policies and practices into the countries' public employment systems should not be abandoned, it is advisable to design strategies for strengthening the necessary capacities. One option for facilitating the strategies is to use value-added services available in the market. The public-private collaboration scheme for selecting senior executives in Chile is a good example.

RECOMMENDATION 7: IMPROVE PERFORMANCE APPRAISAL BY DEVELOPING A REALISTIC AND STRATEGIC VISION.

Level of civil service development	High	Medium	Low
Relevance	Very important	Very important	Less of a priority

Based on the assessments presented in Chapters 2 and 3 herein, the Performance Management subsystem is the least developed. To make reasonable progress in this area, which is the most difficult to develop in any HRM system, the following steps are recommended.

1. Link performance management to institutional goals, which is the only way to ensure that this management subsystem concentrates on the right priorities and creates value for the organization. Therefore, it is necessary to have prior or simultaneous investment to develop an organizational strategy.
2. When the goal permits and the work is collaborative, choose performance-based evaluations for the unit, group, or team, as they are generally easier to apply and are better accepted than individual evaluations.
3. Clearly define the objectives pursued by the evaluation (obtaining information, validation of practices, orientation and development, incentivizing effort, and so on) of each case, and define the right instruments according to each one, avoiding one-size-fits-all solutions.
4. Limit the links between performance evaluation and remuneration (performance pay) to those cases where results can be clearly measured and correctly attributed, without trying to apply this compensation model universally to all employees of the system or the organization.
5. Define the simplest possible evaluation instruments to facilitate the task of the evaluators.
6. Define and develop an ambitious and explicit strategy designed to engage and train managers, who represent the cornerstone of any performance management system. Without this requirement, no design or instrument can achieve success.

RECOMMENDATION 8: ENHANCE PAY POLICIES TO ATTRACT, RETAIN, AND MOTIVATE HUMAN CAPITAL.

Level of civil service development	High	Medium	Low
Relevance	Very important, but used selectively (more flexible employment systems will require better compensation)	Very important, but used selectively	Important mainly at the management level (lower aggregate cost)

On one hand, as mentioned in Chapter 4 herein, a civil service may install merit-based hiring processes and promote the professionalization of the public sector, but its outcomes will be no better if the ideal

candidates either refuse the job offer or, once hired, find that the pay is not sufficiently competitive and that the incentives provided to retain and motivate competent and high-performing staff are not good enough. On the other, much of Latin America—with the exception of certain countries in Central America and Paraguay, among others—has already made progress toward establishing a more fiscally sustainable wage bill, a traditional concern that led to discussions about compensation management in the past being invariably overshadowed by the fiscal perspective.

It is therefore to be expected that in various countries the advances achieved over the last 10 years in terms of professionalization, combined with a more consolidated fiscal situation and with greater citizen demands for improved public services, would lead to a higher number of compensation management reforms that focused on attracting and retaining skilled staff and on their subsequent performance. In fact, some of these reforms were already under way in 2013 when related legislation was approved in the Dominican Republic and Peru.

The focus of these potential reforms should therefore be based on the following principles:

1. Aim to set up a pay system that is competitive with the local labor market—not merely for administrative and unskilled personnel, as usually happens—and that is aligned with the State’s financial capacity to pay for it. On the one hand, this requires gathering information on pay rates in both the private sector and the decentralized administration for comparable jobs (which should be monitored by the civil service and fiscal institutions). On the other, it means prioritizing specific higher grades, as well as those that have the biggest impact on service delivery, to make the system financially viable.
2. Streamline the pay structure as much as possible, ensuring that base pay constitutes 100 percent, or as much as possible, of total earnings, so that compensation becomes strongly linked to the responsibilities of each position (equal pay for equal level of responsibility), while making payroll management and control less expensive and more efficient.
3. Simplify job classification and aim to establish a single pay spine in which all the positions in all sectors are arranged on the basis of an evaluation of the responsibilities that correspond to each one. This would ensure satisfactory pay relativity and, at the same time, would avoid fragmentation in the negotiations with the different groups that, in most countries, often compete among themselves to seek the highest salaries from the State rather than comparing their pay with a hypothetical alternative job with similar qualifications in the private sector.
4. Ensure transparency of salaries throughout all institutions and make them easily comparable. This would guarantee pay equity for all employees.
5. As mentioned in the section on performance appraisal, limit performance pay initiatives to those cases in which results can be clearly measured and correctly attributed, without attempting to apply this compensatory model universally to all employees in the system or organization, and ideally

keeping these kinds of payments below 10 percent of total earnings as a way of reducing incentives to manipulate the system.

6. Implement these types of reforms gradually. It would be counterproductive to claim that they can be implemented in the short term, since all reforms in this field will have a high impact—nearly always leading to a higher wage bill—and also because civil service job descriptions and compensation models were designed several decades ago and have since been subject to an endless series of *ad hoc* adjustments and amendments.

RECOMMENDATION 9: IMPROVE COMPENSATION MANAGEMENT TO CONTAIN THE WAGE BILL.

Level of civil service development	High	Medium	Low
Relevance	Priority in certain contexts	Priority in certain contexts	Very important

In Latin American countries where the financial situation presents serious challenges and the processes of professionalization are still in their early stages, it is likely that any pay reforms undertaken will be aimed almost exclusively at improving efficiency, with a view to achieving a fiscally sustainable wage bill. The challenge these countries face is significant, since they must also make progress in attracting, retaining, and motivating suitable staff to achieve better results in a context of limited resources and higher citizen demands.

Reform of this nature, however, is not exclusive to the countries with a low degree of professionalization. In countries with a medium or high level of development, there can be a situation in which the number of positions has been effectively controlled but where public sector pay raises have surpassed the fiscal capacity of the State to finance them or have been excessive when compared with private sector compensation for similar positions.

Therefore, it is important to consider the following in efforts to contain the wage bill:

1. With regard to staff numbers, it is important to: (i) establish a payroll system that serves as a single, centralized public employment database capable of calculating the number of central and decentralized administration employees according to their institution, grade, and compensation—as well as their qualifications and training—and regularly update this information; (ii) maintain strict control over the hiring of new personnel and over the potential increase of temporary staff; and (iii) strengthen HR planning, establishing appropriate staff replacement rates for each function—mainly according to their impact on service delivery—and implementing attrition strategies by re-assigning personnel, if necessary, according to their qualifications.

2. With regard to compensation, this implies: (i) improving the negotiation process by increasing the information available to the State (such as comparing private sector pay for the same skill sets) and avoiding fragmentation and competition between groups; (ii) taking managerial measures, such as payroll audits, to improve control over personnel expenditures; and (iii) reduce discretionary authority and contain allowances.

RECOMMENDATION 10: ATTRACT AND RETAIN YOUNG TALENT IN THE PUBLIC SECTOR.			
Level of civil service development	High	Medium	Low
Relevance	Increasingly significant, due to the ageing of the labor force	Important due to the lack of job attractiveness at the intermediate levels	Important due to the lack of job attractiveness at the intermediate levels

Certain Latin American countries now have ageing populations comparable to those of Western Europe, which is reflected in a higher average age among public administration employees. At the same time, it is not unusual to find significant staff shortages at the intermediate management level, as well as generation gaps in the region’s civil service, with newly hired employees working alongside those with many years of experience. Although this situation is associated with difficulties in retaining staff, which might be at least partially addressed by some of the tasks mentioned above, such as compensation management or performance management, an additional mitigation strategy could involve creating programs specifically tailored toward attracting and retaining young talent.

In contrast with the scholarships awarded for postgraduate programs, which often make it harder to retain high-quality personnel, as a civil servant’s employability gap can widen after completing a master’s or PhD, these programs could help to recruit recently graduated, talented young people, either locally or abroad, by offering positions that are interesting and potentially long term. The United Kingdom’s Fast Stream program, for example, might be of particular interest when it comes to designing these kinds of initiatives.¹

HOW TO ACHIEVE IT: REFLECTIONS ON THE REFORM STRATEGIES

Beyond the specific reform that may be pursued within the broader civil service modernization agenda, which may or may not include some of the ideas presented above, it is possible to identify six general

¹ For more information, see <http://faststream.civilservice.gov.uk/>.

strategies, applicable to all levels of civil service development, to enhance the viability and chances of success. These lessons, mainly derived from the reform strategies analyzed in the previous chapter, are aimed at multiplying the impact of interventions made by countries to achieve greater long-term civil service development.

1. Promote cooperation between the civil service agency and the fiscal institutions, and build broad pro-reform coalitions in the Executive branch.

No professionalization strategy has ever enjoyed success by entering into conflict with the priorities of fiscal policy. Any reform that affects the civil service tends to have significant effects on public spending. The confrontation between the proponents of necessary fiscal discipline on the one hand, and essential improvements in public administration on the other, usually lead to the reforms being blocked.

Reforms aimed at professionalizing public employment should not be seen, in general, as initiatives to improve government efficacy and quality that require huge increases in public expenditure to implement. On the contrary, they must be understood as instruments for building more efficient governments and organizations capable of spending more wisely, optimizing resources, and reducing costs. The cost of increasing professionalization should be thought of as an investment and should be based on viable plans that specify the expected return on investment and stipulate a set time frame. Consequently, alliances between the civil service agency and the Ministry of Finance and other agencies responsible for the budget process enable reforms to move forward, especially in terms of pay reform.

This recommendation was already mentioned in the previous assessment, which pointed out that the Budget Office (Dirección de Presupuestos) and the Ministry of Finance in Chile exemplified the possibility that the budgetary objective of improving efficiency could be a catalyst for civil service management professionalization reforms (IDB, 2006). This cooperation was made official by the creation of the National Directorate of the Civil Service (Dirección Nacional del Servicio Civil) under the auspices of the Ministry of Finance.

Cooperation, however, is also feasible in other institutional models, ranging from involving the Ministry of Finance in the executive board of the civil service agency for the approval of the Public Managers Cadre (Cuerpo de Gerentes Públicos) in Peru in 2008, to active leadership in designing reforms such as Peru's new Civil Service Law, approved in 2013, or eliminating double salaries in Paraguay. Efforts to precisely estimate the cost of the reforms always induces cooperation from the fiscal institutions, as occurred in the reform of professional compensation in Costa Rica in 2007 and in Peru's Civil Service Law of 2013.

On this basis, it should be possible to coordinate strategies that effectively link the areas in favor of reforming public employment with the departments responsible for the budget. If coalitions like this can

be built, they are undoubtedly the principal means of accelerating the processes of professionalization and guaranteeing their sustainability. Finally, it is obvious that, apart from the cooperation of these institutions, it is also crucial to seek support from other departments that have the capacity to either promote or derail public administration reform, such as the Ministry of the Presidency or other interministerial coordinating institutions (Center of Government).

2. Design gradual reforms that take into account both the existing possibilities and the technical and political limitations that exist within each national context.

The presence of multiple opponents and veto points can often make overall reform of the entirety of civil service subsystems close to impossible. In the best-case scenario, these overall reforms achieve only partial progress during implementation, along with a significant waste of resources that are invested without results, and a commensurate loss of credibility.

The efforts to implement safeguards against politicization are illustrative. Integrated designs sometimes achieve overall changes in the rules (e.g., the Dominican Republic in 2008), but fail to do so in practice, in which case the reforms remain limited to select subsystems within a subset of public institutions (e.g., the Dominican Republic and Paraguay since 2008). In the worst-case scenario, integrated designs can lead to a total blockage of the reforms, as occurred during attempts to reform the senior civil service in Uruguay. In summary, the explicitly limited reform designs seem to achieve the most progress.

It is crucial to understand where the reform should be targeted or, in other words, in which segments, subsystems and/or specific institutions reform should be attempted, as a feasible and ideal departure point for a gradual effort in a context in which multiple actors have the power to veto reform. This can be facilitated by prior analysis of the political economy of civil service reform.

3. Prioritize effective improvement of HRM, rather than merely perfecting the legal framework.

Although it is true that in certain situations legal frameworks impose significant restrictions on reform processes, in a regional context of weak state governance, excessive confidence in legal changes as the driver of reform is misplaced. In contrast, changes in HRM practices often provide the greatest support for reforms and their institutionalization. The comparison between the Dominican Republic and Paraguay in terms of progress towards meritocracy is paradigmatic. With respect to senior civil service reforms, Peru achieved significant progress without approving a comprehensive legal framework, which was approved five years later. Starting in 2011, Chile improved its regulation of temporary staff management, but within the framework of an initiative to improve management driven from the Ministry of Finance, after having first unsuccessfully tried to pass legislation to this effect.

These experiences lead to speculation about how the potential for promoting changes in HRM is underestimated, even despite the limitations imposed by existing legal frameworks. This statement is

particularly true given that all of the countries in the region have passed civil service laws that enable the professionalization of at least some of their civil service subsystems (Grindle, 2010).

In cases in which the reform strategy is focused on promoting legislative changes, the challenge is to resist the temptation to broaden the scope of the reform so that policymakers can earn more political capital. Failure to tackle this risk has meant that in several cases broad legislation has been introduced but insufficient attention has been paid to striking the necessary balance between the scale of the approved mandate and the civil service agency's limited implementation capacity. As such, legal reforms may become ends in themselves and may fail to sufficiently support the changes in management practices, as well as using up a major part of the resources available for promoting these changes.

4. Enhance the technical capacity for reform, both in the central civil service agency and in the HRM units of the sector agencies.

Many countries, particularly those with low levels of civil service development, are characterized by having decentralized civil service agencies and human resources units that lack the necessary experience and capacity to manage professional staff, and still less to lead a reform process. The reform experiences in the Dominican Republic, Paraguay, and Peru, among other cases, underline the importance of strengthening the technical and institutional aspects of the civil service agency and the decentralized HRM units in public sector institutions as a fundamental prerequisite for taking this agenda forward. This recommendation, which was cited in the previous assessment (IDB, 2006), remains valid today. Although capacities have been strengthened, there is still a long road ahead, particularly with regard to the line ministries.

5. Promote pro-reform political incentives.

There are various measures that can be taken to increase the political incentives in favor of reform. First, building a pro-reform coalition both inside and outside the government is feasible and may even be necessary in some cases, especially in relation to initiatives designed to establish safeguards against politicization. Broad pro-reform coalitions can act as an important counterbalance to the many veto possibilities that reforms usually face. While the problems of collective action make it hard to mobilize social support in favor of the changes, the experience in the Dominican Republic suggests that negotiation and implementation of the reform can be favored by broad coalitions of NGOs, universities, the private sector, donors, international organizations, and the media.

These coalitions appear to be particularly effective when (i) their objectives are aligned with those of the pro-reform actors and departments in the Executive branch; (ii) when the demands and the way they are monitored focus on progressive goals that are achievable in the short term; and (iii) when public opinion is mobilized by repeated media exposure in favor of the reforms, supported by hard data that clearly expose the shortcomings that the reform is attempting to address.

A second approach, aimed at increasing pro-reform political incentives, consists of combining the reform with some of the other important and urgent political priorities on the government agenda. The examples of the senior civil service reforms in Chile and Peru demonstrate the value of these combinations—due to issues of public integrity in the former case, and the need for faster budget expenditure execution in the latter—in ensuring that the reform gains traction.

Third, mobilizing public opinion behind the reform to gain political traction is made easier by carefully building a suitable image to showcase the reform. For example, the senior civil service reform in Peru transformed the prevalent image of public employment into one of *civil service*, in an effort to link the reform with citizens' aspirations for a more efficient and effective public service. The country used the same approach again in passing the Civil Service Law in 2013. In Honduras, efforts to improve management of the education sector—by analyzing and disseminating the data that revealed teachers' pay rates—presented the image that teachers were receiving significant unearned benefits, which proved decisive in swaying public opinion behind the reform. Brazil also adopted a similar approach in the 1990s for the federal civil service (Gaetani and Heredia, 2002).

6. Promote learning through continuous review and adjustment of reform measures.

The technical and political complexity of civil service reform inevitably means that the implementation phase will be difficult. The occurrence of problems, detours, and delays is a common reality while reform measures are being put in practice. It is, however, possible to take advantage of the implementation process itself as the scenario for learning, continuous improvement, and capacity building.

The case of the senior civil service reforms in Chile and Peru clearly reveals that the attention that the civil service agencies paid to developing ad hoc work processes and systems, testing them, and improving them over a series of repetitions, led not only to positive outcomes (in terms of the managers selected and assigned) but also to the strengthening and legitimization of the civil service agencies themselves. Consequently, it is vital that political authorities give the civil service agencies sufficient space and support to lead a learning process—usually in the form of trial and error—that will enable them to develop specific capacities for managing the civil service system. Testing new work processes, new management systems, and alternative oversight and monitoring mechanisms, among others, are key aspects of this process.

SUPPORTING THE DEMAND FOR REFORMS: GENERATING EMPIRICAL EVIDENCE ON THE IMPACTS OF CIVIL SERVICE REFORM

The two previous sections focused on the future agenda for governments in Latin America, with recommendations concerning the kinds of reforms to promote and strategies about how to do so on based on

experiences of reform over the past decade. This section highlights the important task that think tanks, academics, and international organizations should undertake to gather evidence on the impacts of improvements in civil service management.

In a context in which governments have greater capacity and authorities base their decision making on empirical evidence, it is crucial to document the impact of civil service reforms on the effectiveness and efficiency of public sector institutions. As mentioned in Chapter 1 of this book, various studies have shown that establishing a professionalized civil service leads to greater economic growth and increased per capita income, a reduction in corruption and poverty, more trust in government, better service delivery, and more efficient budget execution—in addition to the indisputable fact that good HRM leads to better expenditure quality with respect to staff costs, which represent a significant proportion of public expenditure. Documentation, however, is an area where much remains to be done and that must be part of the future agenda.

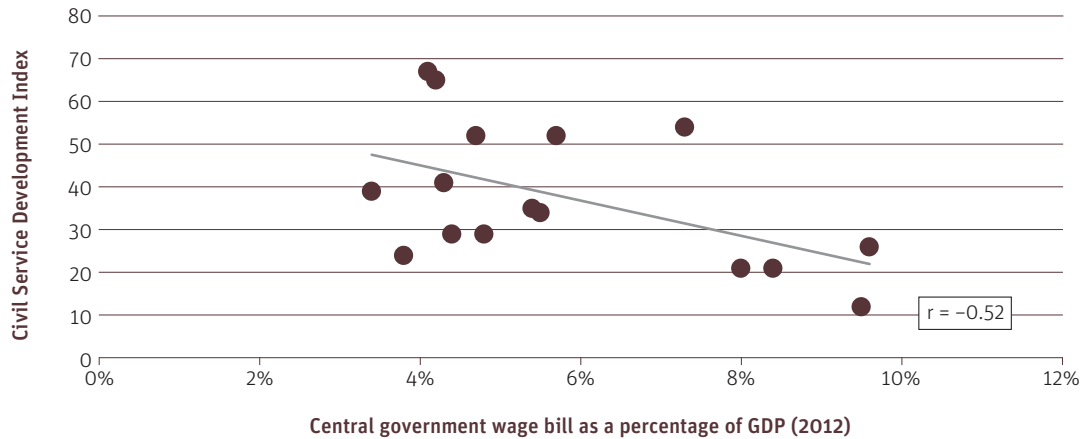
Any government that wishes to invest in modernizing its public administration and in shouldering the ensuing short-term fiscal costs will need to have a greater degree of certainty regarding the return on its investment, both in terms of impact and of the time frame needed for these gains in effectiveness (better public policy outcomes) and efficiency (achieved by using a proportionately equal or smaller amount of resources) to manifest. Is having a professionalized civil service more expensive than not having one? Does having a professionalized civil service lead to greater government effectiveness, to improvements in service provision, or reduced levels of corruption? A superficial analysis of these questions would produce reasons for professionalizing the civil service.

In the first place, as a very tentative approach to analyzing the fiscal cost of civil service professionalization, if the wage bill taken as a percentage of GDP for 2012 is used as a cost parameter and the Civil Service Development Index (CSDI) of 2011–13 as the level of professionalization for the 16 countries covered in this study, then a negative correlation can be perceived between these factors ($r=-0.52$). Therefore, although professionalizing the civil service might be more costly in the short term, a professional civil service does not seem to be more expensive as a percentage of GDP over the medium and the long terms (see Figure 5.1).

On the other hand, as a very tentative approach to analyzing the impact of a professionalized civil service on government effectiveness, if one examines the World Bank's Government Effectiveness Index alongside the CSDI from this study, there is a relatively close correlation between the two ($r=0.71$).² This seems to suggest that greater civil service development may have a significant impact on the

² The Government Effectiveness Index measures perceptions about governmental effectiveness based on an aggregate of 15 sources per country via indicators that capture, among others, the quality of public services, bureaucratic quality, the quality of public policy formulation and implementation, and the credibility of government commitments to these policies.

FIGURE 5.1: CIVIL SERVICE DEVELOPMENT INDEX (2011–13) AND THE WAGE BILL AS A PERCENTAGE OF GDP IN LATIN AMERICA (2012), FOR COUNTRIES INCLUDED IN THE STUDY



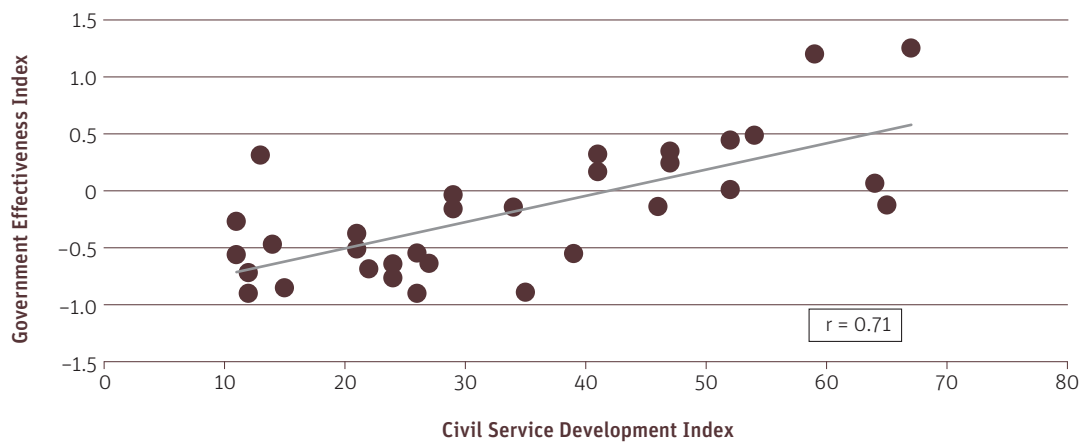
Source: Authors' elaboration based on IDB and IMF data.

capacity of the State in the region, as the global studies cited at the beginning of the chapter reveal (see Figure 5.2).

Third, when the same analysis is made of a comparison between the CSDI and the World Bank Control of Corruption Index (2012), there is a noticeable and even stronger correlation ($r=0.73$), indicating that a higher level of civil service development is usually accompanied by increased control of corruption (see Figure 5.3).

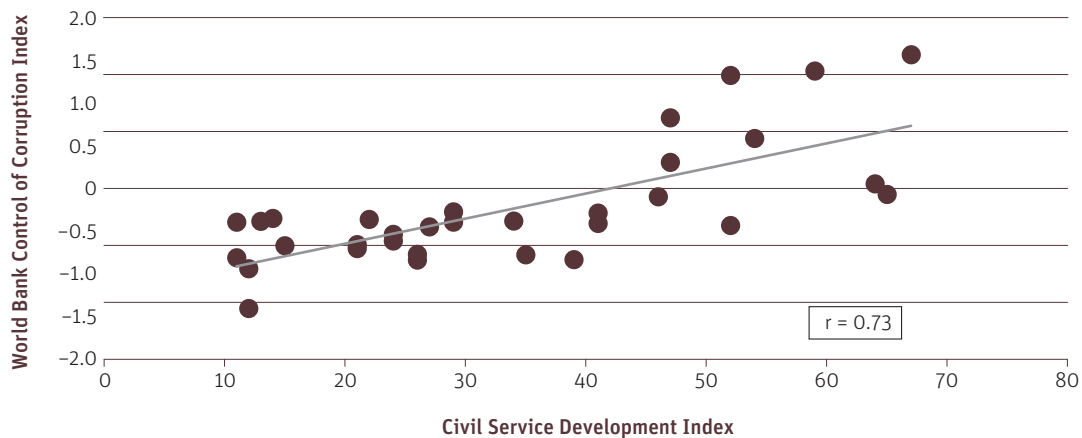
Leaving this suggestive evidence to one side, there is a wide scope for conducting more rigorous studies that can empirically demonstrate the impact of the various civil service reforms on the countries included in the study, or on specific institutions. These evaluations could take advantage of recent progress in experimental and quasi-experimental methods that have been successfully employed in other spheres of public policy for this purpose, with a view to analyzing the impact of public administration reforms on public service provision, or on other key aspects of management, such as efficiency or other public policy priority objectives. Moreover, the evaluations could focus on specific types of reforms on the civil service agenda (e.g., professionalization of the senior civil service cadre and improvements in compensation and performance management) to convince key actors of the importance of these reforms.

FIGURE 5.2: CIVIL SERVICE DEVELOPMENT INDEX (2004 AND 2011-13) AND GOVERNMENT EFFECTIVENESS INDEX (2004 AND 2012)



Source: Authors' elaboration based on IDB and World Bank data.

FIGURE 5.3: CIVIL SERVICE DEVELOPMENT INDEX (2004 AND 2011-13) AND WORLD BANK CONTROL OF CORRUPTION INDEX (2004 AND 2012)



Source: Authors' elaboration based on IDB and World Bank data.

In this vein, it is hoped that this book, as well as the case studies and national assessments that provided the material for analyzing the evolution of the civil service in Latin America over the last 10 years, can serve as an input for strengthening the regional learning process in this field, stimulating debate, improving the agenda, and helping to build a greater capacity of the State with a view to making better, citizen-oriented governments.

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ANNEX 1

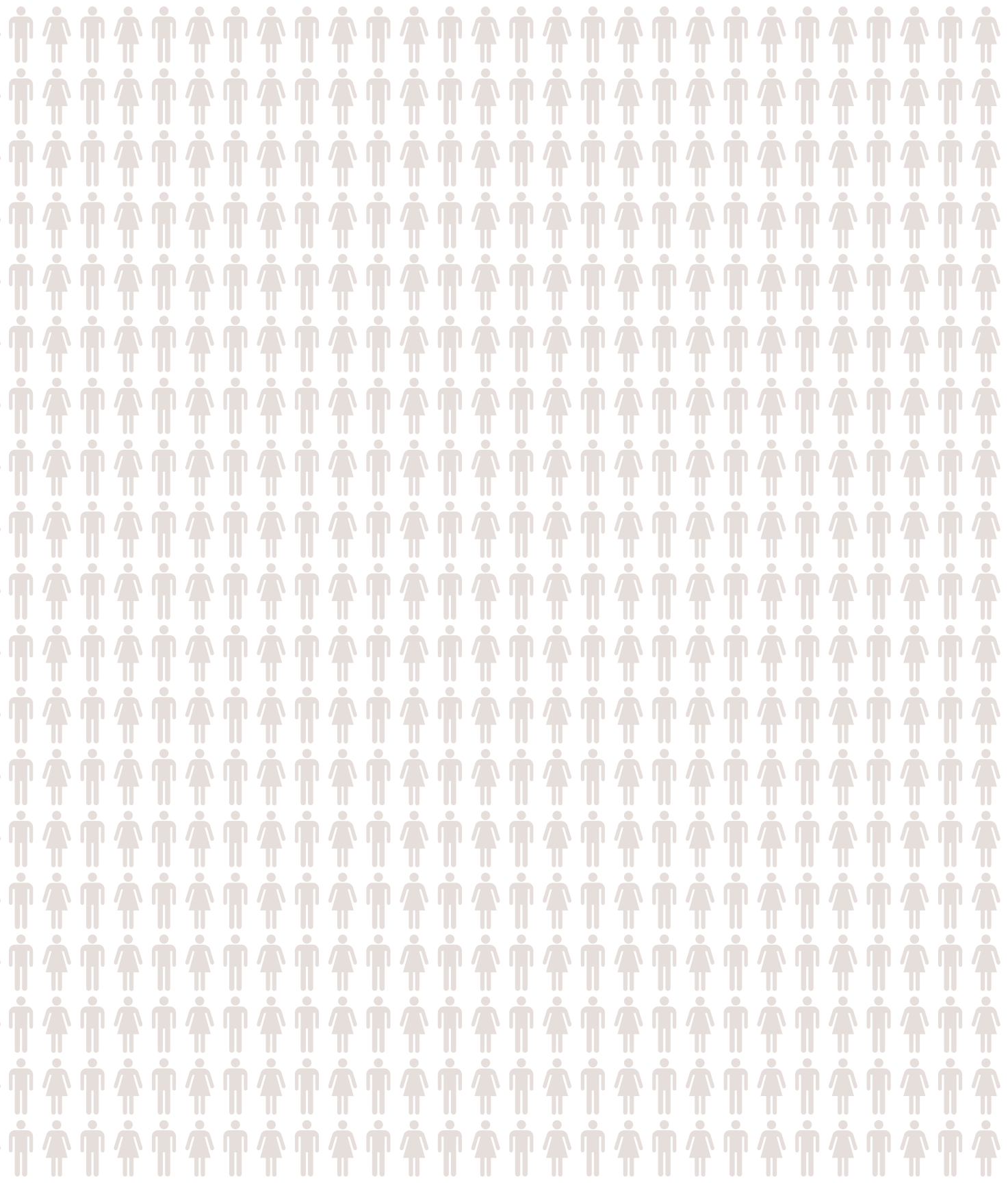
Analytical Framework for the Institutional
Assessment of Civil Service Systems

ANNEX 2

Summary of Country Assessments

ANNEX 3

Frequency of Cases by Level of Development
(Comparison 2004–2011/13)



ANALYTICAL FRAMEWORK FOR THE INSTITUTIONAL ASSESSMENT OF CIVIL SERVICE SYSTEMS

The Conceptual Framework: A Strategic and Systemic Perspective for Human Resource Management

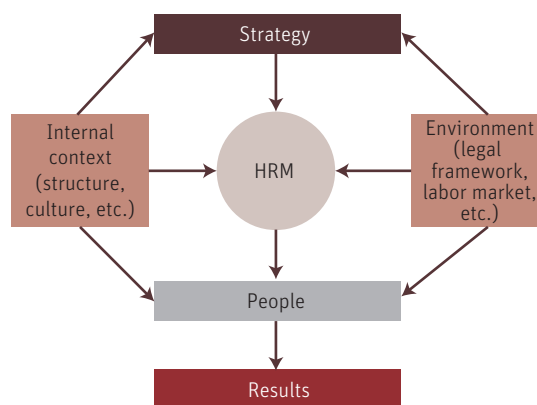
The methodological proposal for this evaluation is a calibrated version of Longo (2006), which has provided the basis for monitoring Latin American civil service systems over the last 10 years.

The measurements have been carried out using the same adjusted methodology. This gives higher value added to the work, as it achieves closer comparability of the results. The degree of progress toward professionalization made by each country's civil service has been established by comparing country ratings both to their previous ratings and to the progress made in other countries.

This model is based on the premise that human resource management (HRM) is an integrated model whose basic objective is to fit people into the production strategy of an organization or multi-organizational system in accordance with its stated goals (Figure A1.1). This search obviously does not take place in a void; rather, it is permanently conditioned by the organization's internal context (structure and culture, among other factors) and environment (legal framework, labor market, and so on) (IDB, 2006).

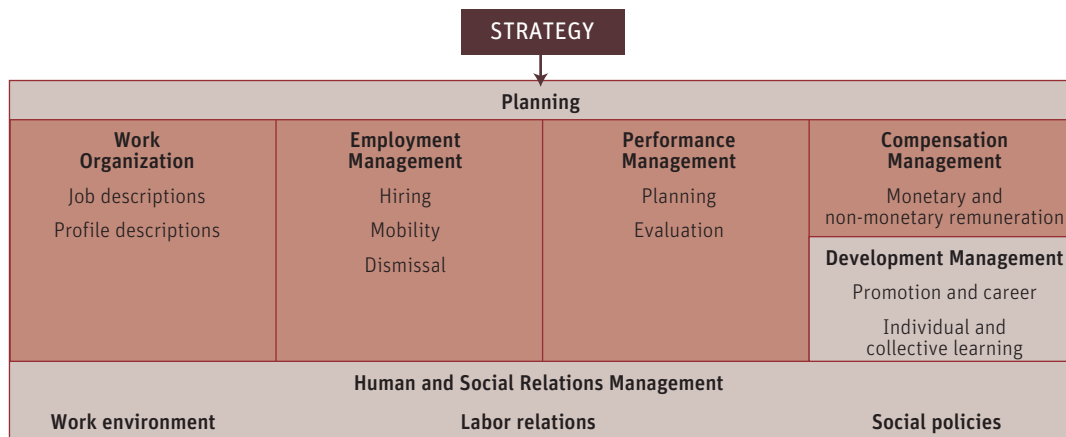
As Figure A1.2 shows, HRM comprises a combination of *subsystems*. *Planning* is located at the highest level, as it is the entry point into any integrated HRM system. It enables coherent policies to be designed in all of the

FIGURE A1.1: INTEGRATED HRM MODEL



Source: Longo (2006).

FIGURE A1.2: THE SUBSYSTEMS OF HUMAN RESOURCE MANAGEMENT



Source: Longo (2006).

remaining subsystems with which it is connected. Five subsystems are located at the intermediate level, organized in a logical sequence. *Work Organization*, in the first position, prefigures and defines the content of the tasks and the characteristics of the people needed to fulfill them. Then comes *Employment Management*, which includes the flows of people entering, moving through, and exiting the system. *Performance Management* is in third place and includes planning, motivating, and evaluating each employee's contribution. In fourth place are *Compensation Management*, which rewards that contribution, and *Development Management*, which focuses on individual and collective growth. Finally, *Human and Social Relations Management*, at the lowest level, is connected to all of the previously mentioned subsystems. Finally, alongside all of these subsystems is *Organization of the HRM Function*, which centers on questions of authority and institutionality within the system.

In order for a combination of HRM practices and policies to function, three requirements must be met:

- a. **The subsystems must be operational.** This implies that there is a combination of coherent staffing practices and policies that enable their existence and operability to be rationally inferred.
- b. **The necessary interconnection must take place.** This means that there has to be coordination among the subsystems as indicated in Figure A1.2 and that they do not operate separately.

- c. **There must be strategic coherence.** The subsystems must be seen as applications of an HR strategy that emanates from the organizational strategy and that gives them coherence, since no staffing policy or practice can be evaluated without taking this coherence into account.

The analytical framework proposes a series of *critical points* that are distributed among the aforementioned subsystems. Each critical point or benchmark describes a desired and specific situation that relates to a certain aspect of HRM, which either belongs to one subsystem in particular or to the interconnection between several of them. Thus, the critical point is a defined and substantive parameter that enables a comparison to be drawn with the situation encountered empirically in the case study. This comparison is expressed on a scale of 0 to 5, where the highest score reflects the greatest correspondence between the situation expressed by the critical point and the one found in the case study. Five indices are derived from the combination of critical points, which enable different aspects of the civil service system's overall performance to be measured: Merit, Efficiency, Functional Capacity, Integrative Capacity, and Structural Consistency (see Table A1.1).

THE EVALUATION METHODOLOGY: THE “CALIBRATED” ANALYTICAL FRAMEWORK

For the purpose of constructing the five civil service quality indices, the original analytical framework (Longo, 2006) proposes 93 critical points. Two of the indices are further divided into three sub-indices, yielding a total of 11 measurable parameters that reflect the system's performance and quality. The key aspects of each HRM subsystem that are vital to make it function satisfactorily have been identified, as well as the indices that are crucial for civil service monitoring, based on the experience of having applied this methodology in 18 countries in the region in 2004.

More recently, with a view to making the assessment process more efficient, the critical points and indices have been selected and reorganized in accordance with the structure of the Ibero-American Charter for the Public Service (ICPS) (Longo and Iacoviello, 2010). To be precise, the proposed *New Evaluation Methodology* uses a selection of the critical points, identifying those that are most significant with respect to reflecting the level of development of each subsystem and index. This selection includes the critical points that are given the highest weight in the analytical framework, to which others were added with medium weight to adequately cover the central aspects proposed by the ICPS for each of the HRM subsystems. The full list of critical points can be seen in Table A1.2.

TABLE A1.1: PUBLIC OR CIVIL SERVICE SYSTEM QUALITY INDICES

<p>EFFICIENCY</p> <p>Evaluates the degree of optimization of investment in human capital in the public service system, as well as the congruence with fiscal policy and with the situation in the reference markets. Evaluates the degree to which investment in human capital has been optimized in the public service system, as well as its congruence with fiscal expenditure allocations and with the situation in the reference markets.</p>
<p>MERIT</p> <p>Evaluates the degree to which the civil service system incorporates guarantees regarding the application of the criteria of professionalism into its practices and policies, thereby safeguarding them from arbitrariness, politicization, and rent-seeking.</p>
<p>STRUCTURAL CONSISTENCY</p> <p>Evaluates the systemic soundness and integration of the civil service, paying attention to the degree of: (i) strategic coherence, or linking HRM practices and policies to government priorities, (ii) management consistency, or the degree of development of the managerial level and its relationship to the central technical structure, and (iii) process consistency, or the extent of interrelation and coordination between the subsystems that comprise HRM.</p> <p>The second aspect, management consistency, will be presented in this study as a separate sub-index as a way to monitor the advances in managerial capacity building in the region.</p>
<p>FUNCTIONAL CAPACITY</p> <p>Evaluates the civil service system’s capacity to effectively influence the behavior of public employees, inducing the development of work practices that are in line with organizational priorities and that are aimed at improving public service delivery. It covers three aspects: (i) competency, or the civil service system’s capacity to ensure the provision, development, and encouragement of the key competencies that the public system needs; (ii) incentive effectiveness, or the degree to which HRM practices promote effective performance, learning, and service provision quality; and (iii) flexibility, or the degree to which the aforesaid practices incorporate guidelines that facilitate adaptation to contextual changes.</p>
<p>INTEGRATIVE CAPACITY</p> <p>Evaluates the efficacy with which the civil service system harmonizes the expectations and interests of the different actors (management, employees, and other interest groups), reinforcing a sense of belonging and reducing conflict.</p>

Source: Based on Longo (2006).

Based on the 33 critical points selected, five quality measures were constructed, which correspond to the five indices of the analytical framework, and whose definitions are presented in Table A1.1.

The following list presents the 33 critical points or benchmarks selected for the proposed methodology (Longo and Iacoviello, 2010), indicating for each the corresponding number assigned in the original version of the analytical framework (Longo, 2006).

In this methodological version, the five civil service quality indices are calculated as linear averages of the scores of the respective critical points in order to facilitate interpretation of the results. The following section shows how the civil service quality indices were constructed.

TABLE A1.2: LIST OF CRITICAL POINTS OR BENCHMARKS

SUBSYSTEMS	LONGO 2006	LONGO-IACOVIELLO 2010	CRITICAL POINTS
1. Planning	2	1	Staff planning needs usually result from the organization's priorities and strategic orientation. The degree to which they are adjusted to one another tends to be high.
	4	2	The personnel information systems enable a reasonable awareness of the quantitative and qualitative resources available, now and in the future, in the different organizational areas and units.
	6	3	In general, there are neither significant staff shortages nor overstaffing.
	7	4	The overall cost of civil service staff is maintained within reasonable parameters that are compatible with the country's economic situation.
	9	5	The technical skill level of the workforce is commensurate with a knowledge-based society. Skilled labor represents a significant proportion of the workforce.
	11	6	The staffing policies, decisions, and practices in each area of HRM arise from intentions that are determined during the planning process.
2. Work Organization	13	7	Job descriptions conform to managerial criteria rather than to legal considerations or collective agreements. The legal framework and the employment agreements are limited to establishing a broad framework in which work is organized in accordance with organizational needs.
	17	8	Grading arrangements and job hierarchies result from rational criteria, which are adapted to each organizational environment.
	20	9	Job profiles include the selection of competencies that in each case are considered key for the success of the jobholder's performance.
3. Employment Management	24	10	Hiring to fill vacancies is open, by right and in fact, to all candidates possessing the required qualifications. These are established according to suitability and technical considerations, not arbitrarily.
	25	11	The necessary safeguard mechanisms and procedures are in place against arbitrariness, politicization, patronage, and clientelism throughout the entire hiring process.
	29	12	Staff selection is based on competency profiles for the potential jobholders.
	35	13	The mechanisms for functional and geographic mobility respond flexibly to the demands of personnel redeployment.
	38	14	Dismissals or terminations of employment that affect professional positions are not motivated by a change in the government's political leanings.
	40	15	There is the possibility of terminating the employment relationship due to objectively verified technical, economic, or organizational reasons that justify workforce reductions.

continued →

TABLE A1.2: LIST OF CRITICAL POINTS OR BENCHMARKS *(continued)*

SUBSYSTEMS	LONGO 2006	LONGO-IACOVIELLO 2010	CRITICAL POINTS
4. Performance Management	42	16	Management normally defines guidelines and standards regarding expected personnel performance in accordance with the organization's priorities and strategy. Consequently, employees are aware of the aspects of their performance for which they will be specifically evaluated.
	45	17	Throughout the management cycle, management monitors, observes, and supports improvements in employee performance, providing resources and removing obstacles wherever necessary.
	46	18	Employees' performance is evaluated by the organization and compared to the expected performance standards.
5. Compensation Management	54	19	The pay structure is adequate for attracting, motivating, and retaining suitable people with the necessary competencies for the positions that the organization requires.
	57	20	Pay levels are not excessive compared with labor market costs for any similar sector or grade.
	58	21	The compensation mechanisms encourage people to make more effort and stimulate individual or group performance, learning, and competency development.
	59	22	Pay policy is set according to previously established criteria and consistent with the organization's structural design parameters.
6. Development Management	67	23	The promotion criteria and mechanisms link promotion to performance as well as to competency potential and development.
	70	24	There are alternatives to positions that are strictly hierarchical, such as "horizontal" career progress or remaining in the same position, based on recognition of professional excellence without necessarily increasing the formal authority of those affected.
	72	25	Training supports the development of collective learning, thereby building organizational capacity to tackle problems and provide effective responses.
	75	26	Investment in training is made via plans that are based on a needs assessment and designed to support the organization's stated priorities.
	76	27	Training is subject to evaluation, which extends to the satisfaction of all parties concerned, the cost-results relationship, and the impact on the performance of people in the workplace.
7. Human and Social Relations Management	77	28	The organization makes efforts to learn about its work climate, using reliable instruments for periodic evaluation.
	81	29	The organization has specific communication instruments that serve to reinforce the sense of belonging and the commitment of employees to the overall organizational project.
	84	30	Labor relations are preferably and habitually oriented toward agreement and consensus building rather than confrontation and denigration of adversaries.
	86	31	The degree of labor conflict is not excessive in terms of either the number of conflicts, their effects, and the forcefulness of the means employed

continued →

TABLE A1.2: LIST OF CRITICAL POINTS OR BENCHMARKS *(continued)*

SUBSYSTEMS	LONGO 2006	LONGO-IACOVIELLO 2010	CRITICAL POINTS
8. Organization of the HRM Function	92	32	Managers take responsibility and appropriately exercise their responsibilities as managers of the personnel within their sphere of formal authority.
	93	33	The central civil service agency responsible for the system is viewed by the rest of the organization as a department that adds value to the achievement of the common goals

EFFICIENCY

Evaluates the extent to which investment in human capital has been optimized in the public service, as well as its congruence with fiscal expenditure allocations and with the situation in the reference markets. In the new calibrated version of the methodology, it is related to four critical points, which are outlined in the table below.

TABLE A1.3: EFFICIENCY

EFFICIENCY	NO.	CRITICAL POINT	SUBSYSTEM
	3	In general, there are neither significant staff shortages nor overstaffing.	Planning
	4	The overall cost of civil service staff is maintained within reasonable parameters that are compatible with the country's economic situation.	Planning
	20	Pay levels are not excessive compared with labor market costs for any similar sector or grade.	Compensation Management
	27	Training is subject to evaluation, which extends to the satisfaction of all parties concerned, the cost-results relationship, and the impact on the performance of people in the workplace.	Development Management

MERIT

Evaluates the degree to which the civil service system incorporates guarantees regarding the application of criteria of professionalism into its practices and policies, thereby safeguarding them from arbitrariness, politicization, and rent-seeking. In the calibrated version of the methodology, it is related to three critical points.

TABLE A1.4: MERIT

MERIT	NO.	CRITICAL POINT	SUBSYSTEM
	10	Hiring to fill vacancies is open, by right and in fact, to all candidates possessing the required qualifications. These are established according to suitability and technical considerations, not arbitrarily.	Employment Management
	11	The necessary safeguard mechanisms and procedures are in place against arbitrariness, politicization, patronage, and clientelism throughout the entire hiring process.	Employment Management
	14	Dismissals or terminations of employment that affect professional positions are not motivated by a change in the government's political leanings.	Employment Management

STRUCTURAL CONSISTENCY

Evaluates the systemic soundness and integration of the civil service and covers three dimensions: (i) strategic coherence, or linking public employment management practices and processes to government strategies; (ii) management consistency, or the degree of development of the management function, which enables it to impose crosscutting consistency in decision making in the State; and (iii) process consistency, which is the consistency between the various decision-making areas covered by HRM. In the new calibrated version of the methodology, it is related to eight critical points.

TABLE A1.5: STRUCTURAL CONSISTENCY

STRUCTURAL CONSISTENCY	NO.	CRITICAL POINT	SUBSYSTEM
Strategic Coherence	1	Staff planning needs usually result from the organization's priorities and strategic orientation. The degree to which they are adjusted to one another tends to be high.	Planning
	6	The staffing policies, decisions, and practices in each area of HRM arise from intentions that are determined during the planning process.	Planning
	26	Investment in training is made via plans that are based on a needs assessment and designed to support the organization's stated priorities.	Development Management
Management Consistency	32	Managers take responsibility and appropriately exercise their responsibilities as managers of the personnel within their sphere of formal authority.	Organization of the HRM Function
	33	The central civil service agency responsible for the system is viewed by the rest of the organization as a department that adds value to the achievement of the common goals.	Organization of the HRM Function

continued →

TABLE A1.5: STRUCTURAL CONSISTENCY *(continued)*

STRUCTURAL CONSISTENCY	NO.	CRITICAL POINT	SUBSYSTEM
Process Consistency	2	The personnel information systems enable a reasonable awareness of the quantitative and qualitative resources available now and in the future, in the different organizational areas and units.	Planning
	8	Grading arrangements and job hierarchies result from rational criteria, which are adapted to each organizational environment.	Work Organization
	22	Pay policy is set according to previously established criteria and consistent with the organization's structural design parameters.	Compensation Management

FUNCTIONAL CAPACITY

Evaluates the civil service system's capacity to effectively influence the behavior of public employees. This attribute of the system is composed of a combination of three dimensions: (i) competency (HR competency), or the effectiveness with which the right levels of professional qualifications are guaranteed in public service; (ii) incentive effectiveness, or the degree to which HRM practices encourage productivity, learning, and service provision quality, and (iii) flexibility, or the degree to which these practices and policies facilitate adaptation by public organizations to change and the introduction of innovations. It is related to 14 critical points.

TABLE A1.6: FUNCTIONAL CAPACITY

FUNCTIONAL CAPACITY	NO.	CRITICAL POINT	SUBSYSTEM
Competency	5	The technical skill level of the workforce is commensurate with a knowledge-based society. Skilled labor represents a significant proportion of the workforce.	Planning
	9	Job profiles include the selection of competencies that in each case are considered key for the success of the jobholders performance.	Work Organization
	12	Staff selection is based on competency profiles for the potential jobholders.	Employment Management
	19	The pay structure is adequate for attracting, motivating, and retaining suitable people with the necessary competencies for the positions that the organization requires.	Compensation Management

continued →

TABLE A1.6: FUNCTIONAL CAPACITY *(continued)*

FUNCTIONAL CAPACITY	NO.	CRITICAL POINT	SUBSYSTEM
Incentive Effectiveness	16	Management normally defines guidelines and standards regarding the expected personnel performance in accordance with the organization's priorities and strategy. Consequently, employees are aware of the aspects of their performance for which they will be specifically evaluated.	Performance Management
	17	Throughout the management cycle, management monitors, observes, and supports improvements in employee performance, providing resources and removing obstacles wherever necessary.	Performance Management
	18	Employees' performance is evaluated by the organization and compared to the expected performance standards.	Performance Management
	21	The compensation mechanisms encourage people to make more effort and stimulate individual or group performance, learning, and competency development.	Compensation Management
	23	The promotion criteria and mechanisms link promotion to performance as well as to competency potential and development.	Development Management
	25	Training supports the development of collective learning, thereby building organizational capacity to tackle problems and provide effective responses.	Development Management
Flexibility	7	Job descriptions conform to managerial criteria rather than to legal considerations or collective agreements. The legal framework and the employment agreements are limited to establishing a broad framework in which work is organized in accordance with organizational needs.	Planning
	13	The mechanisms for functional and geographic mobility respond flexibly to the demands of personnel redeployment.	Employment Management
	15	There is the possibility of terminating the employment relationship due to objectively verified technical, economic, or organizational reasons that justify workforce reductions.	Employment Management
	24	There are alternatives to positions that are strictly hierarchical, such as "horizontal" career progress or remaining in the same position, based on recognition of professional excellence without necessarily increasing the formal authority of those affected.	Development Management

INTEGRATIVE CAPACITY

Evaluates the efficacy with which the civil service system is capable of harmonizing the expectations and interests of the different actors (management, employees, and other interest groups), enhancing the sense of belonging and reducing conflict. It is related to four critical points.

TABLE A1.7: INTEGRATIVE CAPACITY

INTEGRATIVE CAPACITY	NO.	CRITICAL POINT	SUBSYSTEM
Integrative Capacity	28	The organization makes efforts to find out about its work climate, using reliable instruments to evaluate it periodically.	Human and Social Relations Management
	29	The organization has specific communication instruments that serve to reinforce the sense of belonging and the commitment of employees to the overall organizational project.	Human and Social Relations Management
	30	Labor relations are preferably and habitually oriented toward agreement and consensus building rather than confrontation and denigration of adversaries.	Human and Social Relations Management
	31	The degree of labor conflict is not excessive in terms of either the number of conflicts or their effects and the forcefulness of the means employed.	Human and Social Relations Management

Another innovation is that, in order to facilitate the task of comparing the results obtained in the evaluation, the range of 0 to 5 points with which each critical point is rated has been subdivided into three levels: low (0–1 points), medium (2–3 points), and high (4–5 points).

Descriptors have been established for each level, which means that they can be easily managed and interpreted by users of the methodology (see the evaluation matrix below).

The rating for each critical point’s score covers three aspects: (i) instrumental, which is the availability of technical rules and instruments that enable the management practice established in the respective critical point to be developed; (ii) coverage, which is this practice’s level of coverage in national public organizations; and (iii) implementation, which is the degree of effective implementation (and eventual institutionalization) of this practice.

These three criteria therefore define the location of each critical point at a high, medium, or low level of achievement, as outlined in the table below.

TABLE A1.8: CRITERIA FOR DEFINING THE LEVEL OF EACH CRITICAL POINT

CRITERIA	LOW SCORE 0–1	MEDIUM SCORE 2–3	HIGH SCORE 4–5
INSTRUMENTAL	Nonexistent or minimum	Basic	Sufficient
COVERAGE	Very low	Low-medium	Medium-high
IMPLEMENTATION	Nonexistent or minimum	Medium	High

Source: Authors’ elaboration.

It is therefore hoped that, insofar as HRM tools are available in a growing number of public agencies and that they are actually used, the score in that critical point will tend to improve. It is worth highlighting that the third criterion (implementation) is the one that enables access to the highest score level (4 and 5 points), as the mere presence of instruments, even with broad institutional coverage, will fail to achieve good results if implementation is ineffective.

EVALUATION MATRIX AND DESCRIPTORS

1. Object of Evaluation

Evaluate and assess the HRM rules and practices in national public organizations, including both centralized and line agencies, and covering all forms of staff recruitment, whether permanent or temporary.

2. Evaluation Scale

The grading in each critical point score covers three aspects: (i) instrumental: availability of rules and technical instruments that enable the management practice established in the respective critical point to be developed; (ii) coverage: the degree of coverage of this practice in national public organizations; and (iii) implementation: the degree of effective implementation (and eventual institutionalization) of the practice. Taking these three criteria into account, the following six scores are defined:

- (5) Solid rules and technical instruments are available and applied in the majority of public organizations, with a high degree of institutionalization.
- (4) Sufficient technical instruments are available, but coverage is not yet complete, or the degree of implementation has still not reached total institutionalization.
- (3) Basic technical instruments are applied in a significant proportion of public organizations, with advanced implementation processes.
- (2) Basic technical instruments are applied, but their application at an early stage and the implementation processes are still in the preliminary stages.
- (1) Technical instruments are lacking, and they are applied only in isolated cases.
- (0) Not even a minimum range of technical instruments has been established that would enable the described practice to be sustained.

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
1. Planning	1	Structural Consistency	Staff planning needs usually result from the organization's priorities and strategic orientation. The degree to which they are adjusted to one another tends to be high.	The government's strategic priorities and orientation have yet to be defined or, at most, are set out in formal documents without sufficient support or effective implementation in the institutions.	The planning process is relatively well coordinated and based on budgetary management, with the introduction of some strategic criteria.	Government plans enjoy wide consensus. Strategic planning mechanisms have influence in the day-to-day management of public organizations in defining the required quality and quantity of HR.
	2	Structural Consistency	The personnel information systems enable a reasonable awareness of the quantitative and qualitative resources available, now and in the future, in the different organizational areas and units.	There is limited availability of human resource information. Information systems are in very early stages of development.	The information systems enable public institution staff numbers and costs to be determined. Qualitative profiles are yet to be developed or available only in some institutions.	There is adequate availability of information in both quantitative and qualitative terms.
	3	Efficiency	In general, there are neither significant staff shortages nor overstaffing.	There is a clear disproportion between the workforces in the different areas of government.	Measures to organize and redeploy public workforces were implemented, which reduced the disproportion between different areas, although these still do not respond to organizational needs.	The public workforce is distributed according to organizational needs.

continued →

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
1. Planning <i>(continued)</i>	4	Efficiency	The overall cost of civil service staff is maintained within reasonable parameters that are compatible with the country's economic situation.	The wage bill absorbs a proportion of expenditure that is unsustainable over the medium term.	Measures to contain the wage bill are implemented, although with difficulties in striking the right balance.	The wage bill remains stable and is compatible with the country's economy.
	5	Functional Capacity	The technical level of the workforce is commensurate with a knowledge-based society. Skilled labor represents a significant proportion of the workforce.	There is a low proportion of civil servants with higher education in relation to the reference labor market.	The proportion of civil servants with higher education is growing, although still below the reference labor market.	There is a significant proportion of civil servants with higher education in relation to the reference labor market.
	6	Structural Consistency	The staffing policies, decisions, and practices in each area of HRM arise from intentions that are determined during the planning process.	The existing initiatives in the different areas of HRM are not coordinated.	Certain institutions manage to coordinate the areas of HRM according to a consistent policy based on strategic institutional planning.	Based on an HRM policy defined at the government level, most institutions manage to establish coordinated policies in the different areas within HRM.

continued →

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS (continued)

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
2. Work Organization	7	Functional Capacity	Job descriptions conform to managerial criteria rather than to legal considerations or collective agreements. The legal framework and the employment agreements are limited to establishing a broad framework in which work is organized in accordance with organizational needs.	There are no specific job descriptions as such, although there may be only a generic reference to a grading scale.	There is progressive incorporation of managerial criteria in job descriptions, with limited or incipient implementation in certain institutions.	Job descriptions are defined according to required competencies that correspond to the responsibilities of each position in response to the strategic management plan.
	8	Structural Consistency	Grading arrangements and job hierarchies result from rational criteria, which are adapted to each organizational environment.	There are no established grading arrangements that determine levels of responsibility and that act as an effective guide for grading arrangements for institutions.	Measures to reorganize grading arrangements are introduced, but with difficulties in implementation.	Grading arrangements are based on rational criteria and take into consideration specific characteristics of the organizational environment.
	9	Functional Capacity	Job profiles include the selection of competencies that in each case are considered key for the success of the jobholder's performance.	There are neither job descriptions nor profiles for vacancies in most public organizations.	The profiles required to fill the vacancies in most public organizations are defined, but with a strong emphasis on formal qualifications.	There is generalized incorporation of competency-based criteria for job descriptions and profiles.

continued →

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
3. Employment Management	10	Merit	Hiring to fill vacancies is open, by right and in fact, to all candidates possessing the required qualifications. These are established according to suitability and technical considerations, not arbitrarily.	There are no rules and procedures for open recruitment of candidates to fill public sector vacancies.	There are rules and procedures for open recruitment of candidates, which are applied in certain areas of the State.	A significant proportion of the vacancies in public institutions are filled by widely publicized public job announcements.
	11	Merit	The necessary safeguard mechanisms and procedures are in place against arbitrariness, politicization, patronage, and clientelism throughout the entire hiring process.	Mechanisms and procedures that guarantee the transparency of the staff recruitment process do not exist.	There are rules, regulations, and procedures for meritocratic staff recruitment, which are effectively applied in certain areas of the State.	A significant proportion of vacancies in public institutions are filled via procedures that are clearly protected against clientelistic interference.
	12	Functional Capacity	Staff selection is based on competency profiles for the potential jobholders.	Public staff recruitment is carried out on the basis of informal criteria, such as trust or political or personal favors.	There are rules and technical instruments required for competency-based staff selection, and they are applied in certain areas of the State.	A significant proportion of the vacancies in public institutions are filled via selection processes that take into account the relevant competencies for the position.
	13	Functional Capacity	The mechanisms for functional and geographic mobility respond flexibly to the demands of personnel redeployment.	The rules and procedures fail to promote professional and geographic mobility.	The rules and procedures promote professional and geographic mobility, but their effective application is limited to certain segments of public employment.	The professional and geographic transfer of employees takes place according to organizational needs in a significant proportion of public employment.

continued →

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
3. Employment Management <i>(continued)</i>	14	Merit	Dismissals or terminations of employment that affect professional positions are not motivated by a change in the government's political leanings.	There are mass dismissals of public employees whenever there is a change of government, either due to the absence of legal safeguards in this respect or because such safeguards are ignored by the incoming administration.	There are effective legal safeguards against arbitrary dismissals whenever there is a change of government, although these are not uniformly applied throughout the public sector.	The legal safeguards against arbitrary dismissals whenever there is a change of government are fully operational throughout all public sector employment.
	15	Functional Capacity	There is the possibility of terminating the employment relationship due to objectively verified technical, economic, or organizational reasons that justify workforce reductions.	The current rules and procedures do not envisage the possibility of dismissal for objectively verified technical, economic, or organizational reasons.	The current rules and procedures envisage the possibility of dismissal for objectively verified technical, economic, or organizational reasons, although this only occurs in isolated cases.	The current rules and procedures envisage the possibility of dismissal for objectively verified technical, economic, or organizational reasons with the possibility of effective application in all public institutions.

continued →

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
4. Performance Management	16	Functional Capacity	Management normally defines guidelines and standards regarding expected personnel performance in accordance with the organization's priorities and strategy. Consequently, employees are aware of the aspects of their performance for which they will be specifically evaluated.	There are no systematic rules and procedures for establishing objectives and performance standards.	There are rules and procedures for establishing objectives and performance standards, but they are applied only partially in public institutions.	The system for establishing objectives and performance standards is developed and applied in the majority of public institutions.
	17	Functional Capacity	Throughout the management cycle, management monitors, observes, and supports improvements in employee performance, providing resources and removing obstacles wherever necessary.	The technical tools that enable managers to support their staff's performance are lacking.	Technical instruments exist for performance monitoring and improvement and are partially applied in public institutions.	A developed performance monitoring and improvement system exists and is applied in the majority of public institutions.
	18	Functional Capacity	Employees' performance is evaluated by the organization and compared to the expected performance standards.	There are no systematic rules and procedures for evaluating performance.	There are systematic rules and procedures for evaluating performance, which are applied partially in public institutions.	A developed performance appraisal system is used in most public institutions.

continued →

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
5. Compensation Management	19	Functional Capacity	The pay structure is adequate for attracting, motivating, and retaining suitable people with the necessary competencies for the positions that the organization requires.	There are difficulties in attracting and retaining qualified staff in most areas of the State.	There are difficulties in attracting and retaining qualified staff in some levels or areas of the State.	The pay structure is such that competent personnel can be attracted, motivated, and retained in a significant proportion of public sector employment.
	20	Efficiency	Pay levels are not excessive compared with labor market costs for any similar sector or grade.	Pay levels are excessive compared to the reference labor markets.	Pay levels are slightly above that paid in the reference labor markets.	Pay levels are reasonable in relation to the reference labor markets.
	21	Functional Capacity	The compensation mechanisms encourage people to make more effort and stimulate individual or group performance, learning, and competency development.	The compensation mechanisms fail to consider either individual or group performance or the incorporation of competencies.	Introduction of individual or group performance criteria, and incorporation of competencies in compensation management, are applied in certain areas of the State.	Current compensation mechanisms are based on individual or group performance, and incorporation of competencies applied in a significant proportion of public sector employment.
	22	Structural Consistency	Pay policy is set according to previously established criteria and consistent with the organization's structural design parameters.	Compensation management is not based on established criteria or structural design.	Introduction of organizational criteria in compensation management is applied with partial implementation in public organizations.	Compensation is determined on the basis of established criteria based on rules and regulations, with effective application in a significant proportion of public sector employment.

continued →

TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
6. Development Management	23	Functional Capacity	The promotion criteria and mechanisms link promotion to performance as well as to competency potential and development.	Promotion depends on arbitrary criteria, far removed from the criteria of potential, performance, and competencies.	There are formal promotion mechanisms based on performance, potential, and development of competencies, which are partially applied in some areas of the State.	There are formal promotion mechanisms based on performance, potential, and development of competencies, which are effectively applied in most areas of the State.
	24	Functional Capacity	There are alternatives to positions that are strictly hierarchical, such as “horizontal” career progress or remaining in the same position, based on recognition of professional excellence without necessarily increasing the formal authority of those affected.	There are no recognition mechanisms other than promotion to a higher hierarchical level in each institution.	There are alternative mechanisms to promotion to a higher hierarchical level, which are partially applied in some areas of the State.	There is generalized use of alternative mechanisms to promotion to a higher hierarchical level, which are effectively applied in most areas of the State.
	25	Functional Capacity	Training supports the development of collective learning, thereby building organizational capacity to tackle problems and provide effective responses.	Training is not linked to the problems and challenges faced by the organization.	Collective learning criteria and organizational problem-solving are introduced in the design and implementation of training.	Training activities are oriented to develop organizational capacities for problem-solving in most areas of the State.

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TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
6. Development Management <i>(continued)</i>	26	Structural Consistency	Investment in training is made via plans that are based on a needs assessment and designed to support the organization's stated priorities.	There are no systematic assessments of training requirements.	There are planning mechanisms for training based on needs assessments and oriented to organizational priorities, and these are applied in some areas of the State.	Training is defined on the basis of needs assessments and is guided by strategic criteria in most areas of the State.
	27	Efficiency	Training is subject to evaluation, which extends to the satisfaction of all parties concerned, the cost-results relationship, and the impact on the performance of people in the workplace.	There are no formal agencies for evaluating satisfaction, efficiency, or the impact of training activities.	There are training evaluation tools, which assess satisfaction, efficiency, and impact, with effective application in some areas of the State.	Training is subject to evaluation in terms of satisfaction, efficiency, and impact in most areas of the State.
7. Human and Social Relations Management	28	Integrative Capacity	The organization makes efforts to learn about its work climate, using reliable instruments for periodic evaluation.	The work climate is not measured in public institutions.	There are tools for measuring the work climate, and they are applied in some areas of the State.	There is generalized application of reliable instruments for measuring the work climate.
	29	Integrative Capacity	The organization has specific communication instruments that serve to reinforce the sense of belonging and the commitment of employees to the overall organizational project.	There is a lack of communication instruments designed to reinforce the sense of belonging and commitment by employees.	There are communication instruments that aim to reinforce the sense of belonging and commitment by employees, with application in some areas of the State.	There is generalized use of communication mechanisms designed to enhance the sense of belonging and commitment by employees to the overall organizational project.

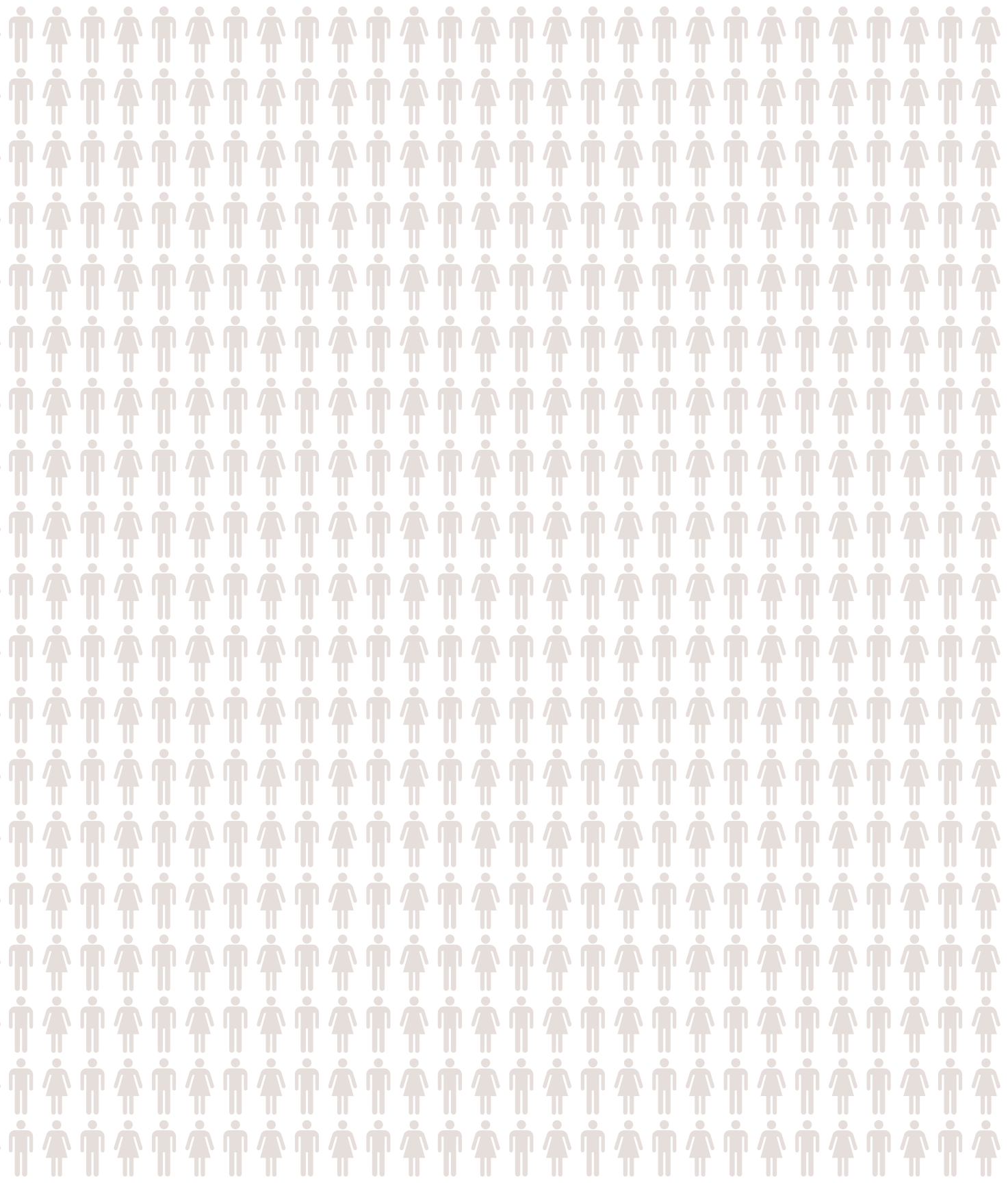
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TABLE A1.9: EVALUATION MATRIX AND DESCRIPTORS *(continued)*

SUBSYSTEMS	NUMBER	INDICES	CRITICAL POINTS	LOW LEVEL SCORE 0–1 Instrumental: Nonexistent or minimum Coverage: Very low Implementation: Nonexistent or minimum	MEDIUM LEVEL SCORE 2–3 Instrumental: Basic Coverage: Low-medium Implementation: Medium	HIGH LEVEL SCORE 4–5 Instrumental: Sufficient Coverage: Medium-high Implementation: High
7. Human and Social Relations Management <i>(continued)</i>	30	Integrative Capacity	Labor relations are preferably and habitually oriented toward agreement and consensus building rather than confrontation and denigration of adversaries.	Labor relations are hampered by denigration and confrontation between the parties involved.	Situations of denigration and confrontation persist in labor relations in a few specific areas of the State.	Transactions and consensus-building in labor relations are foremost in most areas of the State.
	31	Integrative Capacity	The degree of labor conflict is not excessive in terms of either the number of conflicts, their effects, and the forcefulness of the means employed	There is a high degree of labor conflict in terms of the number of conflicts, their effects, and the seriousness of the means employed.	Points of intense conflict persist in certain areas of the State.	There is a low incidence of labor conflicts, with scant repercussions.
8. Organization of the HRM Function	32	Structural Consistency	Managers take responsibility and appropriately exercise their responsibilities as managers of the personnel within their sphere of formal authority.	There is weak development of the senior civil service in terms of HRM responsibilities as heads of working groups.	Measures are taken to strengthen the senior civil service and enable the HRM role to be developed in some areas of the State.	The senior civil service is institutionalized, with the tools and competencies needed to exercise their role as managers of working groups.
	33	Structural Consistency	The central civil service agency responsible for the system is viewed by the rest of the organization as a department that adds value to the achievement of the common goals	The central civil service agency fails to position itself in a leadership role to drive the State's human resource policies.	Measures to strengthen the central civil service agency reinforce its position and the perception of other institutions with regard to the value of its contribution.	There is generalized recognition of the value added by the central civil service agency.

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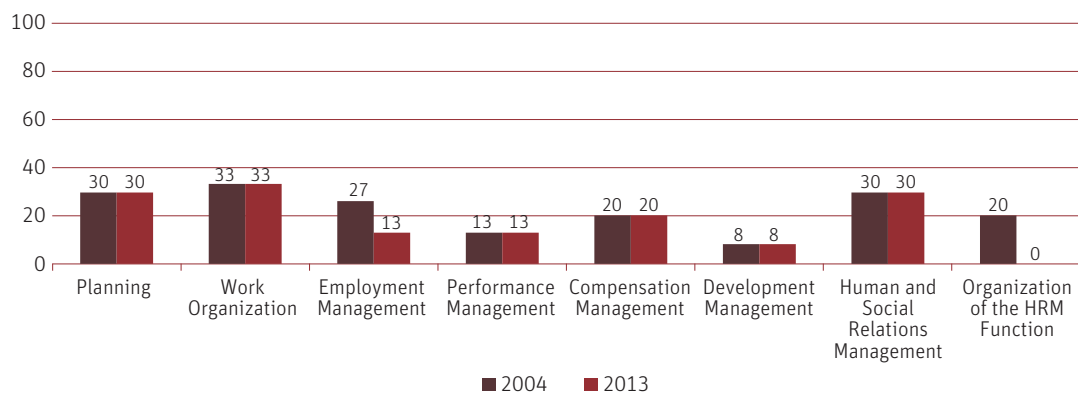


SUMMARY OF COUNTRY ASSESSMENTS

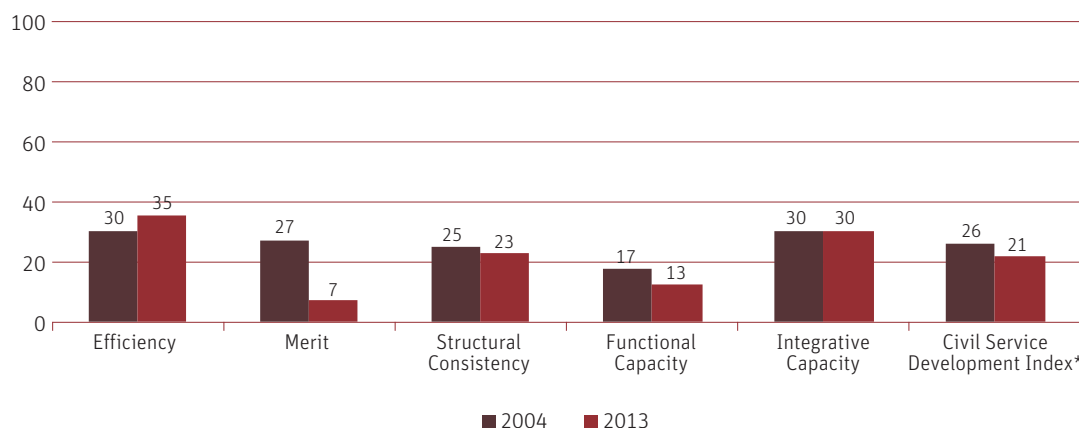
This annex summarizes the country assessments referred to in this publication. To access the full reports on the diagnostics of the civil service systems in Latin America, visit the website: www.iadb.org/civilservice.

BOLIVIA¹

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

At the time of the previous evaluation, the Bolivian civil service was developing the rules and methodological tools needed to address the different aspects of human resource management (HRM). In 2010, the new Political Constitution of the State (Constitución Política del Estado) was passed. Articles 232 to 240 set forth the concepts and guidelines regarding public administration. Certain changes that took place in Bolivia, however, halted the incipient process of professionalization.

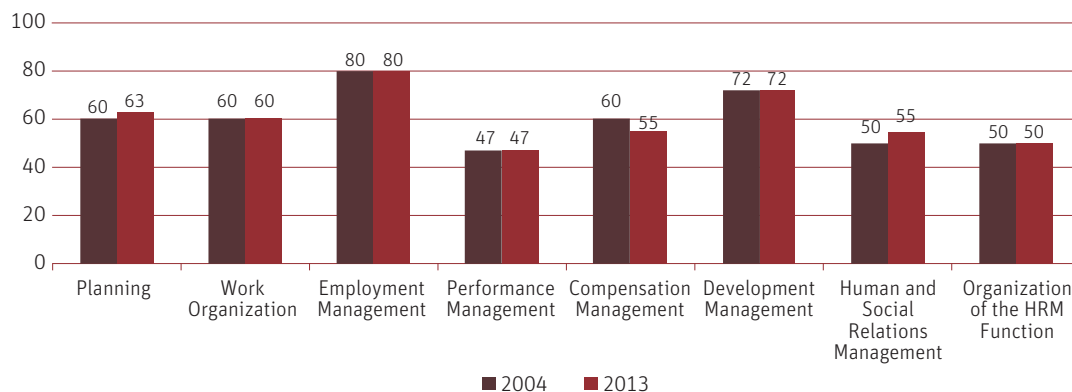
¹ Country Report (2013) elaborated by the IDB (main author: Luciano Strazza).

These changes are primarily due to the weakening of the merit system, which was a consequence of prioritizing the inclusion of workers from vulnerable sectors of the population (by suspending competitive processes) and of considering this process to be incompatible with professionalization. The second deterioration occurred in the area of civil service governance, with the replacement of an autonomous, ministerial-ranked agency (the Superintendency of the Civil Service) by another from the third hierarchical level—the General Directorate of the Civil Service (Dirección General del Servicio Civil, or DGSC)—which led to a decrease in its Organization of the HRM Function score. As a result, a general feeling persists that the capacities of the civil service have been degraded.

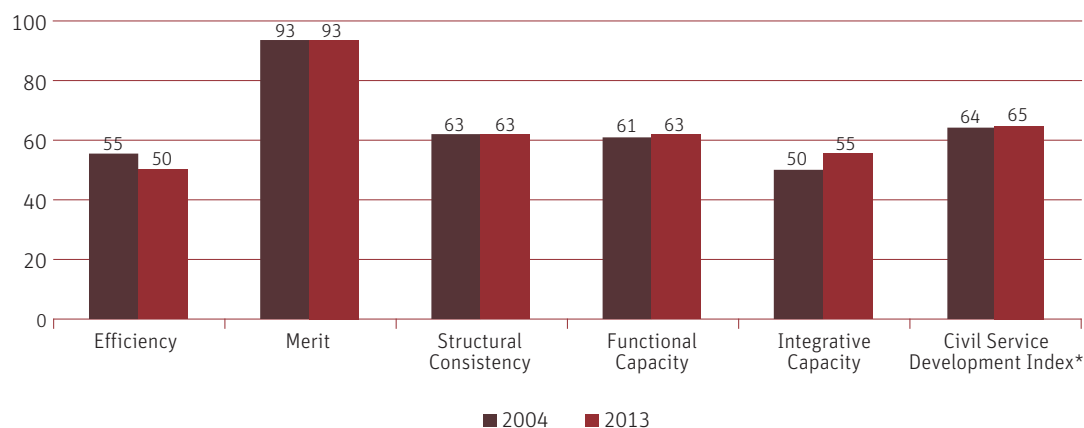
Nonetheless, the 2013 evaluation reflected a better ratio of staff expenditure to total expenditure, as well as the creation of new instruments, such as the master pay scale, to address the issues of internal, horizontal, and vertical pay inequities.

BRAZIL²

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

In the 2004 assessment, Brazil had a meritocratic and robust bureaucracy, which was engaged in a process of growing professionalization and technical competence. From that evaluation until 2013, there were no noticeable strategic changes in the Brazilian civil service. However, several advances are worth highlighting.

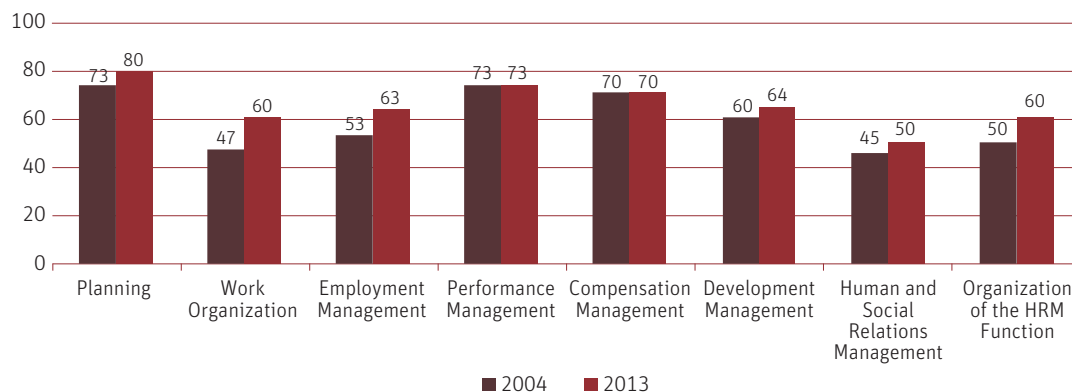
²Country Report (2013) elaborated by the IDB (main author: Mercedes Llano).

The deepening process of democratization of labor relations was the main advance with regard to the public sector labor relation agendas, with an improvement in the Human and Social Relations Management subsystem. Furthermore, a new general performance evaluation system was adopted, substituting the existing fragmented scheme, but its implementation is still weak and the changes have yet to be registered in the Performance Management subsystem.

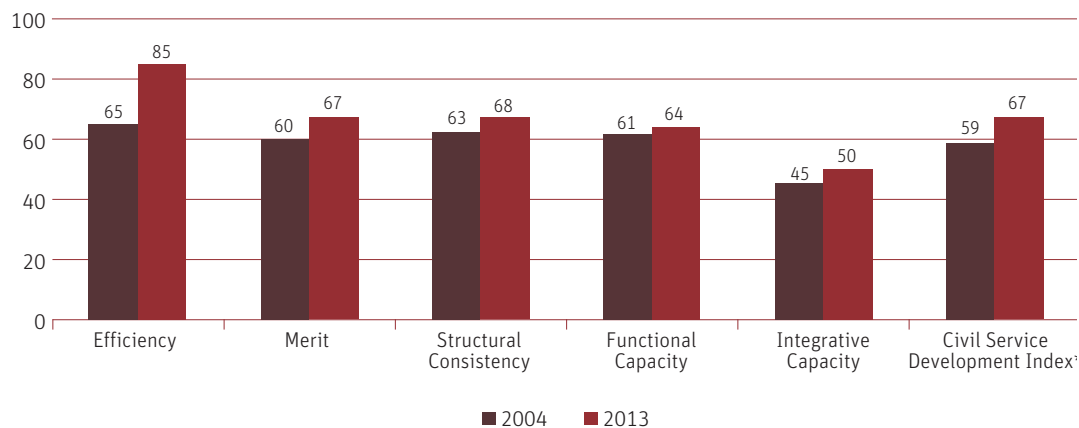
With regard to the pending challenges, despite the fact that dismissal from employment for sub-standard performance has been envisaged, as of 2013 this idea had yet to be implemented in practice. This has had a negative effect on the Employment Management subsystem's score. Furthermore, the growing importance of performance-linked bonuses as a percentage of total remuneration has created incentives to lower the degree of rigor of the associated goals, thereby transforming the bonus into an almost fixed component of pay. This has led to a drop in the Compensation Management subsystem's score.

CHILE³

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

In the assessment carried out toward the end of 2004, the Chilean civil service had reached a turning point following approval of the New Labor Relations Law (Ley de Nuevo Trato Laboral). As noted in the 2013 evaluation, significant progress had been recorded in the areas addressed by the reform. The Civil Service Agency (Dirección Nacional del Servicio Civil) has strengthened its functions and has progressively been setting management capacities among the different actors involved in human resource

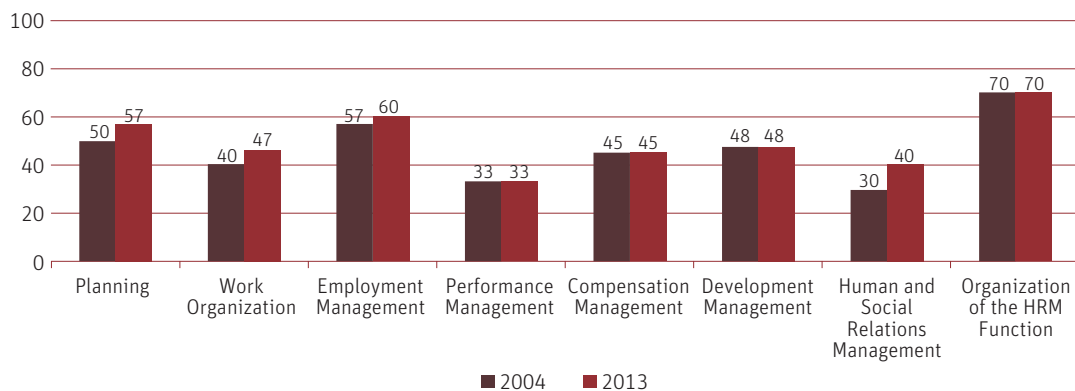
³ Country Report elaborated by the IDB (main author: Mercedes Llano).

policies (which improved the Organization of the HRM Function). Likewise, it increased the level of coverage of the Senior Executive Service System (Sistema de Alta Dirección Pública, or SADP) as well as its legitimacy. The potential for professionalization that arose from a senior executive-centered strategy also began to bear fruit at the non-managerial levels. The application of competitive hiring processes was extended, and most HRM policies began to evolve from the formalization stage to one in which their quality and effective strategic alignment was guaranteed (thereby improving the Employment Management subsystem).

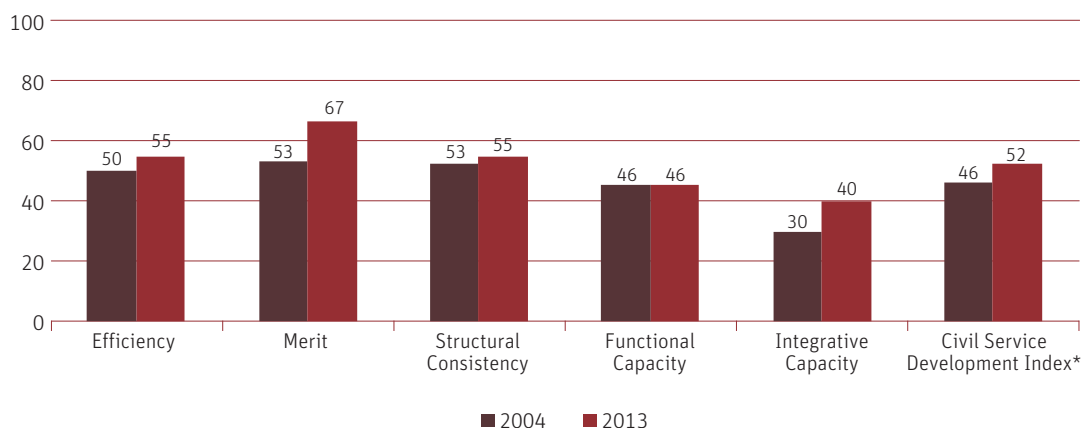
Furthermore, policies aimed at promoting the systemization of work climate measurements and implementing improvement plans were also strengthened. In the sphere of collective agreements, various roundtables were set up to address the quality of employment and working conditions. Both points contributed to improving the rating achieved by the Human and Social Relations Management subsystem.

COLOMBIA⁴

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

At the time of the 2004 evaluation, the Colombian civil service was reaching a turning point, after a decade in which the arrangements of the Political Constitution (Constitución Política) of 1991 and successive public employment regulations (Law 27/92 and Law 443/98) had yet to be fully expressed in an integrated and meritocratic HRM system.

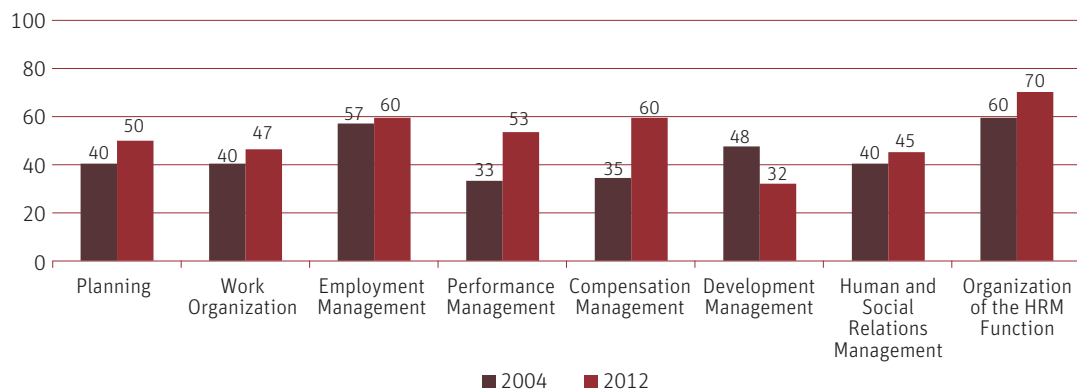
More recently, until 2013, Colombia managed to make progress in two areas. Some advances relate to the system's institutional quality. They are visible mainly in the increasing significance of Law 909 and

⁴Country Report elaborated by the IDB (main author: Luciano Strazza).

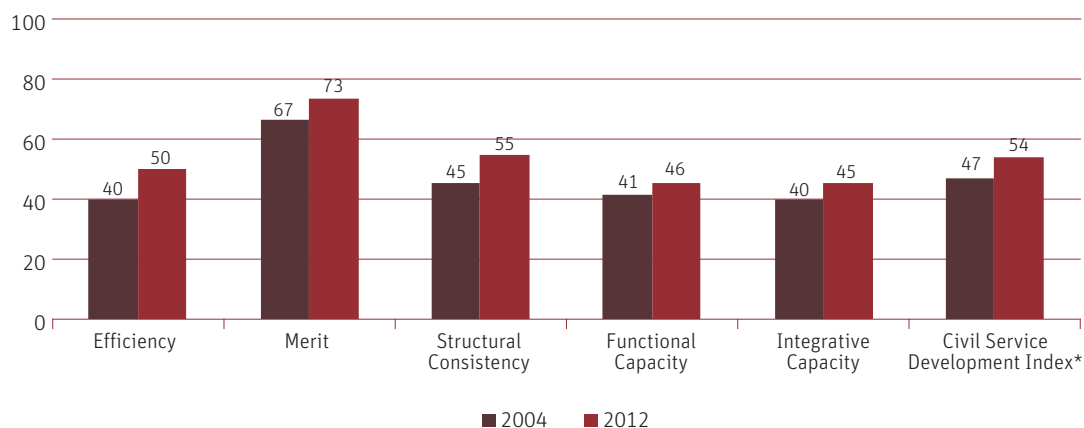
in the effective constitution of the National Civil Service Commission (Comisión Nacional del Servicio Civil, or CNSC) as one of the lead agencies of the system, alongside the Administrative Department of Public Service (Departamento Administrativo de la Función Pública, or DAFP). The second group of advances concerns specific HRM policies. Among these are entry competitive processes (via Convocatoria 01 and competitions for specific systems), which have improved the Employment Management subsystem; the implementation of the Employment Management Information System (Sistema de Información de Gestión de Empleo, or SIGEP), which has led to an increase in the score of the Planning subsystem; an initial work skills approach, which has optimized the Work Organization subsystem; the coordination of meritocratic entry mechanisms and evaluation for public managers; and incipient progress on managing the work climate (which has given a boost to the Human and Social Relations Management subsystem rating).

COSTA RICA⁵

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

Since its initial evaluation in 2004, Costa Rica's civil service has maintained a strong sense of merit, transparency in its processes, and a solid and stable level of institutionality in HRM. By 2012, it had made improvements in information and communications technologies (ICTs) and in information systems (Planning); geographical mobility for civil servants (Employment Management); Performance Management by drafting a Common Appraisal Framework (Marco Regular Común de Evaluación), which acts as a reference for

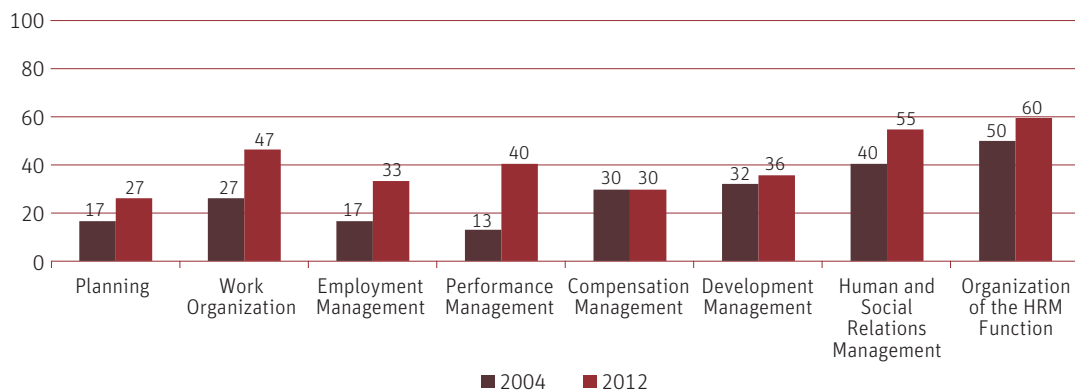
⁵ Country Report (2012) elaborated by AECID-SICA (main author: Luciano Strazza).

the Institutional Performance Evaluation Models (Modelos de Evaluación de Desempeño Institucionales, or MEDI); greater pay equity and competitiveness among both the institutions of the civil service regime and the decentralized agencies (percentile policies and salary adjustments), which improved Compensation Management; and initiatives to address the internal climate (which had previously been very weak), thereby making progress in Human and Social Relations Management.

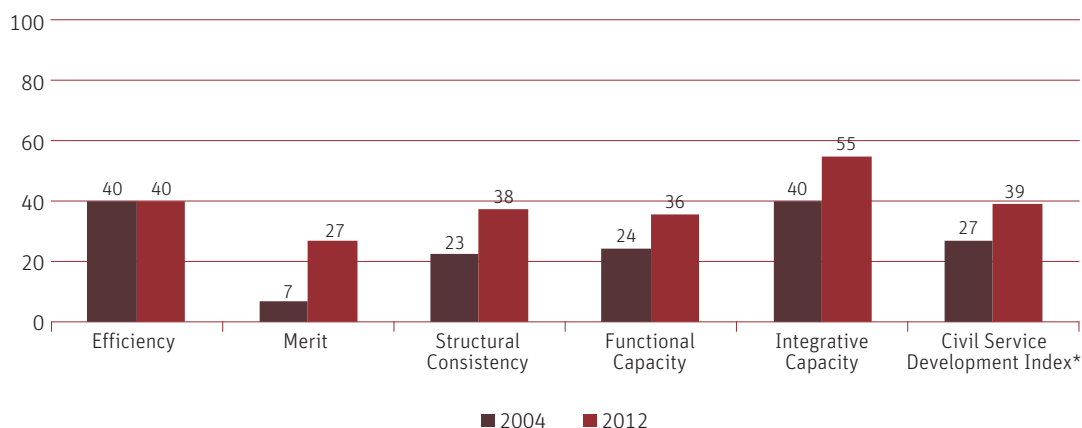
In 2011, the Civil Service agency (Dirección General del Servicio Civil, or DGSC) was granted instrumental legal status, and then the Ministry of Planning was made responsible for the leadership of public employment policy. By 2012, the institutional soundness of the civil service was clearly visible (thereby providing a firm basis for further improvements), as was the DGSC's high technical capacity. All of this has contributed to an improved score in the Organization of the HRM Function subsystem.

As one of the pending challenges, the latest evaluation (2012) revealed the lack of an institutionally managed career path (causing a decrease in the Development Management score), which led to a prevalence of personal planning. In addition, a fiscally sustainable pay policy that would also help to attract and retain suitable people to the civil service had not been achieved.

DOMINICAN REPUBLIC⁶ EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

Over the last 10 years, the Dominican Republic's civil service has made significant progress on the regulatory framework (a new public service law passed in 2008, a new Constitution in 2010 that incorporates and protects civil service principles and—after the latest assessment—the new law on pay policy passed in 2013, although later than this diagnostic) and the repositioning of the lead civil service agency at the central government level (which has led to an improvement in the Organization of the HRM Function subsystem).

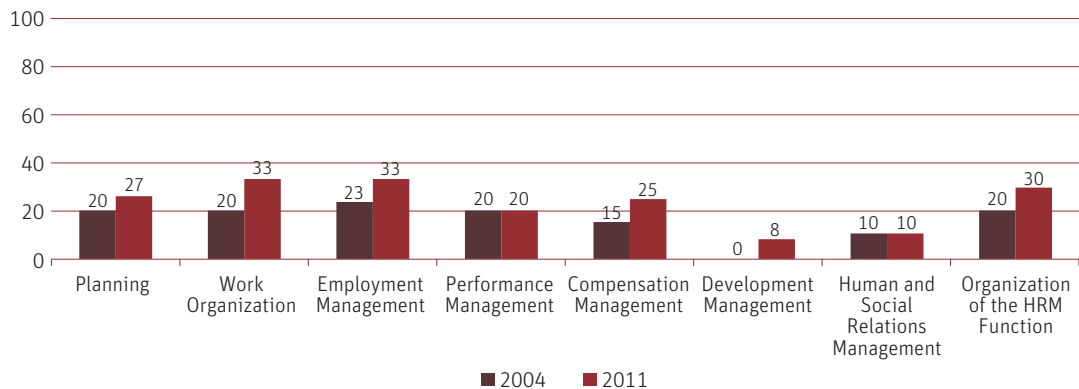
⁶Country Report (2012) elaborated by AECID-SICA (main author: Luciano Strazza).

The Dominican Republic also made progress by creating the Personnel Management System (Sistema de Administración de Personal, or SASP), which led to improvements in Planning, through incorporating career civil servants; rationalizing the organizational structures of state institutions; standardizing the job classification manuals; and introducing competencies (which was reflected in the Work Organization subsystem). To these were added improvements in Human and Social Relations Management (growth in the number of professional associations), the implementation of competency-based practices in Performance Management, and innovations in Development Management via specialized training and ongoing capacity building.

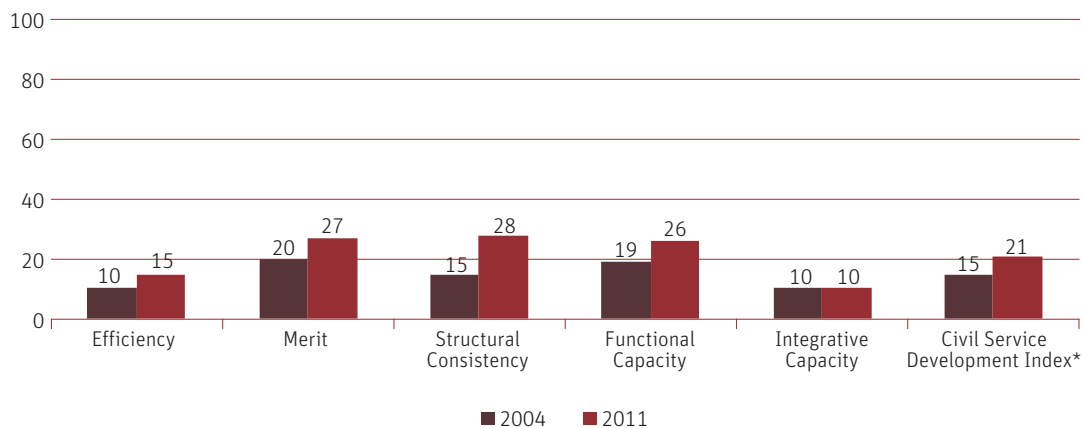
The new National Constitution (Constitución Nacional), which went into effect in 2010, reinforced the role of the civil service by incorporating amendments and safeguarding the principles of the professional management of the State's human resources.

ECUADOR⁷

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

At the time of the previous evaluation (2004), the civil service in Ecuador presented weaknesses in the merit system, and wide-ranging pay inequities. The latest assessment in early 2011 revealed advances that followed the passage of the new Constitution, the drafting of the National Plan "Buen Vivir" (Plan Nacional para el Buen Vivir), and the approval and regulation of the Organic Public Service Law (Ley

⁷ Country Report (2013) elaborated by the IDB (main author: Mercedes Iacoviello).

Orgánica del Servicio Público, or LOSEP). The strategy materialized in improvements in the consolidation of merit, pay policy adjustments, and the strengthening of the institutions of civil service governance.

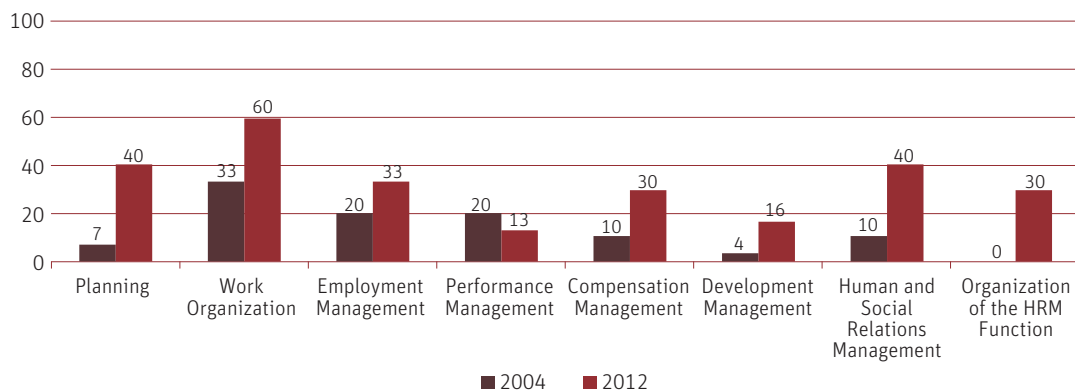
With regard to civil service institutionalization, in 2009 the country established the Vice Ministry for the Public Service (Viceministerio del Servicio Público), which reports to the Ministry of Labor Relations (Ministerio de Relaciones Laborales, or MRL). The functions of a central civil service agency were brought together in this institution, which was then recognized by the rest of the civil service as the point of reference in these matters. By 2011, the aim of the Vice Ministry was to restructure all of the state institutions. This led to an improvement in the Organization of the HRM Function subsystem.

Furthermore, a series of improvements was observed: (i) the Public Sector Financial Management System (Sistema de Integrado de Gestión Financiera, or SIGEF) was established under the responsibility of the Ministry of Finance. It includes a budgetary subsystem for compensation and payroll that has been applied since 2007, which makes staff expenditure more transparent (Planning); (ii) grading arrangements and occupational groups were standardized throughout the public sector (Work Organization); (iii) public administration hiring was improved, introducing merit and competitive examinations (Employment Management); and (iv) the employment regimes were unified as a way of reducing inequities in the public sector, which led to the disappearance of high salaries and lower wage dispersion (Compensation Management).

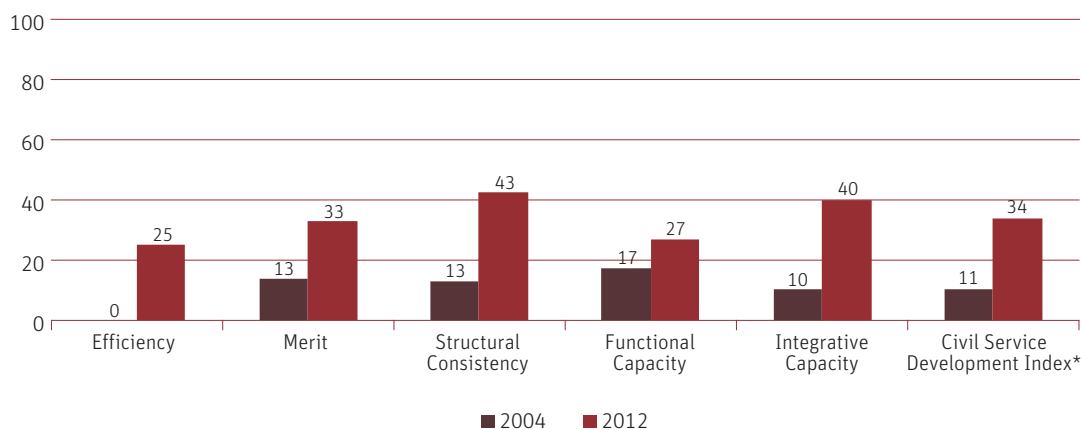
The achievements in civil service professionalization that were accomplished between 2011 and 2014 are not reflected in the results presented above, as they were implemented after this diagnostic.

EL SALVADOR⁸

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

El Salvador registered the most progress between the two assessments with regard to professionalization of the civil service, according to the applied methodology. First, the country established a central civil service agency—the Subsecretariat for Modernization, Professionalization of the Civil Service, and Labor Relations (Subsecretaría de Modernización, Professionalización del Servicio Civil y Relaciones

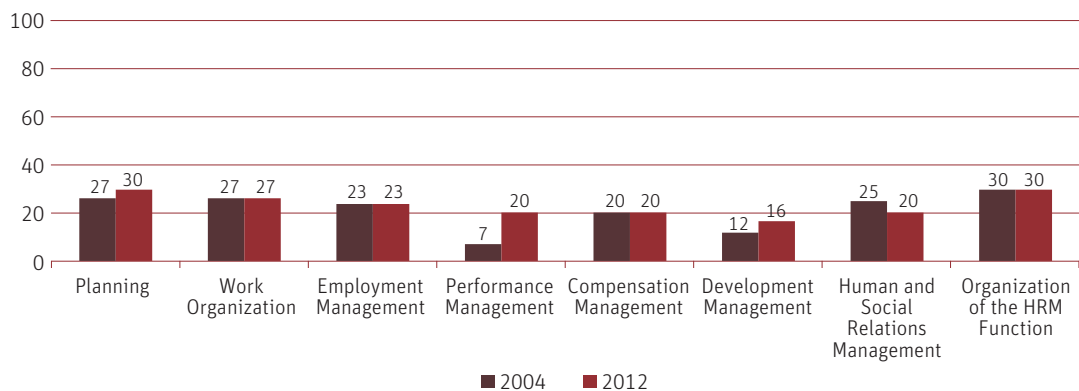
⁸Country Report (2012) elaborated by AECID-SICA (main author: Mónica Iturburu).

Laborales)—which reports to the Strategic Affairs Secretariat (Secretaría para Asuntos Estratégicos). This brought about a 30-point increase in the Organization of the HRM Function subsystem.

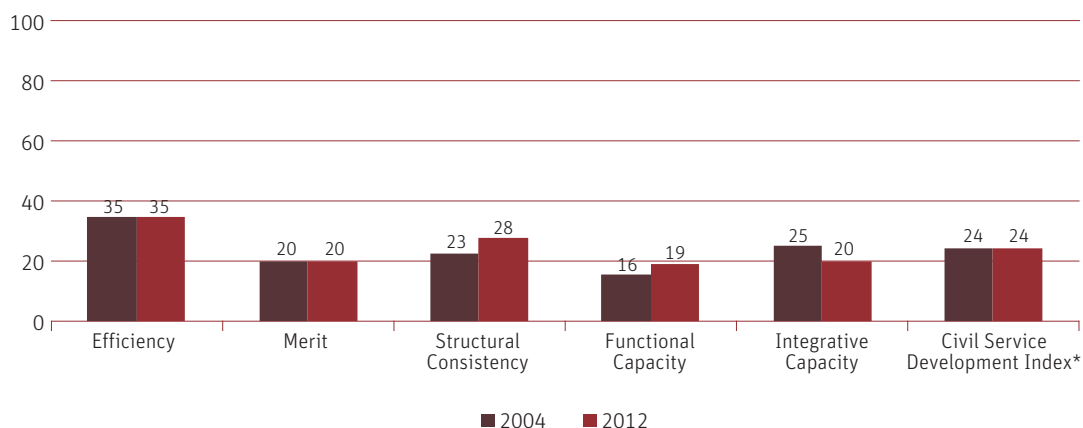
El Salvador also made progress in various other areas. For example, it updated central administration job descriptions (leading to an improvement in Work Organization); organized training activities (which was reflected in improved Development Management); and assessed working conditions and round-table discussions held with the trade unions (reflected in the rise of the Human and Social Relations Management score). Progress was also recorded in grading arrangements and in the drafting of a new Civil Service Law (Ley de Servicio Civil, or LSC), as well as in standardizing the performance appraisal system.

GUATEMALA⁹

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

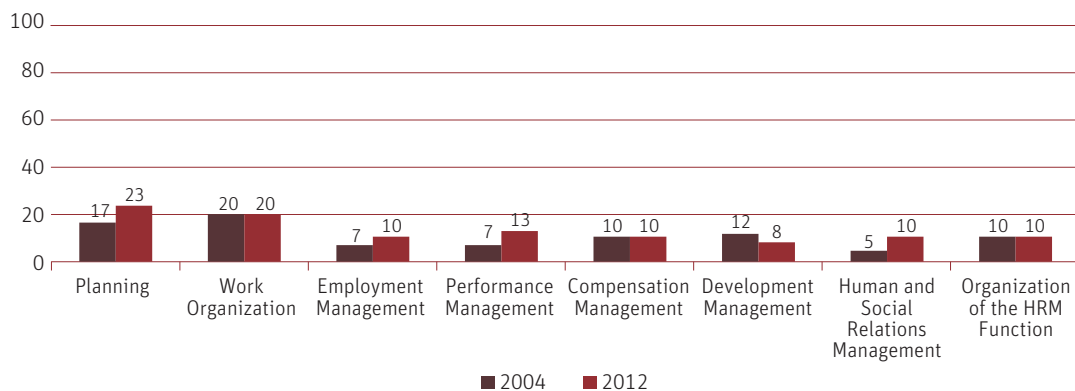
The most recent assessment of the civil service does not reveal significant changes compared to the assessment of 2004 (which is reflected in the stagnation in the Civil Service Development Index). This has to do with progress made in certain subsystems that failed to go beyond the design of technical instruments and information technology tools without gaining political approval, and that were also offset by deterioration in other subsystems, in particular Human and Social Relations Management.

⁹Country Report (2013) elaborated by AECID-SICA (main author: Mónica Iturburu).

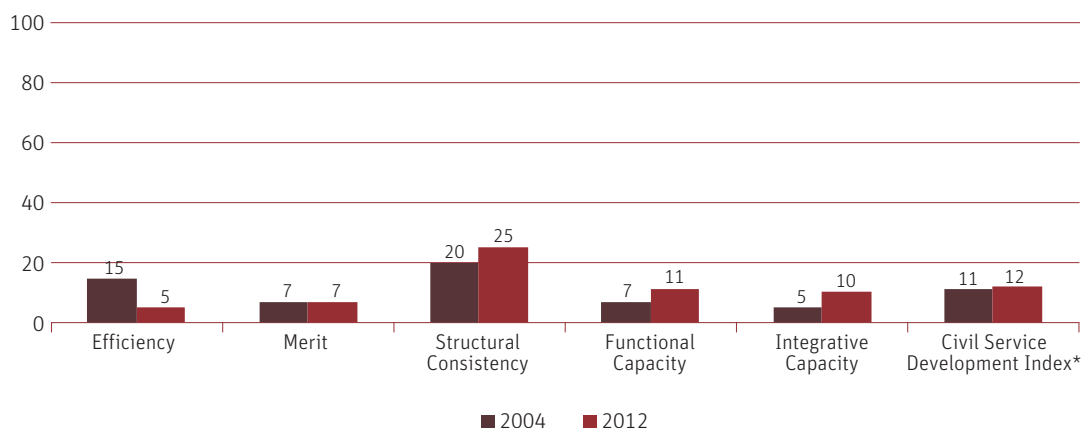
Among the technical developments worth mentioning is the progress in designing and programming the different modules of the Human Resources Administration and Information System (Sistema de Información y Administración de Recursos Humanos, or SIARH) (payroll, Work Organization, and Employment Management) and completion of the conceptual design for the Compensation Management and Performance Evaluation subsystems, to which an improvement in the Planning subsystem can also be added. Moreover, the job classification plan (Plan de Clasificación de Puestos) was updated, leading to the drafting of a new General Regulation of Performance Appraisal (Reglamento General de Evaluación de Desempeño). Despite the fact that neither instrument has been implemented, the Performance Management subsystem rating has increased. The roundtable (Mesa de Diálogo), established in 2008, began losing significance as political support for the passage of a new Civil Service Law (Ley de Servicio Civil).

HONDURAS¹⁰

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

Over the last 10 years, the civil service in Honduras has remained stable compared to the previous analysis. The difference between the two CSDI scores was only one point, despite variations in some of the indices and subsystems. These changes are indicative, in part, of the challenges that emerged in 2009 due to the country's political situation and the efforts made by Honduras to restore its institutional mission.

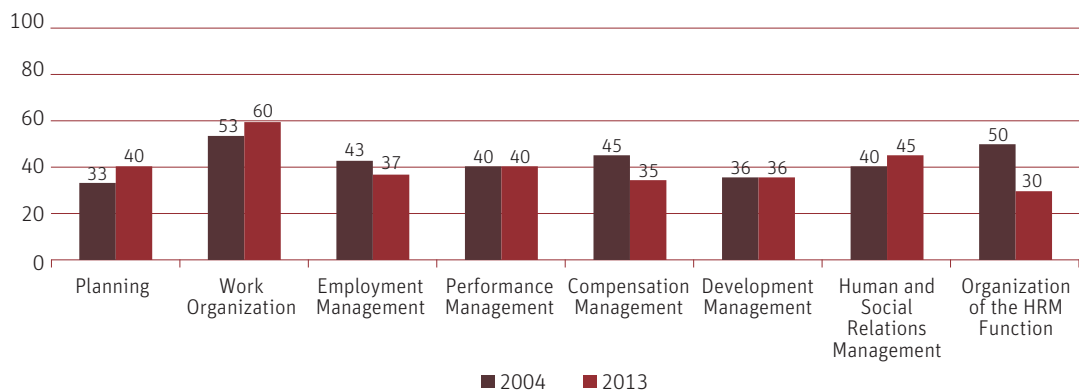
¹⁰Country Report (2012) elaborated by AECID-SICA (main author: Mónica Iturburu).

In this respect, albeit in a lukewarm fashion, the General Directorate of the Civil Service (Dirección General del Servicio Civil, or DGSC) was able to put a brake on arbitrariness in hiring staff, which led to an improvement in Employment Management. It also implemented a performance appraisal system, which led to improvement in the Performance Management subsystem. It presented a draft Law on the Public Service and Career Civil Service (Ley de Carrera Administrativa) for discussion in Congress. The Regulation of the Civil Service Law (Regulación de la Ley de Servicio Civil) was published in 2009, whereas the draft legislation for the Law on the Public Service and Administrative Career was presented in 2011.

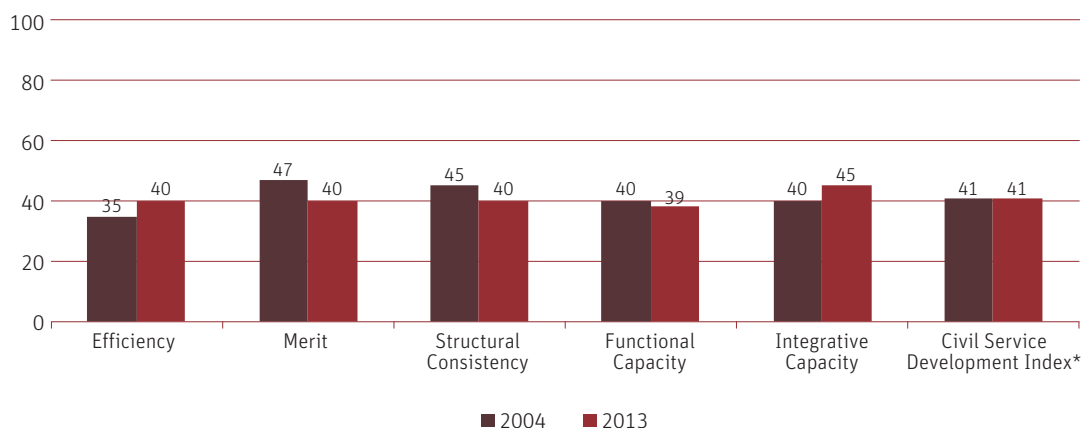
The major progress consisted of sustaining and deepening implementation of the Integrated System for the Administration of Human Resources (SIARH), which by 2012 encompassed many more functions and more employees (thereby improving Planning). Moreover, the opportunities for dialogue between the president and civil society organizations, including public sector trade unions, were broadened (which had a beneficial effect on Human and Social Relations Management). The significant success in containing the wage bill that was achieved from 2013 onward, however, came too late to be reflected in this evaluation.

MEXICO¹¹

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

At the time of the previous evaluation (2004), the Mexican civil service was engaged in the first stage of implementing the Professional Public Service Law (Ley de Servicio Profesional de Carrera, or LSPC), which referred to managerial positions rather than operational ones. The CSDI for the 2013 assessment remained stable compared to the previous evaluation. During these years, the LSPC went through distinct periods. Some are characterized by a strict implementation of the Law, with progress seen in various subsystems (for example, in Work Organization and Planning, due to an improvement in job and

¹¹ Country Report (2013) elaborated by the IDB (main author: Luciano Strazza).

profile descriptions, increased coverage of the job description catalogues, and registration in HR Net, respectively). In other periods, implementing the Law was not a high priority. Furthermore, entry into the Professional Civil Service Career (Servicio Profesional de Carrera, or SPC) was made more flexible via the use of temporary appointments, which led to a decline in the Employment Management subsystem. Moreover, the weakening of the civil service agency, especially by the downgrading of the Public Service Secretariat (Secretaría de la Función Pública) relative to sector institutions, had a negative impact on Organization of the HRM Function.

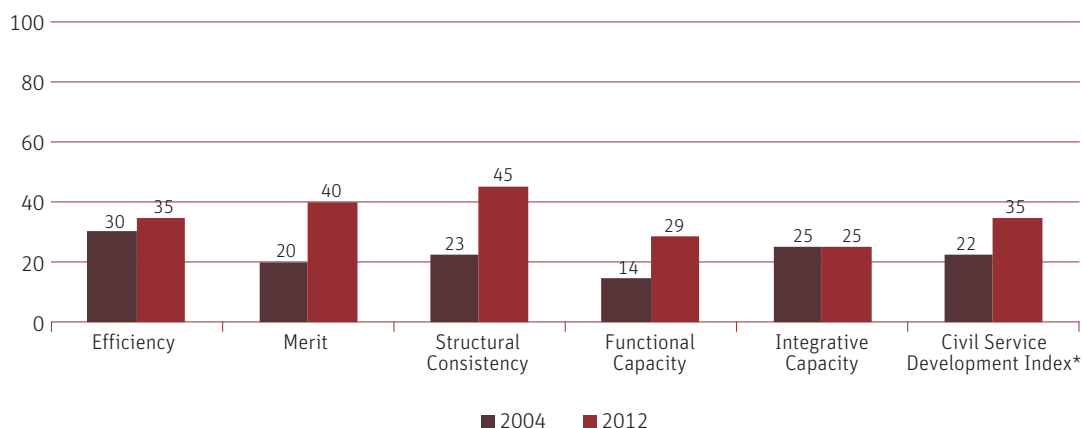
Finally, one of the pending challenges is in the area of Compensation Management. Unskilled and administrative staff members receive annual inflation index-linked pay increases, but it is difficult to achieve pay competitiveness for managers and the SPC (professionals) due to the wage freeze that has been in place throughout the last decade. This has led to overlapping pay scales and created pay inequities.

NICARAGUA¹²

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

At the time of the 2004 evaluation, the Nicaraguan civil service had only recently sanctioned and regulated its Civil Service Law (Ley de Servicio Civil), which marked a milestone in the country's history. By 2012, the country's ranking on the index improved as a result of the implementation of this law. Some significant aspects have been the grading arrangements process, building job families, introducing role-based profiles (thereby improving the Work Organization subsystem), and the consolidation of the civil

¹²Country Report (2012) elaborated by AECID-SICA (main author: Luciano Strazza).

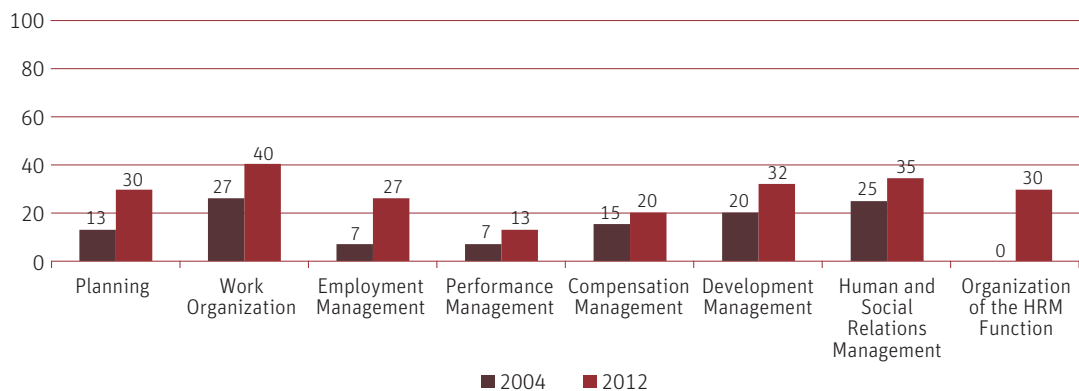
service agency (Dirección General de la Función Pública, or DIGEFUP), due to the stability of its team and an increase in technical capacity (which has led to an increase in the Organization of the HRM Function score). Furthermore, the safeguards and appeals mechanisms, including selection committees and monitoring by DIGEFUP and the Civil Service Appeals Court (Corte de Apelaciones del Servicio Civil, or CASC), have been consolidated.

Additional improvements worth mentioning are the initial stage of development of a new information system (which has led to improvements in Planning), the pilot project for the new performance evaluation scheme, which has been tested in 10 model institutions, and the development of a new conceptual framework for the career civil service, which has helped to optimize Compensation Management.

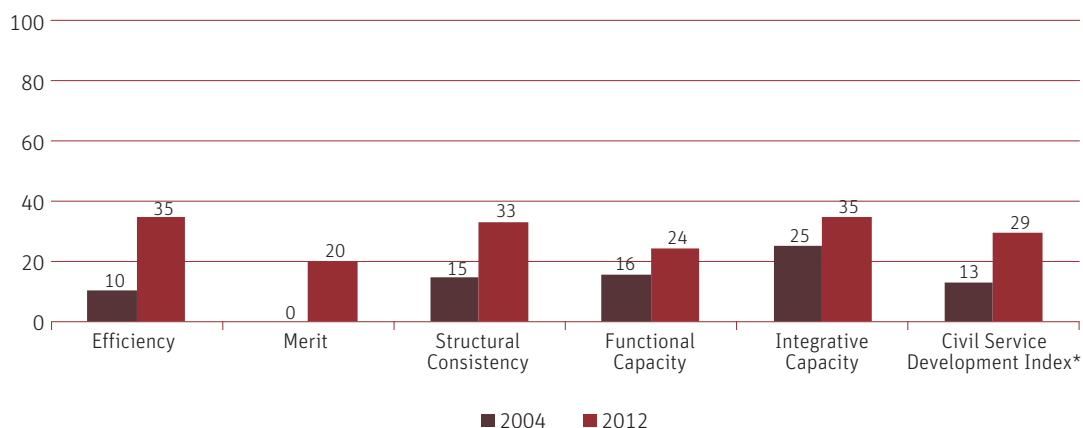
Significant positive factors include the evolution of the modernization process, the existence of strategic planning for the sequence of processes to be implemented in accordance with Law 476, the stability of the team of political and technical civil servants at the DIGEFUP, and the political will to provide continuity to the process.

PANAMA¹³

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

By 2012, the Panamanian civil service had improved considerably compared to the situation described in the 2004 evaluation. This advance is reflected in its achievement of almost double the previous CSDI score and in an improved rating in all of the HR subsystems. During this decade, a civil service agency (Dirección General de Carrera Administrativa, or DIGECA), was established, which brought about a 30-point improvement in the Organization of the HRM Function subsystem. Furthermore, progress was made in the field of Employment Management, due to the establishment of competition-based hiring for vacancies,

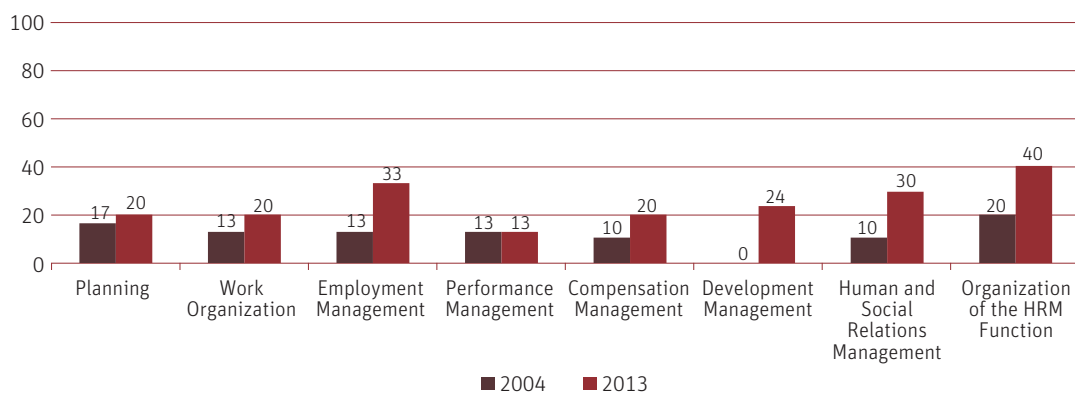
¹³Country Report (2012) elaborated by AECID-SICA (main author: Luciano Strazza).

in accordance with the rules established by the Ordinary Entry Procedure (Procedimiento Ordinario de Ingreso, or POI); in Development Management, by using the Special Entry Procedure (Procedimiento Especial de Ingreso, or PEI) for recruiting for the career civil service, and in Human and Social Relations Management, based on the cooperation between the government and trade unions and the establishment of arbitration mechanisms.

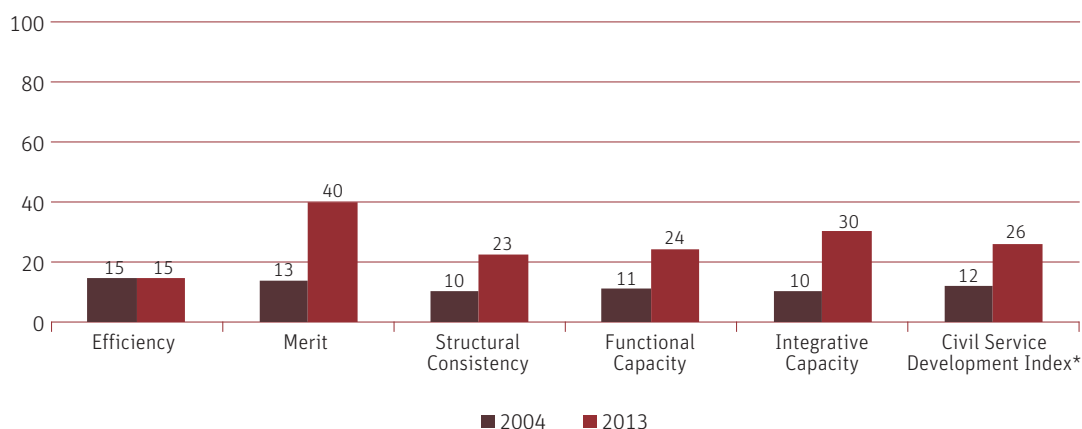
However, the passage of Law 43, which meant that the PEI accreditation process was not put into effect and that hiring outside of the POI was authorized (thus slowing the pace of introducing competitions and widening the margin for discretionary hiring), hindered this progress. It also had an impact on the quality of labor relations and detracted from some of the efforts made by the DIGECA in terms of performance appraisal. These processes could not be put into effect, since Law 43 nullified the appointments to the Technical Council (Junta Técnica), the entity charged with approving the HRM instruments.

PARAGUAY¹⁴

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

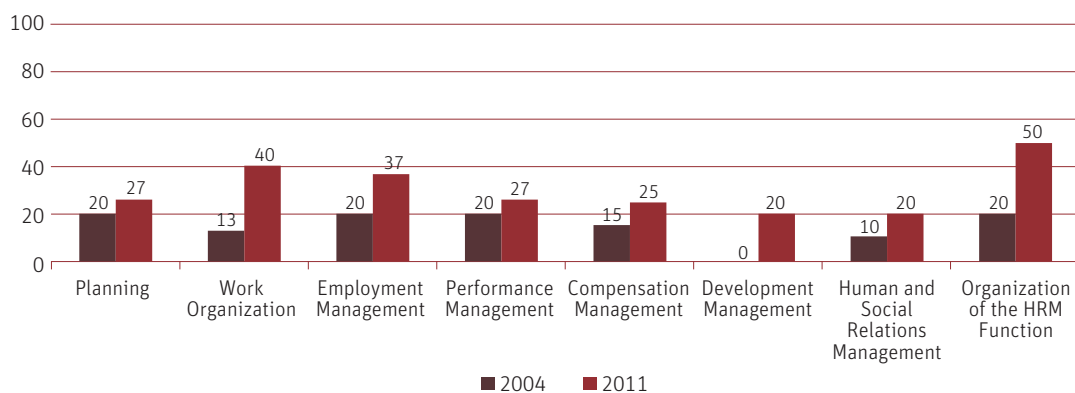
Between the 2004 and 2013 assessments, there have been substantial changes in the political and institutional situation of civil service management in Paraguay. Professionalizing the civil service and improving its efficiency, transparency, and inclusion have now become part of the public agenda. The Public Service Secretariat (Secretaría de la Función Pública, or SFP) was established as the main actor in this process, which led to an improvement in Organization of the HRM Function subsystem.

¹⁴ Country Report (2013) elaborated by the IDB (main author: Mónica Iturburu).

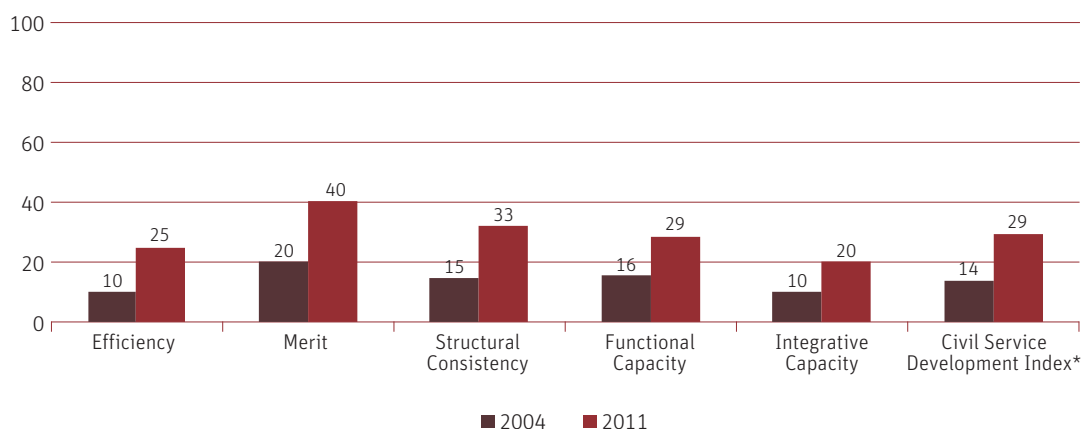
Both institutional progress and advances in the availability and implementation of new management tools have been recorded. In the former, the hierarchization of the role of the SFP is worth noting, as well as the increase in its HR budget and physical facilities, the strengthening of personnel management units in a large number of public institutions, and the development and incipient use of planning tools. The following improvements in specific human resource policies are worth mentioning: the enhancement of the available quantitative information (which helped to optimize Planning), the increase in the number of vacancies filled through competition (which had a positive influence on Employment Management), the significant development of training activities, and the opening of the National Institute for Public Administration (Instituto Nacional de Administración Pública de Paraguay). The two latter elements led to an improvement in the Development Management subsystem.

PERU¹⁵

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

At the time of the previous evaluation (2004), a public labor regime coexisted alongside a private labor regime in the Peruvian public sector, with very different working conditions applied in each of them. The evaluation completed in 2011—prior to the introduction of the Civil Service Law (Ley del Servicio Civil) in 2013—revealed significant progress, which was reflected in the attainment of double the previous CSDI score and advances across the board in all subsystems and indices. The institutionality of the civil service was strengthened by the creation of SERVIR as the lead civil service agency, as well as by professionalizing

¹⁵ Country Report (2013) elaborated by the IDB (main author: Mercedes Iacoviello).

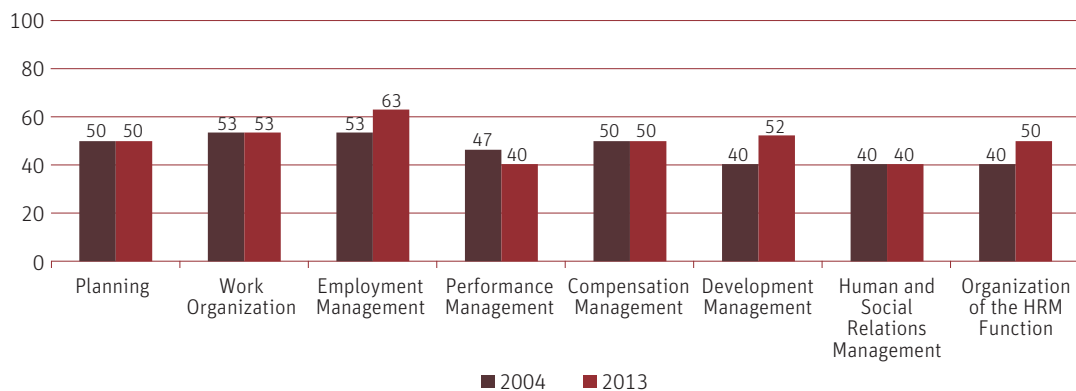
public sector management with the establishment of the Public Managers Cadre (Cuerpo de Gerentes Públicos).

As previously mentioned, the largest improvements were seen in the Organization of the HRM Function subsystem, due to the creation and implementation of the civil service agency and in Work Organization and Employment Management, which were strengthened by the improved quality of the hiring and competition processes.

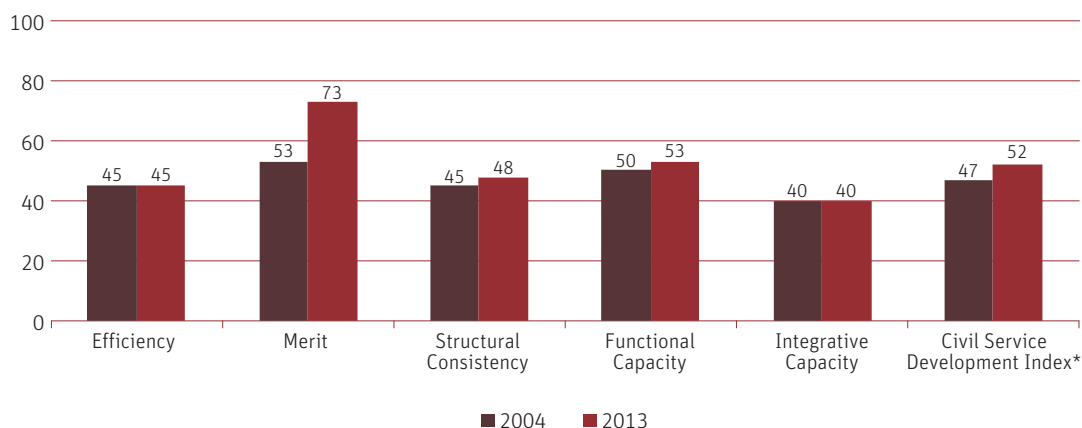
Performance Management and Development Management also improved, due to the progressive reimplementation of the culture of performance appraisal and its linkage to the detection of training needs. Compensation Management improved due to the better protection afforded to contractual civil servants, who were transferred from the non-professional services regime to the Administrative Service Contracts (Contratos Administrativos de Servicios, or CAS) regime. By placing the social protection enjoyed by these employees on par with the level enjoyed by permanent staff, relative inequality was reduced.

URUGUAY¹⁶

EVOLUTION OF THE SCORES FOR EACH SUBSYSTEM



EVOLUTION OF THE INDICES



Source: Authors' elaboration.

* Linear average for the five indices.

The 2004 assessment of the civil service in Uruguay revealed that, despite the shrinkage caused by entry restrictions imposed in 1996 and incentives for early retirement, the country's traditional bureaucracy continued to be extremely large, achieved low productivity, and was poorly coordinated with the government's strategic objectives.

¹⁶Country Report (2013) elaborated by the IDB (main author: Mónica Iturburu).

According to the 2013 evaluation, the Uruguayan civil service achieved both institutional advances and progress in designing and implementing new management tools. Among the former, the following are worth mentioning: Law 18.508 on Collective Bargaining in Labor Relations in the Public Sector (Negociación Colectiva en el Marco de las Relaciones Laborales en el Sector Público); the drafting, negotiation, and approval of the Civil Servants Statute (Estatuto del Funcionario); and the extension of the competencies of the National Office of the Civil Service (Oficina Nacional del Servicio Civil, or ONSC), which led to an improvement in the Organization of the HRM Function subsystem with regards to hiring and selection. Among the advances associated with specific HR policies, the following are worth mentioning: the implementation of the web portal Uruguay Concurso and the progressive introduction of merit-based competitive examinations, (which led to an improvement in Employment Management); the reorganization of the National School of Public Administration (Escuela Nacional de Administración Pública), which was reflected in Development Management; and the strengthening of the ONSC and its enhanced coordination with HRM areas under the auspices of other ministries.

FREQUENCY OF CASES BY LEVEL OF DEVELOPMENT (COMPARISON 2004–2011/13)

This Annex classifies the countries analyzed herein according to their level of development (high, medium, and low) in each subsystem and compares their 2004 and 2011/13 scores.

SUBSYSTEMS	LEVEL OF DEVELOPMENT 2004–2011/13					
	HIGH (60 TO 100 POINTS)		MEDIUM (40 TO 59 POINTS)		LOW (BELOW 39 POINTS)	
	2004	2011/2013	2004	2011/13	2004	2011/13
Planning	Chile (73) Brazil (60)	Chile (80) Brazil (63)	Colombia (50) Uruguay (50) Costa Rica (40)	Colombia (57) Costa Rica (50) Uruguay (50) Nicaragua (43) El Salvador (40) Mexico (40)	Mexico (33) Bolivia (30) Guatemala (27) Nicaragua (23) Ecuador (20) Peru (20) Honduras (17) Paraguay (17) Dominican R. (17) Panama (13) El Salvador (7)	Bolivia (30) Guatemala (30) Panama (30) Ecuador (27) Peru (27) Dom. Rep. (27) Honduras (23) Paraguay (20)
Frequency	2	2	3	6	11	8
Work Organization	Brazil (60)	Brazil (60) Chile (60) Mexico (60) El Salvador (60)	Mexico (53) Uruguay (53) Chile (47) Colombia (40) Costa Rica (40)	Uruguay (53) Colombia (47) Costa Rica (47) Nicaragua (47) Dominican R. (47) Panama (40) Peru (40)	Bolivia (33) El Salvador (33) Nicaragua (33) Guatemala (27) Panama (27) Dominican R. (27) Ecuador (20) Honduras (20) Paraguay (13) Peru (13)	Bolivia (33) Ecuador (33) Guatemala (27) Honduras (20) Paraguay (20)
Frequency	2	4	5	7	10	5

continued →

(continued)

SUBSYSTEMS	LEVEL OF DEVELOPMENT 2004–2011/13					
	HIGH (60 TO 100 POINTS)		MEDIUM (40 TO 59 POINTS)		LOW (BELOW 39 POINTS)	
	2004	2011/2013	2004	2011/13	2004	2011/13
Employment Management	Brazil (80)	Brazil (80) Chile (63) Uruguay (63) Colombia (60) Costa Rica (60)	Colombia (57) Costa Rica (57) Chile (53) Uruguay (53) Mexico (43)	No cases	Bolivia (27) Ecuador (23) Guatemala (23) Nicaragua (23) El Salvador (20) Peru (20) Dominican R. (17) Paraguay (13) Honduras (7) Panama (7)	Nicaragua (37) Mexico (37) Peru (37) Ecuador (33) El Salvador (33) Paraguay (33) Dom. Rep. (33) Panama (27) Guatemala (23) Bolivia (13) Honduras (10)
Frequency	1	5	5	1	10	11
Performance Management	Chile (73)	Chile (73)	Brazil (47) Uruguay (47) Mexico (40)	Costa Rica (53) Brazil (47) Mexico (40) Uruguay (40) Dominican R. (40)	Colombia (33) Costa Rica (33) Ecuador (20) El Salvador (20) Peru (20) Bolivia (13) Paraguay (13) Dominican R. (13) Guatemala (7) Honduras (7) Nicaragua (7) Panama (7)	Colombia (33) Nicaragua (27) Peru (27) Ecuador (20) Guatemala (20) Bolivia (13) El Salvador (13) Honduras (13) Panama (13) Paraguay (13)
Frequency	1	1	3	5	12	10
Compensation Management	Chile (70) Brazil (60)	Chile (70) Costa Rica (60)	Uruguay (50) Colombia (45) Mexico (45)	Uruguay (50) Brazil (55) Colombia (45)	Costa Rica (35) Dominican R. (30) Bolivia (20) Guatemala (20) Nicaragua (20) Ecuador (15) Panama (15) Peru (15) El Salvador (10) Honduras (10) Paraguay (10)	Mexico (35) El Salvador (30) Nicaragua (30) Dominican R. (30) Ecuador (25) Peru (25) Bolivia (20) Guatemala (20) Panama (20) Paraguay (20) Honduras (10)
Frequency	2	2	3	3	11	11

continued →

(continued)

SUBSYSTEMS	LEVEL OF DEVELOPMENT 2004–2011/13					
	HIGH (60 TO 100 POINTS)		MEDIUM (40 TO 59 POINTS)		LOW (BELOW 39 POINTS)	
	2004	2011/2013	2004	2011/13	2004	2011/13
Development Management	Brazil (72) Chile (60)	Brazil (72) Chile (64)	Colombia (48) Costa Rica (48) Uruguay (40)	Uruguay (52) Colombia (48)	Mexico (36) Dom. Rep. (32) Panama (20) Guatemala (12) Honduras (12) Bolivia (8) El Salvador (4) Nicaragua (4) Ecuador (0) Paraguay (0) Peru (0)	Mexico (36) Dom. Rep. (36) Costa Rica (32) Panama (32) Paraguay (24) Nicaragua (20) Peru (20) El Salvador (16) Guatemala (16) Bolivia (8) Ecuador (8) Honduras (8)
Frequency	2	2	3	2	11	12
Human and Social Relations	No cases	No cases	Brazil (50) Chile (45) Costa Rica (40) Mexico (40) Dom. Rep. (40) Uruguay (40)	Brazil (55) Dominican R. (55) Chile (45) Costa Rica (45) Mexico (45) Colombia (40) El Salvador (40) Uruguay (40)	Bolivia (30) Colombia (30) Guatemala (25) Nicaragua (25) Panama (25) Ecuador (10) El Salvador (10) Paraguay (10) Peru (10) Honduras (5)	Panama (35) Bolivia (30) Paraguay (30) Nicaragua (25) Guatemala (20) Peru (20) Ecuador (10) Honduras (10)
Frequency	0	0	6	8	10	8
Organization of the HRM Function	Colombia (70) Costa Rica (60)	Colombia (70) Costa Rica (70) Chile (60) Dom. Rep. (60)	Brazil (50) Chile (50) Mexico (50) Dom. Rep. (50) Uruguay (40)	Brazil (50) Nicaragua (50) Peru (50) Uruguay (50) Paraguay (40)	Guatemala (30) Nicaragua (30) Bolivia (20) Ecuador (20) Paraguay (20) Peru (20) Honduras (10) El Salvador (0) Panama (0)	Ecuador (30) El Salvador (30) Guatemala (30) Mexico (30) Panama (30) Honduras (10) Bolivia (0)
Frequency	2	4	5	5	9	7

CIVIL SERVICE

Besides reporting on the progress made toward the professionalization of civil service management over the last 10 years, this book also constitutes a valuable tool for identifying the challenges that Chile still faces on the path towards a public employment model that is capable of providing sustainable development.

Rodrigo Egaña B.

*Director of the Civil Service in Chile and President of the Senior Executive Service Council
Chile*

This book represents the most significant comparative study of the professionalization of the civil service in Latin America in the last decade. It reveals that in the majority of countries in the region—including the Dominican Republic—advances have been made toward building a more professional State. It also systematically presents the challenges that our countries still face, while providing recommendations about how they can be overcome.

Ramón Ventura Camejo

*Minister of Public Administration
Dominican Republic*

Some years ago, civil service reform seemed difficult. Today, it is indispensable. The study offered by the IDB reveals what can in fact be done, and how well it has worked. It will be an extremely valuable tool to ensure that the civil service remains a key part of the agenda in our countries.

Nuria Esparch

*Ex-Executive President of SERVIR (National Civil Service Authority)
Peru*

The institutional variables that determine the effectiveness of government are complex and inter-related, but we know one thing for sure: the quality of the human resource within government is key. This publication provides a much-needed overview of progress in Latin America in this area. It develops a useful—and now well-tested—methodology for assessing the institutional strength of the key dimensions of civil services and provides a rich source of qualitative and quantitative comparative information.

Nick Manning

*Former Head, Governance and Public Sector Management Practice, World Bank
Former Head of Public Sector Management and Performance Division, OECD*



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