Implementation of Civil Service Reform in Russia: Major Results and Prospects

- Motives for reform
- Development of civil service reform:
  - Conception and subsequent programs
  - Russian bureaucracy in brief
  - Objectives and logistics of reform
- Core priorities
  - HR planning
  - Performance HRM and incentives
  - Anticorruption

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- Lack of legislative background – outdated rules and procedures, no guarantees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 or professional development
- Pay gap between private and public sector 8-10 times for senior positions and 3-5 times for the rest

“Negative selection”

Deterioration of Human Capital in Public Services

Corruption
Three stages of public service reform in Russia

- The Concept of Civil Service Reform in the Russian Federation (2001 – 2003) (Presidential Decree) followed by basic legislation:
- 2009 – 2013 Civil service development act (Federal program)
Who is a civil servant in Russia?

- Federal Government
- Civil service
- Police, etc.
- Military
- Executive
- Legislative
- Judicial
- Central government
- Federal authority in regions

Presidential system:
- Federal authority in regions
- Municipal (local) government
- Subject of Federal Programs
- Regional programs within Federal legislation
- Municipal reform
- Subject of Federal Programs
- Public sector organizations and corporations
- Education
- Health
- Culture

- President
- Federal Government
- Regional government
- Municipal (local) government
Number of civil servants per 10,000 of population in Russia

Presidential 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 the 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
### Statistical snapshot of the Russian Civil Service (2011, executive branch)

<table>
<thead>
<tr>
<th></th>
<th>Number of civil servants (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
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

Years:
- 1999
- 2001
- 2002
- 2003
- 2004
- 2007
- 2008
- 2009
Shares of government employees by levels of government

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

Tax collection agencies, regulation and control authorities, etc.
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 servants
- 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 budgets USD 23 mln
Logistics behind program implementation

President of Russian Federation

Program Coordinator (Presidential Administration)

Intergovernmental commission on CS 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

Ministry in Charge + Budgets

Defined in the program: Defined in the program
Defined by experts: Defined by 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 for elimination of conflicts on 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 of 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 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>
Core priorities for the next decade

To develop **strategic HR planning** – correspondence of staff with functions and workload of executive bodies

To improve **performance HRM and incentives** - career planning and individual development, performance related pay, in-kind benefits

To **reduce corruption** – including openness and involvement in civilian society
Utilization of strategic HRM practices in central government (2010)

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 still requires considerable human and administrative resources

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

- **Increasing 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 lead to staff reduction

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

Dynamic Assessment of available HR in ministry (department)

Functions and responsibilities of ministry (department)

Improvements in organization and HR management

Assessment procedures

Retraining and individual development

Pool of high-potential managers

Hiring new staff

Delegation of HRM

Decisions in HR policy and management

Administrative regulations (for each function, service)

Job descriptions (including KPI)

Possibility for outsourcing

National Research University Higher School of Economics, Institute of Public Administration and Management
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
Problem – very rigid structure of ministry, prescribed by instruction:
- Department (within ministry) - 35 officers + more than 3 units
- Unit (within department) – 5 officers

Actual statistics:
- Department (within ministry) - 48 officers + more than 5 units
- Unit (within department) – 8 officers
1 deputy minister = 2 departments = 119 employees

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

Source: 2010 OECD Survey on Strategic Human Resources Management in Central/Federal Governments
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 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</td>
<td></td>
<td></td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Medical security</td>
<td>++</td>
<td>++</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing provision</td>
<td>+</td>
<td>++</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td>++</td>
<td>++</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>++</td>
<td>+</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Corruption and trust in civil servants

<table>
<thead>
<tr>
<th></th>
<th>RUSSIA</th>
<th>KAZAKHSTAN</th>
<th>BELARUS</th>
<th>GEORGIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control of Corruption</td>
<td>12</td>
<td>19</td>
<td>23</td>
<td>52</td>
</tr>
</tbody>
</table>

### Corruption Perceptions Index

- **RUSSIA**: 2.1 from 10

### Index of Public Trust to CSs - 48.6% (2010)

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

- 76% of respondents agree that bureaucracy is a synonym for corruption

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

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

- **Income and asset declaration** - *Federal Anti-Corruption Act, 2008; Presidential Decrees No. 557-561 and No. 1065-1066, 2009* (“Reinvention” and further elaboration of the declaration procedure that existed in law since 1997, but has been poorly implemented in practice)

- **Anti-corruption expertise** - *Federal Act on Anti-Corruption Expertise of Legislation, 2009* (Evaluation of legal acts regarding “corruption factors” (i.e. opportunities for corruption) contained in them)

- **Codes of conduct** - *Model Code of Ethics and Conduct for Public and Municipal Servants, 2010* (First ever Model Code of Conduct for Russian public officials summarizing basic ethical principles and standards of conduct)

- **Conflict of interest commissions** - *Presidential Decree No. 821, 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** - *Presidential Decree No. 1065, 2009* (Within human resource 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.)

- **New rules on gifts and hospitality, outside employment, post-employment** - *Federal Anti-Corruption Act, 2008; Civil Service Act amendments*
  - Ban on gifts and hospitality valued at over 3000 rubles (USD 100)
  - Reporting of all outside employment and a ban on outside employment that creates a conflict of interest
  - Cooling-off period for public officials
Assessment of the effectiveness of applied anti-corruption methods, as a %

- Not effective: 6.9%
- Effective: 72.4%
- Do not know: 20.7%
Priorities for the next decade

<table>
<thead>
<tr>
<th>New HR technologies are required to recruit qualified personnel on the basis of competitive selection mechanisms. <strong>Recruitment and promotion in public service based on merits and achievements.</strong> Provision of a competitive basis for career development. Strategic government HR management</th>
</tr>
</thead>
<tbody>
<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, moral incentives, etc.). should be <strong>consistent with employment market</strong> conditions</td>
</tr>
<tr>
<td><strong>Personalisation of responsibility</strong> of public servants, allowing for the tasks facing the authority and the division in which it operates</td>
</tr>
<tr>
<td>Professional schools and public management and administration programs should be updated to educate and train civil servants</td>
</tr>
</tbody>
</table>