Implementation of Civil Service Reform in Russian: Major Results and Perspectives

- Motives for reform
- Development of the civil service reform:
  - Conception and subsequent programs
  - Russian bureaucracy in brief
  - Objectives and implementation of the reform
  - Priorities for civil service development
  - Challenges and risks

Jakarta, 2011
Motives for reform in the early 2000s

• Lack of legislative background – outdated rules and procedures, no guarantees

• Deterioration of human capital
  • Aging staff in central and regional governments (in 2002 more than 66% of all civil servants older than 40 years)
  • High turnover - average duration of service about 2.5 years

• No transparent and predictable career planning and professional development

• Pay gap between private and public sector 8-10 times for the senior positions and 3-5 times for the rest

😊 “Negative selection”
😊 Deterioration of Human Capital in Public Service
😊 Corruption
Three stages of civil service reform in Russia

- **The Conception of the Civil Service Reform in the Russian Federation (2001 – 2003)** followed by framework legislation:
- **2003 – 2005 Civil service reform and modernization act (extended till 2007)** (Federal Program)
- **2009 – 2013 Civil service development act** (Federal program)
Who is civil servant in Russia?

- Federal Government
- Civil service
  - executive
  - legislative
  - judicial
- President
- Military
- Police, etc.
- Central government
- Federal authority in regions
- Regional government
- Municipal (local) government
- Subject of Federal Programs
- Regional programs within Federal legislation
- Municipal reform
- Public sector organizations and corporations
- Education
- Health
- Culture

...
Number of civil servants per 10,000 of population in Russia

President instruction to the Federal Government (2010) to reduce number of Federal civil servants to 20% within 3 years
Growth of Bureaucracy in the Federal Government (executive branch)

Number of executive bodies in Russian Empire, USSR and RF

<table>
<thead>
<tr>
<th>Year</th>
<th>Functions</th>
<th>Staff (thou)</th>
<th>Staff per one function</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>5634</td>
<td>457</td>
<td>81</td>
</tr>
<tr>
<td>2010</td>
<td>6876</td>
<td>671</td>
<td>98</td>
</tr>
</tbody>
</table>

No signal to efficiency
Government employment across levels of government

Shares of government employees by levels of government

It is planned to reduce government employees in territorial departments of federal government by delegation and redistribution of responsibilities and functions to sub-central levels.

Tax collection agencies, regulation and control authorities, etc.

- Central gov
- Territorial organs of Fed gov
- Regional gov
- Municipal gov
### Structure of the Russian Civil Service and average salary (2011, executive branch)

<table>
<thead>
<tr>
<th></th>
<th>Number of CSs (thousand)</th>
<th>Percentage in total</th>
<th>Average salary in USD (per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central government</td>
<td>30</td>
<td>3</td>
<td>1623</td>
</tr>
<tr>
<td>Federal authority in regions</td>
<td>460</td>
<td>46</td>
<td>840</td>
</tr>
<tr>
<td>Regional government</td>
<td>183</td>
<td>18</td>
<td>1260</td>
</tr>
<tr>
<td>Municipal</td>
<td>326</td>
<td>33</td>
<td>843</td>
</tr>
</tbody>
</table>

Average salary in 80% of Central Government bodies is less than the average salary in Moscow (Rosstat, 2011)
Staff structure – length of service

Percentage of civil servants

- 15 years and more
- From 10-15 years
- From 5-10 years and more
- From 1-5 years and more
- 1 year and less

Percentage of civil servants from 1999 to 2009.
Objectives of civil service reform programs: from 2003-5/7 to 2009-13

2003 – 2005/7
• Introduction of basic legislation
• Elements of HRM (Job descriptions)
• Institutional framework for interaction with civilian society (participation in commissions)
• HR development (vocational education and retraining)

2009 – 2013
• Prevention of corruption, ethics and conflict of interest elimination
• Elements of HR Planning
• Openness and public monitoring of civil service
• Innovative professional education and retraining of civil servants
• Performance indicators and pay, development of merit system
• The program management and control system

USD 18 mln USD 23 mln budgets
Logistics behind program implementation

President of Russia Federation

Program Coordinator (Presidential Administration)

Intergovernmental commission on civil service reform

Ministry of Economic Development
Ministry of Health
Ministry of Defense

Ministry of Internal Affairs
Other ministries

Expert and consulting organizations

Reports
Proposals
Federal Budget

assignment
Tendering, financing
Interrelations of the program’s elements

Core tasks

Key indicators

Measures

Outputs / Outcomes

Indicators

Ministry in Charge + Budgets

Defined in the Program

Defined by the experts
An example of interrelation of the program’s elements

Core task: Increase transparency and reduce corruption

Measures:
1. New Legislation
2. Pool of independent experts
3. Set up commissions on elimination of conflicts of interests

Internal examinations and consequent decisions:
- Number of cases revealed
- Number of persons dismissed
- Reduction of corruption indexes

Ministry of Economic Development
### Examples of program performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>01.01.2009</th>
<th>01.01.2010</th>
<th>01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage job positions with approved job descriptions</td>
<td>92,3%</td>
<td>93,4%</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage of job descriptions containing performance indicators</td>
<td>26,4%</td>
<td>31,3%</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage of specialists younger than 30 years with more than 3 years’ work experience</td>
<td>33,4%</td>
<td>32,2%</td>
<td>200% to basic level*</td>
</tr>
<tr>
<td>Number of civil servants who left service before retirement</td>
<td>54 159</td>
<td>70 100</td>
<td>Less than 70% to basic level*</td>
</tr>
<tr>
<td>Number of innovative retraining programs</td>
<td>76</td>
<td>101</td>
<td>125% to basic level*</td>
</tr>
<tr>
<td>Number of civil servants retrained within a year</td>
<td>80 555</td>
<td>74 843</td>
<td></td>
</tr>
<tr>
<td>Percentage of civil servants who have individual development plans</td>
<td>4,8%</td>
<td>11,2%</td>
<td></td>
</tr>
</tbody>
</table>

* - Basic level = 2009 if not defined differently
## Planned and actual budgets for civil service reform activities
(by ministries, 2010, thousand USD)

<table>
<thead>
<tr>
<th>Ministry of</th>
<th>planned</th>
<th>actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justice</td>
<td>541</td>
<td>495</td>
</tr>
<tr>
<td>Economic Development</td>
<td>1 404</td>
<td>1 385</td>
</tr>
<tr>
<td>Education</td>
<td>662</td>
<td>658</td>
</tr>
<tr>
<td>Defense</td>
<td>1 099</td>
<td>969</td>
</tr>
<tr>
<td>Communication</td>
<td>557</td>
<td>550</td>
</tr>
<tr>
<td>Internal Affairs</td>
<td>999</td>
<td>824</td>
</tr>
</tbody>
</table>
Priorities for civil service reform activities

- To develop **strategic HR planning** – correspondence of staff with functions and workload of executive bodies, career planning and Individual development

- To strengthen **incentives for performance** – individual performance assessment, performance related pay, In-kind benefits

- To **reduce corruption** – anticorruption measures, openness and civilian society participation
Utilization of strategic HRM practices in central government (2010)

![Composite index and OECD31 graph](image)

Source: 2010 OECD Survey on Strategic Human Resources Management in Central/Federal Government
Optimizing the number of civil servants in Russia

- **Reduction of functions and services** - some functions and services are clearly unclaimed, duplicated and superfluous, while performing such functions requires considerable humane and administrative resources.

- **Orientation to objectives** – government agencies must constantly correlate their structure and civil service posts to the tactical and strategic objectives set by state policy.

- **Increase efficiency** of both civil servants and government organizations with new organizational technologies, managerial skills and IT (e-government).

- **Outsourcing** – government agencies (not just civilian) could make use of outsourcing of particular processes. In some cases this will produce staff reduction.

**President instruction** - To reduce the number of federal civil servants by up to 20 percent over the next three years.
To have right number and quality staff at the right place

Dynamic Assessment of available HR in ministry (department)

- Functions and responsibilities of ministry (department)
- Administrative regulations (for each function, service)
- Job descriptions (including KPI)
- Register of civil servants’ positions
- Possibility for outsourcing

Decisions in HR policy and management

- Improvements in organization and HR management
- Assessment procedures
- Retraining and individual development
- Pool of high potential managers
- Recruiting new staff
- Delegation of HRM
Extent of delegation of HMR practices to line ministries in central government (2010)

The index ranges from 0 (no delegation) to 1 (high level of delegation)

Source: 2010 OECD Survey on Strategic Human Resources Management in Central/Federal Governments
Rigid structure of ministries, prescribed by instruction:

- Department (within ministry) - 35 officers + more than 3 units
- Unit (within department) – 5 officers

Does not correlate with structure and complexity of functions and tasks

To grant line ministers rights to define the number of departments within an average limit (on average it should be 35 officers for a department and 5 for a unit)

To grant line ministers rights to define the number of departments (each department should contain more than 3 units, unit – more than 5 officers)
Strengthen Incentives for performance

- Merit system, career development
  - pool of High Potential Managers

- KPI in job descriptions
  - basis for personal assessment

- Performance Related Pay
  - Including In-kind (additional) incentives
The PRP index is composed of the following variables: use of a PRP mechanism and for which staff categories; the use of one-off bonuses and/or merit increments; and the maximum proportion of basic salary that PRP represents. Both indexes range between 0 (no use) and 1 (high use).
Remuneration structure in Russia: complicated and unrelated to performance

- Basic salary: 18.0%
- Qualification grade salary: 5.4%
- Special condition allowance(s): 18.6%
- Length of service allowance: 2.8%
- Monthly allowance: 52.3%
- Bonus pay: 2.9%
## Additional (in kind) Incentives for different civil servant groups

<table>
<thead>
<tr>
<th>Additional benefits</th>
<th>Top</th>
<th>Chief</th>
<th>Lead</th>
<th>Senior</th>
<th>Junior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education, professional re-training</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Medical insurance for civil servants and members of their families</td>
<td>++</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Subsidy for the acquisition of housing</td>
<td>+++</td>
<td>++</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation services</td>
<td>++</td>
<td>+</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Corruption and Confidence to Civil Servants

Corruption Perceptions Index
RUSSIA 2.1 from 10

GRICS (2009) Country’s Percentile Rank (0-100) | RUSSIA | KAZAKHSTAN | BELARUS | GEORGIA
--- | --- | --- | --- | ---
Control of Corruption | 12 | 19 | 23 | 52

49% of respondents believe that corruption has increased over the last decade

76% of respondents agree that bureaucracy is synonym to corruption

Index of Public Confidence to civil servants - 48.6% (2010)

Trust in society:
18% I could trust people
78% I never trust people

88% of people do not trust the income declarations of civil servants
Russian anti-corruption activities

- **Income and assets declaration** (Development of declaration procedure that existed in law since 1997, but has been poorly implemented in practice)

- **Anti-corruption expertise** 2009 (Evaluation of legal acts regarding “corruption factors” (i.e. opportunities for corruption) contained in them)

- **Model Code of Ethics and Conduct** for Public and Municipal Servants, 2010 (Summarizing basic ethical principles and standards of conduct)

- **Conflict of interest commissions** 2010 (Special commissions comprising both civil servants and independent experts established in every federal government body to give advice on possible breach of standards of conduct and conflict of interest regulation rules)

- **Anti-corruption offices within government agencies**, 2009 (Within HR departments of federal government bodies special anti-corruption offices established to administer declaration procedure, manage conflict of interest, provide training and consulting on anti-corruption issues etc.)

- **Rules on gifts and hospitality, outside employment, post-employment** 2008:
  - Ban on gifts and hospitality valued at over 3000 rubles (USD 100)
  - Reporting of all outside employment and ban on outside employment that creates conflict of interest
  - Cooling-off period for public officials
Assessment of effectiveness of applied anticorruption methods, as a %

- 72.4% effective
- 20.7% not effective
- 6.9% do not know
### Gradual progress and lessons learned

<table>
<thead>
<tr>
<th>What has worked</th>
<th>Negative results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Legislation</td>
<td>Weak interaction of civil service reform with administrative and budgetary reforms</td>
</tr>
<tr>
<td>Enrollment for civil service on competitive basis</td>
<td>Inadequate remuneration as compared with the private sector (negative selection)</td>
</tr>
<tr>
<td>More transparency and elements of performance assessment</td>
<td>Poor incentives, excessive and useless procedures and rules</td>
</tr>
</tbody>
</table>
Priorities for government strategy 2020

<table>
<thead>
<tr>
<th>New <strong>HR technologies to recruit qualified personnel</strong> on the basis of competitive selection mechanisms are required. Strategic HR management.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promotion in public service based on merits and achievements.</strong> Provision of a competitive basis for career development.</td>
</tr>
<tr>
<td>Remuneration system should be modified to <strong>provide more incentives</strong> for qualified personnel</td>
</tr>
<tr>
<td>Compensatory package (social protection, opportunities for professional growth, medical and social insurance, etc.) should be <strong>consistent with the labor market conditions</strong></td>
</tr>
<tr>
<td><strong>Personalisation of responsibilities</strong> of civil servants, allowing for the tasks facing the authority and the division in which it operates</td>
</tr>
<tr>
<td><strong>Professional schools,</strong> public management and administration programs should be updated to educate and train civil servants</td>
</tr>
<tr>
<td>Strengthen <strong>anticorruption measures</strong> and responsibility for conflict of interests</td>
</tr>
</tbody>
</table>
Challenges and Risks

- Weak consensus on the reform agenda
- Low level of public trust and the prestige of civil servants among citizens
- Lack of positive bureaucratic culture
- Poor implementation and simulation of reform activities

Thank you for your attention!